



SAARC Development Fund



Financing of Projects Under Economic and Infrastructure Windows 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 primarily finance longer term priority regional programmes and projects which fulfill the objectives of the SAARC Charter.
- The Economic & Infrastructure Windows shall primarily fund projects in areas such Renewable Energy, Trade, Agriculture and allied activities, Industry/Manufacturing, Micro Irrigation, ICT, Water Harvesting, Forestry, Tourism, Climate Change, or any other sector/area as approved by SDF Board.
- Loans under the two windows can be extended to government bodies, municipal corporations, SPVs, SEOs and private sector corporate bodies. The SDF shall finance both public sector as well as private sector entities.

Focus areas and Eligible Projects

- Presently, the Fund is focusing on Renewable Energy, Trade, Industry/Manufacturing, MSME, ICT projects, and other high impact priority projects in other sectors that satisfy SDF norms.
- Projects involving more than two SAARC Member State, or projects located in one or more SAARC Member States, of significant economic interest for three or more SAARC Member States.
- 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

- Maximum amount of loan per project : USD 20m
- Currency of loans: Loans can be extended both in USD and local currencies of SAARC Member States
- DER : Maximum 3:1; Promoter's contribution: min 25%
- Tenor : Maximum 5 years (including grace period of maximum 2 years)
- Regional or Sub-regional projects or programs involving as many SAARC member states as possible.
- Rate of interest – Pricing of the SDF funding E&I windows will be near to the opportunity cost of the funding / weighted average rate of at least 3 member states. Further, SDF will be co-lending with other banking / financial institutions, the rate of interest will be as per co/joint-lending arrangements.
- Charges: Appraisal fee/Up-front fee/Commitment Fee/Documentation fee apply as per international practices.
 - Actual terms will depend upon project requirements based on appraisal and risk perception.
 - For infrastructure projects and those under Economic window co-funded with other banks/FIs, lending norms of the lead banker will be applied.

Process of submitting the Project Proposals:

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