

**GOVERNMENT OF INDIA
EXTERNAL AFFAIRS
LOK SABHA**

STARRED QUESTION NO:435
ANSWERED ON:23.04.2008
SETTING UP OF SAARC DEVELOPMENT FUND
Patel Shri Kishanbhai Vestabhai;Sai Shri Nand Kumar

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

- (a) whether India has agreed to sign the establishment of SAARC Development Fund;
- (b) if so, the details thereof including the contribution of India to the said Fund;
- (c) the details of the guidelines for utilization of said Fund by member countries; and
- (d) the time by which the Fund is likely to set up?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI PRANAB MUKHERJEE)

(a) & (d) A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.435 REGARDING 'SETTING UP OF SAARC DEVELOPMENT FUND' FOR ANSWER ON 23.04.2008

The Agreement for SAARC Development Fund (SDF) was finalised on November 29, 2007. The Bye Laws were finalised in March 2008. The Agreement on SDF will be signed during the 15th SAARC Summit to be held in Colombo on August 2-3, 2008.

2.The purpose of SDF is to promote the welfare of people of the SAARC region, to improve their quality of life and to accelerate economic growth, social progress and poverty alleviation in the region. The Fund will serve as the umbrella financial institution for SAARC projects and programmes, which are in fulfilment of the objectives of the SAARC Charter. It is aimed to contribute to regional cooperation and integration through project collaboration.

3.India will be contributing its assessed contribution of US\$ 38.47 million first and then its voluntary contribution of US \$ 100 million for the Social Window of the SDF in the current Financial Year. India has made it clear that the projects funded out of its voluntary contribution would be implemented in other SAARC countries and not in India.

4.According to the finalised SDF Agreement, the resources of the SDF may be utilized for funding:

- (i) projects involving all SAARC Member States;
- (ii) projects involving more than two but not all SAARC Member States;
- (iii) projects located in one or more SAARC Member States, of significant economic interest for three or more SAARC Member States; and
- (iv) projects with significant focus on poverty alleviation, as envisaged under the Social Window, in any SAARC Member States having thematic linkage with more than two SAARC Member States as part of a sub-regional project.

5.The 29th Session of Council of Ministers (New Delhi, 7-8 December 2007) had decided to operationalise the SDF by setting up a temporary cell for SDF at the SAARC Secretariat to function as the interim Secretariat to implement identified projects from available funds.