



SAARC Development Fund



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Welcome to the SDF Newsletter for the First and Second Quarters of 2025 - a snapshot of our shared journey toward deeper regional integration, stronger partnerships and development across our region.

As the umbrella financial institution for SAARC projects and programs, the SAARC Development Fund remains steadfast in its mission to advance regional cooperation and economic progress among Member States. Since our inception in April 2010, the SDF Secretariat, based in Thimphu, Bhutan, has played a pivotal role in driving collaborative, cross-border development initiatives and projects that benefit millions across the region. Our work spans three financing windows (Social, Economic and Infrastructure) and to date, SDF Board has approved more than 100 regional projects.

This edition of our newsletter highlights key events from the first half of 2025 - from launching the first utility-scale biogas project in Bhutan, to kick-starting a regional early childhood education initiative with Save the Children, and hosting important financing dialogues under Economic & Infrastructure Windows in the Maldives and Sri Lanka.

We thank all of our valued partners for the unwavering support and collaboration. Your contributions continue to drive the success of our mission and we extend our deepest appreciation to each of you. Happy reading and thank you for being part of our journey!



SDF and BES Launch Bhutan's First Utility-Scale Biogas Project on World Environment Day



Thimphu, 05 June 2025 – To mark World Environment Day, the SAARC Development Fund (SDF) and Bhutan Ecological Society (BES) launched Bhutan's first utility-scale biogas project: "Production of Commercial Biogas from Household Waste." The initiative aims to convert urban organic waste into clean energy and organic fertilizer, offering a sustainable alternative to liquefied petroleum gas (LPG).

With a budget of Nu. 81.1 million (USD 948,616)—including a USD 448,616 grant from SDF—the two-year project is co-funded by



Bhutan Trust Fund for Environmental Conservation and Value Network Ventures. The 20-ton-per-day plant on the outskirts of Thimphu will supply 250 tons of biogas annually, replacing over 17,000 LPG cylinders, and produce nearly 1,000 tons of biofertilizer for local farmers.

"This project is a powerful example of how regional collaboration can drive sustainable solutions," said Ms. Irosha Cooray, Officer-In-Charge of SDF. Dr. Norbu Wangdi of BES highlighted that biogas will be up to 25% cheaper than unsubsidized LPG, making it both economical and climate-friendly.

The plant will divert 6,600 tons of waste from landfills and reduce CO₂ emissions by an estimated 3,595 tonnes per year. Organic waste collection will be managed by Thimphu Municipality, while BES will oversee the commercial distribution of biogas and biofertilizer.

SDF and BES hope this project will inspire similar efforts across South Asia, fostering partnerships, sharing knowledge and accelerating the region's transition to cleaner, more sustainable energy solutions.

"What we are launching today in Bhutan is not just a project. It is a regional inspiration," said OIC Ms Cooray.

"We are keen to see such models replicated across SAARC Member States, where urban centres face similar challenges in waste management, energy security and climate resilience."

Starting Strong: Inception Workshops for the Biogas and ECD Projects





SDF and Save the Children's Regional Initiative for Inclusive Early Childhood Development



Kathmandu, 20 June 2025: The SAARC Development Fund (SDF), in collaboration with Save the Children's Nepal and Bhutan Country Offices, officially launched a regional initiative titled "Partnership for Quality Inclusive Early Childhood Development & Basic Education" today at the SAARC Secretariat in Kathmandu.

The three-year project, with a total investment of USD 4.79 million, jointly funded by SDF and Save the Children, will work alongside the governments of Nepal and Bhutan, community members, teachers, ECCD facilitators, and children to promote quality, inclusive early childhood development (ECD) and basic education for children aged 3 to 12.

During his welcome remarks, His Excellency Md. Golam Sarwar, Secretary General of SAARC, stated: "The project not only supports national priorities in Bhutan and Nepal but also contributes to SAARC's Plan of Action on Poverty Alleviation by promoting equitable access to education and advancing human development. We believe the solutions introduced in these two countries can inspire similar efforts across other SAARC Member States, where communities face common challenges and share the same aspirations."

Irosha Cooray, Officer-in-Charge of the SAARC Development Fund, emphasized how the project aligns with SDF's commitment to social development and regional integration: "We are proud to support this project, working with partners to ensure inclusive education and a better future for our youngest citizens."

In Nepal, the project will be implemented in Madhesh Province, where early childhood indicators remain critically low. A recent scoping exercise identified significant gaps in infrastructure, learning materials, caregiver awareness, and disability inclusion—particularly in Mahottari and Sarlahi districts, where over 53% of the population is illiterate.

Tara Chettry, Country Director of Save the Children Nepal and Bhutan, expressed the urgency of inclusive action in education: "The foundation of quality education lies in creating a safe and enabling environment—both at school and at home. Yet, children with disabilities are often left behind, with their education sidelined and deprioritized."

This collaboration between SDF and Save the Children is an important step toward spotlighting the need for inclusive education. It aims to strengthen the skills and shift the

attitudes of teachers and key stakeholders, fostering shared models of inclusive education—where no child is excluded due to disability or other intersecting barriers.”

In Bhutan, the project complements the Royal Government’s ongoing efforts to advance inclusive education for children with disabilities. While Bhutan has 21 Special Educational Needs (SEN) schools and two special institutes, many children, especially girls, still face barriers such as stigma, inadequate infrastructure, and a shortage of trained educators.

According to Karma Doma Tshering, National Director of Save the Children Bhutan: “We will establish two inclusive early childhood centers and upgrade infrastructure in two SEN schools in Mongar and Samtse. With therapy rooms, inclusive teaching materials, and assistive devices, we are committed to doing whatever it takes to reach children in these communities.”

The project aims to improve inclusive early childhood education through targeted interventions. These include the construction and renovation of classrooms, upgrading of water, sanitation, and hygiene (WASH)

facilities to create safe and accessible learning environments, and the provision of age-appropriate, inclusive learning materials through household mini-libraries to foster early literacy at home.

It will also focus on training teachers and caregivers, conducting disability screenings, and providing assistive devices for children with disabilities.

Link to the Video: <https://www.youtube.com/watch?v=wycswy6x8Mg&t=61s>

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His Excellency Md. Golam Sarwar,
Secretary General of SAARC



Development partners and officials from the SAARC Secretariat, Save The Children and SDF at the launch in Kathmandu, Nepal



Regional Meeting in Colombo Highlights Progress and Future of C-SUCSeS Project



A two-day regional meeting was held in Colombo from 27–28 June, 2025 to showcase the achievements of the C-SUCSeS (Consortium for Scaling-up Climate Smart Agriculture in South Asia) project and deliberate on the way forward.

The project is a collaboration between the International Fund for Agricultural Development (IFAD), the SAARC Agriculture Centre (SAC), and SDF.

SDF Officer-in-Charge, Ms. Irosha Cooray, in her remarks, extended appreciation to SAC, the Lead Implementing Partner, along with IFAD, IFPRI, and the national partners for their outstanding collaboration. She commended the collective efforts that have contributed to the success of the project across the participating SAARC Member

States including Bhutan, Pakistan and Sri Lanka.

Participatory research with over 3,000 mostly smallholder farmers, including 32% women across Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka has validated promising Climate Smart Agriculture technologies such as Direct Seeded Rice, Alternate Wetting and Drying, Drip Irrigation, Intercropping and Protected House Cultivation. “These technologies have shown significant potential to improve crop productivity, resource efficiency, farmer incomes, and resilience to climate variability,” OIC said.

In addition, the project has built a rich repository of knowledge products and training modules in local languages, benefiting nearly 9,000 farmers, researchers, extension agents, and professionals. The establishment of a vibrant community of practice has strengthened knowledge sharing, policy dialogue, and capacity building on CSA in the region.

SDF Social Window team said that the Fund is proud to have supported the expansion of the program in many Member States, broadening its reach and enabling greater inclusivity. The empowerment of women farmers and integration of CSA technologies into national policy frameworks are some of the notable highlights.



ECONOMIC & INFRASTRUCTURE WINDOW HIGHLIGHTS

The Economic & Infrastructure (E&I) Windows of the fund provides loans for financing both sovereign and non-sovereign projects in the SAARC Member States. The mandate of the E&I windows is to finance economic and infrastructure projects in the member states with direct benefit going to at least 2 member states. The lending is guided by the SDF Board-approved Credit policy and E&I policy guidelines.

Exploring Project Financing Opportunities in the Maldives

The SAARC Development Fund (SDF), through its Economic & Infrastructure (E&I) Window, engaged in two significant interactions with the Government of Maldives to explore potential project collaboration and financing opportunities.

In the first quarter, former Officer-in-Charge (OIC) of SDF and Assistant Director (AD) of the E&I Window held a virtual meeting with officials from the Ministry of Finance and Planning of the Maldives. The session was attended by the Deputy Minister, SDF Board Director, and other key officials. It commenced with opening remarks from the OIC Jamal Uddin Ahmed followed by a comprehensive presentation from the AD on the funding terms and conditions under the E&I Window. The discussions concluded with the Ministry expressing strong interest in collaborating with SDF on eligible projects.



Building on this momentum, a physical meeting was convened in May 2025, organized by the Ministry of Finance and Planning. The session focused on the solicitation of projects and was attended by major State-Owned Enterprises (SOEs) of the Maldives. SDF presented funding opportunities available under its mandate, fostering productive dialogue on potential partnerships. Notably, the State Electric Company Limited (STELCO) and Maldives Ports Limited (MPL) expressed strong interest in working with SDF to develop impactful infrastructure projects.

These engagements mark an important step forward in strengthening regional cooperation and unlocking meaningful, sustainable development partnerships between the Maldives and SDF.



With management team of STELCO, Maldives



Promoting Sustainable Infrastructure Development

E&I Assistant Director participated in a three-day workshop on sustainable infrastructure solutions, organized in March 2025 by the Department of Forests and Park Services (DoFPS), Royal Government of Bhutan, in collaboration with the World Wildlife Fund (WWF) and the International Union for Conservation of Nature (IUCN) Asian Elephant Transport Working Group (AsETWG).



The workshop convened over 35 key stakeholders, including representatives from the Asian Development Bank (ADB), World Bank, government agencies, local NGOs, and funding organizations. Discussions focused on developing wildlife-friendly infrastructure that balances economic growth with ecological conservation, reinforcing the commitment to sustainable development in the region.

Exploring Collaboration with Azista Bhutan Healthcare Ltd.

In June this year, the Economic & Infrastructure (E&I) team of the SAARC Development Fund (SDF), led by Officer-In-Charge, Ms. Irosha Cooray, held a strategic meeting with Azista Bhutan Healthcare Ltd. (ABHL) to explore opportunities for collaboration.

ABHL is in the process of establishing a state-of-the-art pharmaceutical manufacturing facility at the Motanga Industrial Park in Samdrup Jongkhar, Bhutan. Operating under the brand name Azista Bhutan, the facility will manufacture, package, and distribute a wide range of prescription medicines—marking a significant milestone as the first of its kind in Bhutan to produce allopathic drugs locally.

During the meeting, the Azista team, led by CEO Mr. Obula Reddy, presented the company's ongoing work in Bhutan and outlined its broader regional ambitions across other SAARC Member States. The discussion also delved into the growing importance of local pharmaceutical production in advancing healthcare access and resilience across South Asia, as well as avenues for potential collaboration with SDF in the near future.



This engagement reflects SDF's continued commitment to supporting innovative regional initiatives that contribute to sustainable development and regional health security.

Towards this, E&I also held a meeting in June this year with founder and MD of MediCrest Healthcare to discuss Azista Healthcare expansion into Sri Lanka.



Strengthening Business Collaborations in the region

Meeting with the Governor of the Central Bank, Sri Lanka

SDF Officer-In-Charge Ms Irosha Cooray and E&I Assistant Director Jigme Thinley meet with Dr. P. Nandalal Weerasinghe, the Governor of the Central Bank of Sri Lanka, in Colombo in June.

They discussed SDF's ongoing efforts in the Member States, and the prospect of funding projects in Sri Lanka.



Exploring Infrastructure Financing Opportunities

Productive discussions held between SDF and the Chairman, Managing Director, and senior management of Sri Lanka Ports Authority (SLPA) on potential project financing.



Private Sector Engagement -Meeting with the Managing Director and Finance team of JAT Holdings to launch and strengthen a collaborative project under SDF's Economic & Infrastructure Window.



The SDF E&I team also participated in a virtual meeting with representatives from the Bengal Chamber of Commerce and Industries to explore business opportunities in the region.

During the session, AD-E&I provided an in-depth presentation on the funding criteria, terms, and conditions under the E&I Window, highlighting SDF's commitment to financing high-impact projects. The discussion served as a platform to enhance collaboration and identify ways businesses in the region could benefit from funding support, fostering stronger economic ties across South Asia.



The 39th Meeting of the SDF Board was held in Colombo, Sri Lanka on 7 February 2025, where key strategic decisions were taken to guide the future direction of the Fund, its projects and initiatives. This was followed by the 40th Board Meeting, held virtually on 10 May 2025.

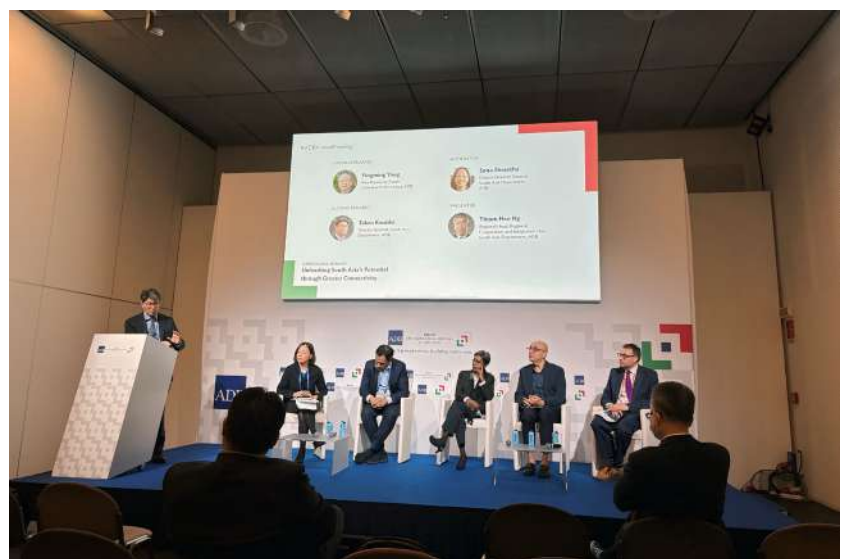


The 60th Session of the SAARC Programming Committee convened at the SAARC Secretariat in Kathmandu, Nepal, from 28 to 30 April 2025. The three-day meeting gathered esteemed delegates from Member States, Heads of SAARC Specialized Bodies and Regional Centres, and senior Secretariat officials. Representing the SDF Secretariat, the former Officer-In-Charge Jamal Uddin Ahmed and SDF Assistant Director of Economic & Infrastructure presented an overview of SDF-funded projects across the region.

PARTNERSHIP, EVENTS AND ENGAGEMENTS



May 2025 - The SDF team participated in the Annual Meeting of the Asian Development Bank in Milan, Italy in May this year, joining His Excellency the SAARC Secretary General and former Officer-In-Charge Jamal Uddin Ahmed for strategic discussions with ADB leadership and development partners to strengthen advocacy, collaboration, and ongoing partnerships with the Asian Development Bank.



May 2025 - Welcomed the delegation from the Ministry of Foreign Affairs, Sri Lanka, led by Mr. Niluka Kadurugamuwa, Director General – South Asia & SAARC, to the SDF Secretariat in Thimphu. The visit provided an opportunity to discuss SDF's regional initiatives and share insights on its projects in Sri Lanka.

Thimphu, Bhutan - A productive meeting between the new Officer-In-Charge of SDF, Ms. Irosha Cooray, Mr. Tshering Dorji, SDF Board Director for Bhutan and Mr Namgyel Dorjee, Alternate Board Director for Bhutan. The courtesy call at the Ministry of Finance, Royal Government of Bhutan highlighted continued collaboration and shared commitment to advancing regional cooperation and development.



Male, Maldives - SDF External Auditors Ernst & Young Sri Lanka, together with the SDF Finance and Accounts Team conducted an audit visit to the Maldives to review the Livelihood Enhancement Project with partners in the Ministry of Agriculture and Animal Welfare.



World Environment Day

5 June 2025 - Each year, the SAARC Development Fund team observes the World Environment Day by planting trees and joining the global movement because we believe that small changes and contributions can make a big difference!



Who are we?



SAARC Development Fund Secretariat was established in April 2010 by the heads of the eight member countries of South Asian Association for Regional Cooperation (SAARC) – Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

Our mandate is to promote the welfare of the people of SAARC region, to improve their quality of life, to accelerate economic growth, social progress and poverty alleviation in the region and to contribute to “Regional Cooperation and Integration through Project Collaboration”.

SDF manages projects in all the SAARC Member States under its three investment Windows: Social, Economic and Infrastructure Windows. For details, Visit Website: www.sdfsec.org






Towards Regional Integration and Economic Cooperation Through Project Funding

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