



## SAARC Development Fund

*Regional Integration through Project Funding & Collaboration*



### Financing of Projects Under Economic and Infrastructure Window of SDF



## General

- SAARC Development Fund is a regional funding institution operational since 2010. SDF has been established (i) to promote the welfare of the people of SAARC region, (ii) to improve their quality of life and (iii) to accelerate economic growth, social progress and poverty alleviation in the region. The Fund is to serve as the umbrella financial institution for SAARC projects and programmes and is aimed to contribute to regional cooperation and integration through project collaboration.
- The SDF shall focus on regional programmes and projects which fulfill the objectives of SDF and SAARC Charter.
- Loans under the two windows can be extended to both public and private sector in the SAARC Member States.

## Focus areas and Eligible Projects

- Under the Economic Window, SDF shall fund projects in areas such as Trade, Agriculture and allied value additions, Industry/ Manufacturing, Micro Irrigation, any other sectors and under the Infrastructure Window, SDF shall fund projects in areas such as Renewable energy, Water harvesting, Forestry, Tourism, Climate change, ICT and any other sectors.
- Projects/ Programs involving any one or more than one SAARC Member State with the direct benefit going to more than one Member State.
- SDF will be co-lending with local financial institutions/banks in SAARC member states, other Regional Financial Institutions/Banks/or any other Funding organization.

## Terms

- Currency of loans: Loans can be extended up to a maximum of USD 15 million per project/company
- DER: Maximum 3:1; Promoter's contribution: min 25%
- Tenor: Maximum 10 years (including grace period of 2 years)
- Rate of interest – Pricing of the SDF funding E&I windows will be SOFR Six months plus 2%.
- Charges: Appraisal fee/Up-front fee/Commitment Fee/Documentation fee apply as per Policy Guidelines for Economic and Infrastructure Windows of SDF.
  - Actual terms will depend upon project requirements based on appraisal and risk perception.
  - SDF also participates in co-financing for infrastructure and economic development projects in any of the eight SAARC member states. Projects must provide direct economic benefits to more than one SAARC member state through equity investment, cross-border trade, or infrastructure development that facilitates significant trade between member states. The funding amount is capped at USD 15 million per project or company. Project procurement is typically done through open bidding among SAARC member states, but in certain cases, international competitive bidding (ICB) may be used, if necessary, subject to SDF Board approval and alignment with the lead funding institution's procurement guidelines.

### *Process of submitting the Project Proposals:*

Concept Note along with DPR can be submitted directly to CEO, SDF at the below mentioned address or through syndication mechanism. Detailed appraisal shall be carried out by SDF (together with other lenders).