

The History of SAARC Development Fund (SDF)

SAARC Development Fund (SDF) originated from two separate regional funds namely, SAARC Fund for Regional Projects (SFRP) and SAARC Regional Fund (SRF) tabled at the 5th SAARC Summit (Malé, November, 1990) in order to identify and implement regional projects emanated from the SAARC process. The Funds were later absorbed by the South Asian Development Fund (SADF) floated by Bhutan during the 6th Summit (Colombo, December 1992).

The 20th Session of the Standing Committee (New Delhi, 27-29 April 1995) decided to have a Group of Experts comprising the National Focal Points and the Member of the Council of SAARC Fund for Regional Projects (CSFRP) to examine the complementarities and possible merger of the SAARC Fund for Regional Projects (SFRP), SAARC Regional Fund (SRF) and South Asian Development Fund (SADF). Subsequently, considering the report of the Group on Experts, the Twenty-second session of the Standing Committee (New Delhi, 16-18 December 1996) directed the CSFRP for merger with the SADF as one of the three Windows of the mechanism.

SADF started on 16-17 June 1996 with a resource of about US\$6.4 million including Member States contribution of US\$5 million for SFRP having three Windows marked as I,II & III for –

- i. Identification and development of projects;
- ii. Institutional and human resources development and
- iii. Social development and infrastructure development

However, having found the mechanism not satisfactory, the First Meeting of Financial Experts was convened in September 2005 to look at the entire gamut of issues relating to financial mechanism of SAARC, amongst others, agreed, such as proliferation of financing mechanisms would pose administrative, financial and operational difficulties, including the question of fund mobilization and management and recommended that SADF be reconstituted into the SAARC Development Fund (SDF), with a permanent Secretariat, with three windows: (i) Social Window, (ii) Economic Window, and (iii) Infrastructure Window. Pursuant to the recommendation of the Financial Experts, the Thirteenth SAARC Summit (Dhaka, November 2005) decided to reconstitute the SADF into SDF.

The Second Meeting of the Financial Experts (Kathmandu, February 2006), recommended a corpus of USD 300 million for the Fund. It agreed on the broad principles and essential elements for the SDF.

Subsequently, the First Meeting of the SAARC Finance Ministers (Islamabad, 11 July 2006) approved the Framework for SDF and agreed on a roadmap for the creation of the SDF. This was endorsed by the Twenty-seventh Session of the SAARC Council of Ministers (Dhaka, 1-2 August 2006).

A Charter of the SAARC Development Fund (SDF) was signed by the SAARC leaders on 3 August 2008 at the Fifteenth SAARC Summit (Colombo, 2–3 August 2008) a SDF Permanent Secretariat was inaugurated in Thimphu on 28 April 2010 during the Sixteenth SAARC Summit

(Thimphu, 28-29 April 2010). The Chief Executive Officer (CEO) joined the Secretariat on 1st June 2010.

SDF Windows:

The **Social Window** primarily funds projects, inter alia, on poverty alleviation, social development focusing on education; health; human resources development; support to vulnerable/disadvantaged segments of the society; funding needs of communities, micro-enterprises, rural infrastructure development.

The **Economic Window** primarily extends funding to non-infrastructure projects related to trade and industrial development, agriculture, service sector, science and technology and other non-infrastructure areas. It shall also be utilized for identifying, studying, developing and /or sponsoring commercially viable programs/projects of regional priority including their pre-feasibility and feasibility studies. The Economic Window would be utilized for supporting any other projects which are not covered explicitly under the Social and Infrastructure Window.

The **Infrastructure Window** is primarily utilized to fund projects in areas such as energy, power, transportation, telecommunications, environment, tourism and other infrastructure areas.

The first and foremost objective of SAARC is to promote the welfare of the peoples of South Asia and to improve their quality of life. The sublime objective envisioned by our leaders can be achieved through meaningful cooperation among the Member States, particularly through project-based collaboration, which brings tangible benefits to the peoples in the region. Seen from this perspective, the establishment of the SAARC Development Fund (SDF) in 2010 should be viewed as a milestone accomplishment of SAARC in promoting project-based collaboration. SDF is the umbrella funding mechanism of SAARC, which facilitates sub-regional and regional projects for amelioration of the quality of life of the peoples in the region.

Within ten years of its establishment, the SAARC Development Fund under its Social Window, a total of 54 projects (7 out of 12 project areas) have been successfully completed to benefit thousands of people in South Asia.

As of July 2020, currently SDF has twelve ongoing projects under its Social Window including several livelihood projects, which are at varying stages of implementation. The SDF Board of Directors has already approved projects under Economic and Infrastructure Windows, which led to the activation of both these Windows. Currently, SDF is having five projects under Economic and Infrastructure Windows. SDF's Fund commitments under Social Window are totaling to an amount of around US \$ 90.02 million, of which around US \$ 48.86 million has already been disbursed. So far, Fund (loan) commitments under Economic and Infrastructure Windows are totaling to an amount of around US \$73 million, of which around US \$ 13 million has already been disbursed. The projects are intended to meet important socio-economic needs of the SAARC Member States. SDF has been actively soliciting regional/sub-regional projects in Energy/Power, particularly Renewable Energy, for co-financing.

During its 33rd Meeting (virtual, 28-29 July 2020), SDF Board, among others, under the Social Window of SDF, has approved **US \$ 7.7 million for seven COVID-19 projects originated from the respective Health Ministries of the Seven Member States, to support the Member States in responding to the COVID-19 pandemic.**

Till date the Governing Board of SDF met for Thirty-three meetings and the Governing Council of SDF met for six times.

For further information and details following link could be visited <http://www.sdfsec.org/>