



SAARC Development Fund



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Ministry of Finance, SAARC Development Fund and Drukair sign a US\$13m loan agreement for purchase of Drukair ATR 42-600

Thimphu Bhutan, 13 August 2019 –The Ministry of Finance, Royal Government of Bhutan (RGoB), SAARC Development Fund (SDF) and Drukair Corporation Limited today signed a **US\$13 million (around Nu 918 million)** loan agreement to finance the purchase of Drukair ATR aircraft.

The signing ceremony was held at the Ministry of Finance, Tashichho Dzong, Thimphu. Documents were signed by the Hon'ble Finance Minister of Bhutan, Lyonpo Namgay Tshering, CEO of SAARC Development Fund Dr Sunil Motiwal and CEO of Drukair Corporation Limited Mr. Tandi Wangchuk.

Ministry of Finance - “The financing of ATR 42-600 with US \$ 13m is the first loan under the economic and Infrastructure windows of SDF. The financing will open up opportunities for Drukair with additional fleets to explore additional routes within the region and enhance regional integration and connectivity,” said Finance Minister, Lyonpo Namgay Tshering.

Lyonpo said that “this is the first of its kind for Royal Government of Bhutan and SDF to have a loan sanctioned under SDF’s Economic Window.” He thanked SDF for the generous support, which includes over US\$32 million for ongoing and future projects in Bhutan.

SDF- “SDF financing would help Drukair Corporation Limited extend aviation connectivity with Bangladesh, India and Nepal and thus, providing economic connectivity and regional integration,” said CEO of SAARC Development Fund, Dr Sunil Motiwal. He said that the project comes under the trade and economic sector of the Economic Window of SDF. SDF has three funding windows: Social, Economic and Infrastructure.

Drukair Corporation Ltd - “Drukair is grateful to RGoB, Royal Monetary Authority and SDF for financing the replacement of the existing ATR 42-500 with state of art ATR 42-600, which will enhance safety and reliability of operations both in the domestic and regional sectors. This complements our plans and efforts in expanding and enhancing the fleet. The new ATR with enhanced features will join our fleet within this September and the new additional Airbus A 320 Neo will join in first quarter of 2020,” said Drukair CEO Tandi Wangchuk.



Governor of Royal Monetary Authority, Dasho Penjore, who was also present at the signing ceremony, said that today was a historic moment for the Royal Government of Bhutan, SDF and Drukair towards promoting regional integration.

Bhutan attracts more than 254,704 regional and international tourists in a year and the ATR Financing will help in further increasing these numbers. Trade & Economics, Transportation, Tourism are all the focus areas under the Economic & Infrastructure Windows of SDF and this project fulfills SDF’s mandate of Regional Integration and Collaboration Through Project Financing..

The purchase of aircraft project for Drukair Corporation Limited in Bhutan was approved by the 30th SDF Board of Directors meeting in December 2018.

“The project would not only help Bhutan promote its tourism sector but also ensure greater connectivity to achieve economic development in the region. Thereby, promoting the welfare and prosperity of the people in SAARC region,” said Dr Motiwal. It also benefits in the form of Trade Facilitation and Tourism Development for Bhutan.

The SAARC Development Fund, since its inception in April 2010 by the heads of the eight SAARC Member States, is mandated to build regional integration and economic cooperation through project funding in all the eight SAARC member states – Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The Secretariat is based in Thimphu Bhutan.

SDF has an authorized capital of USD 1.5 Billion and total capital base of USD 511.52 Million. Currently SDF is implementing 12 projects under the Social window with fund commitment of USD 73.74 million and two more projects are approved in principle in social sector, 5 projects under the Economic and Infrastructure windows (including 2 in-principle approved projects) with a fund commitment of USD 73 million and MSME Program with fund allocation of USD 50 million in SAARC Member States. The cumulative fund commitment under the three funding windows including MSME Program stands at USD 197.4 million. Further, more than 10 bankable projects are also under active consideration of SDF to co-finance in SAARC Member States.

SDF has committed a total of USD 31.48 million for ongoing and future projects in Bhutan. Of the total, SDF has funded over 10 projects in Bhutan worth USD 8.48 million under its Social Window as grants, USD 13 million under the Economic Window for purchase of Druk Air ATR aircraft and allocated USD 10 million under Micro Small and Medium Enterprises (MSME) funding scheme of SDF.

The SAARC Development Fund’s Social Window has supported a total of 10 projects in Bhutan worth USD 8.48 million. 7 out the 10 project were successfully completed.
