

SAARC

SDF keen to stimulate development in the region

A consortium of funding agencies are being developed to mobilise large scale fund

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The SAARC Development Fund (SDF) is preparing to assume a greater leadership role to take the regional integration among member states to a new horizon.

The SDF is considering forming a consortium of funding agencies to facilitate strategic growth in the region.

With a fund of USD 500 million, SDF was not in a position to finance projects of huge magnitude.

Chief executive officer of SDF (Dr) Sunil Motiwal, said: "Now we will be able to mobilise fund for large scale projects."

One such initiative for co-financing materialised yesterday with signing a memorandum of understanding (MoU) with the Asian Development Bank (ADB).

SDF is also working to collaborate with Asian Infrastructure Bank (AIIB), New Development Bank and European Investment Bank, among others. It has already established

cooperation with the World Bank and UNDP.

(Dr) Sunil Motiwal said the MoU with ADB will allow the two agencies to collaborate and jointly fund the projects in the region. Talks are being held to enhance regional connectivity in transport sector. The SDF, he said, is looking forward to co-finance the BBIN once the Parliament ratifies it.

Kholongchu Hydropower Project is also being considered for co-financing under its economic and infrastructure funding window. This, however, will be decided during its board meeting next month.

(Dr) Sunil Motiwal said that until now, SDF could only provide grants for social funding window. Now onwards, SDF will co-finance the projects in its social window through both grant and loan. In the economic and infrastructure window, SDF will provide long-term soft loans.

Although Bhutan is not a member of AIIB, (Dr) Sunil Motiwal said the country

would enjoy the benefits through SDF. For instance, SDF is in talks with AIIB to enhance ICT connection in the region. Should this come about, Bhutan will benefit with improved connection.

SDF recently signed an MoU with Small Industries Development Bank of India (SIDBI) to strengthen the micro small medium enterprises (MSME) in the SAARC region. The plan, (Dr) Sunil Motiwal said, is to gradually convert SDF into a bank and venture into capital market. This will elevate the SDF's capital base, which in turn will help mobilise larger resources.

SDF has three funding windows for implementing projects in the region. The charter mandates the involvement of at least three countries in the social window. In the economic and infrastructure window, at least two countries have to be involved.

There are also country-specific programmes like MSME and social enterprise development.