



For strategic growth in South Asia: Q&A with Dr Sunil Motiwal

SAARC Development Fund's Partnership Conclave 2018 on "Regional Integration through Project Collaboration and Investments" will be held from July 2-3, 2018 at India International Centre, New Delhi, India to solicit cross-border project co-financing under the social, economic and infrastructure windows of SDF and to build partnerships with various organisations for fund mobilisation and investments in SAARC member states. SDF ECO Dr Sunil Motiwal takes us through the scope of the conference.

Mr. CEO we start this conversation by asking you to brief us about SAARC Development Fund and its developmental role in the SAARC region?

Thank you for your interest in SAARC Development Fund (SDF) - the Institution was established by the Heads of the eight SAARC Member States in April 2010 and is governed by the Governing Council that comprises of Finance Ministers of SAARC Member States. The aim of SDF is to: (i) promote the welfare of the people of SAARC region, (ii) improve their quality of life, and (iii) accelerate economic growth, social progress and poverty alleviation in the region. SDF serves as the umbrella financial institution for SAARC projects and programs which are in fulfillment of the objectives of the SAARC Charter. SDF promotes Regional Integration and Economic Cooperation in the region and has three funding windows viz. Social, Economic and Infrastructure.

SDF is currently implementing twelve regional projects with more than 70 implementing and lead implementing agencies covering all the eight Member States under the Social Window funding. We have already committed USD 73.74 million for social window projects as of date out of which it has disbursed USD 47 million to the Member States for Social Window projects. Recently we have in-principle approved two energy infrastructure projects in the region with a loan commitment of USD 30 million under our Infrastructure Window. Other potential regional connectivity projects are under our active consideration to co-finance in SAARC Member States.

SDF is in the process of launching the Social Enterprise Development Program (SEDP) as part of its Social Window. The program will be implemented in all the SAARC Member States with the objective of identifying and building social enterprises by using a mix of grants and concessional returnable capital. The program intends to fund around 80 enterprises across the 8 SAARC Member States annually. SDF also proposes to launch

its MSME program in order to upgrade Micro Small and Medium Enterprises in the SAARC region by providing line of credit. 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.

Therefore, SDF is well poised to contribute significantly in achieving its developmental role in the SAARC region.

Please explain us how SDF can play an important role in Regional Cooperation and Integration in the SAARC region?

Our vision is to create an integrated, poverty-free, and prosperous South Asia region through project funding and collaboration. As such, we are committed to support regional cooperation and integration (RCI) initiatives in the region. All the projects and programs we finance, have regional integration and connectivity component as integral parts of the project design and development. Look for example, our social window projects are implemented and replicated in various SAARC Member States. Similarly for projects under our Economic and Infrastructure windows, we are focusing to co-finance cross border regional connectivity projects in Energy, Power, Transportation, Tele Communication, Environment, Agriculture, Science and Technology and Trade & Industrial development in the South Asia region.

You spoke about co-financing cross border projects in SAARC Member States. Tell us about the sectors you are focusing to co-finance?

Our focus areas of funding under the Economic Window are projects related to Trade and Industrial Development, Agriculture and allied sectors, Services Sector, Science and Technology, and other non-Infrastructure areas. Similarly, our focus areas of funding in the Infrastructure Window are projects related to Energy, Power, Transportation, Tele Communications, Environment, Tourism, and other Infrastructure areas. In Social Window,

we focus to finance projects on poverty alleviation, social development focusing on education, health, human resource development, support to vulnerable/disadvantaged segments of the society, funding needs of communities, micro enterprises, rural infrastructure development. For our projects under Economic and Infrastructure Windows, the project has to provide direct benefit to more than one SAARC Member States.

What is the interpretation of the term Direct Benefit to more than one SAARC Member States?

Direct benefit going to more than one Member State may be defined to include cross border Trade & Commerce, Infrastructure, Projects resulting in significant value of exports on continuous basis between more than one Member State like in the case of Manufacture and supply of intermediary products to other Member State, Equity Investment from one Member State into another by public or private sector companies (FDI) or any other criteria as decided by the Board, considering the unique needs of any project/s.

What is the status of infrastructure projects funded by the SDF?

We have recently accorded in-principle approval of two important infrastructure projects in energy sector in the SAARC region. These include waste to energy project in Sri Lanka with participation of India and hydropower project in Nepal with participation of Bangladesh and India. The total loan commitment would be USD 30 million. We are confident that the projects would help SDF to achieve its development goals in the region and promote welfare and prosperity of the people in the SAARC region. Other potential bankable infrastructure projects with regional connectivity are under our active consideration to co-finance.

Are there any plans to raise funds in the current year or thereafter?

Considering huge the fund-

ing requirement of the region; it is important for us to raise funds from various mechanisms for lending to projects and programs in the SAARC region. Therefore, we definitely look forward to raise funds in the near future.

Explain us about the various MOUs signed by the SDF with different multilateral agencies and other institutions. How has these partnerships helped SDF?

SDF has signed MoUs with Asian Development Bank, The World Bank, UNICEF, UNDP, SAARC Arbitration Council, Small Industries Development Bank of India (SIDBI), South Asian University, and SAARC Chamber of Commerce & Industry. All these MoU capture the broad framework of collaboration and partnership and aim for joint cooperation with these organizations in achieving the developmental goals of the SAARC region. We work closely with most of the Multilateral Development Banks within and outside the region. We are also in the process of signing few more MoUs with other development partners in the region.

You are here at New Delhi for the SDF Partnership Conclave. Let us know the objectives of this conclave.

SDF is organizing the SDF Partnership Conclave with the aim towards strategic growth in the South Asia region through Project Collaboration and Regional Integration and proposes to (i) Solicit cross-border project co-financing under the Social, Economic & Infrastructure Windows of SDF in SAARC Member States, and (ii) Build partnerships with various organizations for Fund Mobilization and Investment in SAARC Member States. The ultimate objective is to support regional cooperation and integration (RCI) initiatives in the region.

Do you think that these types of initiatives such as hosting of SDF Partnership Conclave are instrumental in bridging the trade and investment gaps in the SAARC region?

Indeed! The larger mandate of such an event is to promote regional cooperation and integration among various stakeholders and bridge the gap in trade and investment in the region. For us the entire region of South Asia is important and we aim towards inclusive growth of the entire region. You see, we have participation from various Multilateral Development Banks (ADB, AFD, AIB, NDB, and The World Bank), UN Bodies (UNEP, UNIDO, UNCTAD, UN Women, UN WFP, ILO, IOM), Regional Financial Institutions, Chambers of Commerce & Export Promotion Councils (FICCI, CII, ASSOCHAM, PHD, EEP, FIEO, Asia Foundation), Scheduled Commercial Banks (DFCC Sri Lanka, Ceylon Bank Sri Lanka, BRAC Bank Bangladesh and City Bank Bangladesh, SBI CAPS India, SRI India), Public Sector, Infrastructure Development Agencies (BIFL Bangladesh, HDPC Maldives, NIB Nepal), Technology Development Board, Department of Science and Technology India, Donor Agencies, Civil Society Organization and Senior Officials from Ministry of Finance of SAARC Member States. This is such an important event for joint cooperation and partnership in the region.

How do you see the region going ahead from here?

The region, with large geographical diversity, from the high mountains to coastal regions, has its people as the biggest asset, with a large concentration between the age group of 15-24 years. It has huge pool of skilled manpower and low cost workforce with large pool of educated professionals and abundance of natural resources and is one of the fastest growing regions in the world. With enhanced cooperation and integration in the region, we can expect great result. We would extend our tireless efforts to achieve our mandate of promoting the welfare of the people, improving their quality of life and accelerate economic growth, social progress and poverty alleviation in the SAARC region.