



SAARC

SAARC Development Fund

SAARC Development Fund Partnership Conclave



India International Centre, New Delhi
July 2-3, 2018

An Event of Strategic and Regional
Importance for South Asia

From the Desk of Chief Executive Officer



South Asia covering the countries of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, comprises 3% of the world's area, about 23.4% of the world population and about 3.3% of the global economy as of 2017. The region, with large geographical diversity, from the high mountains to coastal regions, has its people as the biggest asset, with a large concentration between the age group of 15-24 years. It has huge pool of skilled manpower and low cost workforce with large pool of educated professionals and abundance of natural resources and is one of the fastest growing regions in the world.

The Region faces considerable challenges notably among them managing hungry and under-nourished population, food security for its growing population, availability of clean drinking water, access to sanitation, healthcare facilities, electricity and other basic infrastructure needs. The Region despite its shared history, culture and geography is one of the least integrated regions in the world. It requires US\$ 1.7 trillion - US\$ 2.5 trillion (as per Policy Research and Working Paper of South Asia Region Sustainable Development Department of the World Bank) to close its infrastructure gap mainly in energy, power, transportation, telecom, environment among others.

Considering quantum of investment and limited available financial resource, SAARC Development Fund envisages acting as a catalyst for infrastructure funding in the Region by forming consortium of funding agencies and co-financing of such projects.

The event is poised to be an event of strategic and regional importance in South Asia, proposes to address the challenges currently being faced by the SAARC Member States and suggest a way forward for joint cooperation and partnership among the various development partners in line with the SAARC Development Goals.

I welcome all the delegates to the Conclave to be our partners in regional growth and integration of the SAARC region.

Dr. Sunil Motiwal
CEO of SAARC Development Fund

South Asia At a glance

Home to Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka; South Asia is one of the most dynamic regions in the world. The region offers tremendous potential for development and an ideal environment for attracting foreign investment.

Despite its shared history, culture and geography, South Asia is one of the least integrated regions in the world. With greater cooperation, the South Asian region can better develop. Resource sharing can foster greater regional integration. Enhanced trade and political cooperation can harness and tap natural and human capabilities to make the South Asian region into a vibrant economy. While South Asia is the fastest growing region in the world, it faces difficult changes to meet the growing demand of its burgeoning population in the face of climatic and other socioeconomic changes.

Infrastructure funding gap in the region

SAARC Development Fund envisages to act as a catalyst in infrastructure funding in the region by co-financing of projects by forming consortium of funding agencies.

According to Policy Research and Working Paper of South Asia Region Sustainable Development Department of the World Bank; if the South Asia region hopes to meet its development goals and not risk slowing down its growth, poverty alleviation, and shared prosperity, it is essential to address its huge infrastructure gap. The World Bank findings show that the South Asia region needs to invest between US\$ 1.7 trillion and US\$ 2.5 trillion (at current prices) to close its infrastructure gap mainly in energy, power, transportation, telecom, environment among others. Given the enormous size of the region's infrastructure deficiencies, it will need a mix of investment in infrastructure projects and supportive reforms to close its infrastructure gap. Considering that the region faces huge demand for infrastructure investment and limited available financial resource, it is important for all the development partners to join hands together to achieve the objective of closing infrastructure funding gap in the region.



SAARC DEVELOPMENT FUND – AN OVERVIEW

The 16th SAARC Summit in April 2010 hosted by Thimphu was momentous as it had a historic outcome. The eight Heads of States agreed that a regional body was needed to move beyond rhetorical posturing to concrete cooperation. Therefore, to be better connected, empowered, fed, educated and to achieve comparable success with other regional organizations; the SAARC Development Fund (SDF) was born. SDF serves as the umbrella financial institution for SAARC projects and programs. Its sole purpose is to strengthen regional integration and cooperation among member states through project funding and collaboration.

With its Secretariat in Bhutan's capital Thimphu, SDF has an authorized capital of 1.5 billion USD. It is supported by SAARC Member States by way of capital and voluntary contributions. SDF has three financing windows; the Social, Economic and Infrastructure.

SDF partnership conclave on July 2-3, 2018 at India International Centre, new Delhi

SDF is organizing SDF Partnership Conclave with the aim towards strategic growth in the South Asia region through Project Collaboration and Regional Integration and proposes to:

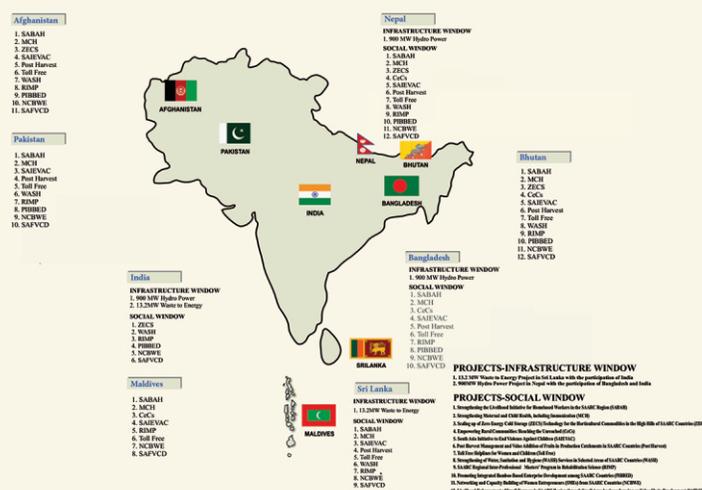


Solicit Cross-Border Project Co-Financing under the Social, Economic & Infrastructure Windows of SDF in SAARC Member States.



Build partnerships with various organizations for Fund Mobilization and Investments in SAARC Member States.

SDF Funded Projects in SAARC Region



CO-FINANCING OPPORTUNITIES & THEMATIC AREAS

UNDER THE INFRASTRUCTURE

I. WINDOW:

Energy: The theme proposes to capture an overview of the energy sector in South Asia and bring out potential opportunities of co-financing cross border energy projects in the region. It also highlights opportunities to facilitate intra SAARC trading in energy sector. The key areas of focus include:

- Renewable (Solar, Wind and Biogas)
- Hydropower generation, Power Transmission and Distribution
- Energy Efficiency Program

Transportation: Due to lack of integration of the transport system in South Asia, the logistic costs are very high and ranges between 13-14 percent of GDP, compared to 8 percent in USA.

Effective integration of the transport system in South Asia could contribute greatly in enhancing access to remote areas, thereby bringing benefit of economic development to remote areas. The theme proposes co-financing of cross border road transport connectivity projects in SAARC Member States that has the potential to enhance cross border trade and provide regional integration. The key areas of focus include:

- a. Road transport
- b. Rail transport
- c. In-land waterways
- d. Marine transport
- e. Multimodal transport



Environment: During Sixteenth SAARC Summit in Thimphu Bhutan held on 8-29 April 2010, SAARC Member States raised concern on the unabated degradation of the environment and the adverse impacts of climate change in the region and their shared interest in its conservation for the well-being of present and future generations and reiterated their commitment to promote sustainable management of environment and natural resources.

SDF is committed to Co-financing of projects that reduce air pollution and provide clean air and the theme proposes co-financing of cross border projects that reduce air pollution. The key areas of focus include:

- a. Environment and Climate Change
- b. Projects to reduce air, land and water pollution

II. UNDER THE ECONOMIC WINDOW



Trade and Commerce: As per various reports, current trade among SAARC Member States is less than 4% of the total trade of SAARC Member States. The theme proposes to enhance trade among SAARC Member States in commodities products and services. It proposes co-financing of Cross - Border Integrated Backward and Forward linkages for import, export and distribution of commodities, technology products and services obliterating multiple stake holders working in isolation, reducing large number of middlemen leveraging technology among others thereby benefiting both producers and consumers of SAARC Member States.

Supply Chain Management in Agriculture & allied Sectors: The theme proposes developing backward and forward linkages for Procurement and Distribution of vegetables by replicating existing model in other SAARC Member States. Co-financing of such project could add considerable value to the SAARC Member States and enhances intra SAARC trade in fruits and vegetables thereby adding considerable value to the farmers and consumers.

Information and Communication Technology (ICT): Use of ICT has led to boom in E-commerce globally cutting across geographical boundaries. The theme proposes to enhance trade among SAARC Member States, currently estimated to be

less than 4% of the total trade of SAARC Member States, by leveraging Information and Communication Technology and developing an ecommerce model for selling and purchase products developed in SAARC Member States. Stakeholders, construed as Partners could facilitate logistic and warehousing, transportation, development and maintenance of the portal, development of payment gateway among others. This is likely to enhance trade among SAARC Member States, provide employment generation and enhance Regional Integration and economic connectivity.

III. UNDER THE SOCIAL WINDOW

SDF has identified four main thematic or outcome areas to be implemented over the next five years (2018-2023). These outcomes are in line with focus areas identified in SDF's Charter. Programs and interventions designed under these outcomes will deliver the maximum social benefits for the most vulnerable and marginalized segments of the populations across the SAARC Member States. These are:

- Poverty Alleviation;
- Human Development;
- Education; and
- Health.

Poverty Alleviation: SDF will support the 8 SAARC Member States to promote sustained and equitable economic growth through enhanced agriculture productivity and access to opportunities for decent employment and income generation.

To contribute to addressing food insecurity in the SAARC region, SDF will support projects that have the potential to enhance capacity of small scale and marginalized farmers, improve crop yield, supply chain promoting technologies, and formation of and enhancing the capacity of farmers' groups/cooperatives.

Projects that contribute to strengthening community resilience to enable communities to withstand shocks from climate change risks and natural disasters will also be supported.

SDF will promote access to opportunities for decent employment and income generation through co-financing support to projects that provide support to micro-enterprises, especially those owned by women and the youth, and access to financial services and products for women and the most vulnerable.

Human Development: SDF will support Member States to realize its commitments to the relevant human rights conventions and UN resolutions related to access to water and sanitation, nutrition and protection services. It will support initiatives of the Member States to advocate and implement regional approaches that facilitate the sharing of knowledge, technology and experiences, and augment national level interventions through regional partnerships and platforms. Across all these three sub-themes, SDF will prioritize community level interventions to expand the access to these essential services.



Health: SAARC countries have dramatically improved their health indicators in the past 15 years such as infant mortality, maternal mortality and skilled birth attendance and stunting. However, the achievements have fallen short of the targets set in some countries, and it still remains critical for the SAARC Member States to continue to make efforts to achieve their Universal Health Coverage (UHC) goals.

SDF will support projects that aim to ensure access to quality health services for the most vulnerable of populations across the SAARC region.

Along with the other funding windows of the SDF, it will facilitate both direct and indirect investments into quality health care infrastructures such as basic health units and community hospitals, including investments for ICT enabled health care provision and health information management systems. It will further work with projects that strive to inculcate SAARC standards and agreements for mutual recognition of health care professions/health workers, and accreditation of hospital/care providers in the SAARC region.



Education: Education has a profound impact on economic development of the regions and is key to improving the human development in all SAARC countries. Despite significant achievements in primary enrollment, the Education for All (EFA) remains a continuing challenge in South Asia.



SDF will work with implementing agencies across the SAARC Member States to support initiatives that contribute to improved education outcomes at the secondary, tertiary and vocational training levels, and for children living with disabilities.

Social Enterprise Development Program

Social Enterprises are organizations that aim to provide solutions to grass-root development issues through innovative products and/or services to populations at the base of the pyramid. Social Enterprises apply a businesslike approach to address grass root developmental issues for the poor and vulnerable population, rather than maximizing profits.



The SDF is in the process of launching the Social Enterprise Development Program (SEDP) as part of its Social Window. The program will be implemented in all the SAARC Member States with the objective of identifying and building social enterprises by using a mix of grants and concessional returnable capital. The program intends to fund around 80 enterprises across the 8 SAARC Member States annually.

Micro Small Medium Enterprises (MSME) Program In Saarc Member States

SDF proposes to launch its MSME program in order to upgrade Micro Small and Medium Enterprises in the SAARC region by providing line of credit. SDF would create access to financial services which can in-turn boost job creation, raise income, reduce vulnerability and increase investments in human capital in SAARC Member states. Considering limited resources of the SDF, co- financing under MSME programme is strategically advantageous.

STRATEGY & ACTION PLAN – SAARC DEVELOPMENT FUND

- Act as a catalyst in project funding in the region through co-financing and by forming consortium of funding agencies,
- Mobilization of new funds for on-lending to various projects and program being implemented in SAARC Member States, Building a strong Credit Portfolio comprising of projects and program in all three funding windows of SDF.
- Seeking strategic alliance and partnership with development partners in SAARC Member States,

- Soliciting cross border projects in SAARC Member States with direct benefit going to more than one SAARC Member States,
- Publication of knowledge products related to significantly important issues in SAARC Member States.



KEY PARTICIPANTS

Eminent delegates from Governments of SAARC Member States, various Multilateral Development Banks, Regional Financial Institutions, Scheduled Commercial Banks, Public Sector, Infrastructure Development Agencies, Donor Agencies, Civil Society Organization and other Development Partners are expected to participate in the prestigious conclave.



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