



## **udle and Municipal Finance and Management - A brief Overview**

In Nepal urbanization is a tremendously dynamic process. The annual growth rate of the urban population is about three times higher than the total annual demographic growth, which is estimated at 2 %. Even so, the level of urbanization is comparatively low in Nepal—only about 17 % of the country's total population currently reside in cities, which have to adjust rapidly to meet the challenge to secure acceptable social and economical living conditions of the population in the age of ongoing urbanization.

To meet those challenges and to help a smooth transition, the Ministry of Local Development (MLD) and the German Technical Cooperation (GTZ) are implementing the *urban development through local efforts programme (udle)*—a cooperation programme of the Government of Nepal and the Federal Republic of Germany. Furthermore, the German Development Bank (KfW) provides financial assistance through the Town Development Fund (TDF).

One of the core areas of the programme's technical assistance is municipal finance and municipal management, which GTZ supports in cooperation with its main partners: the Ministry of Local Development (MLD), the Local Bodies Fiscal Commission (LBFC), the Municipal Association of Nepal (MuAN) and all 58 municipalities of the country.

With more than 20 years of experience in assisting Nepalese municipalities, *udle* is a longstanding and reliable partner which contributes significantly to a sustainable improvement of the financial situation of many cities across the country.

With its multi-level approach, *udle* supports both central level institutions and ministries, as well as municipalities to develop and implement innovative tools and finance services:

- To increase own source revenues at local level;
- To design transparent, effective and performance based fiscal transfer systems;
- To mobilize resources; and
- To support municipalities in the budgeting and effective and efficient use of financial resources

With the transfer of knowledge through multifaceted capacity development, *udle* is assisting in improving the urban finance and management system across municipalities and in relevant central level agencies.

The key areas of *udle*'s support in the area of municipal finance and management are:

- 1. Integrated Property Tax System (IPT);**
- 2. Corporate Accounting System (CAS);**
- 3. Minimum Conditions and Performance Measures System (MC/PM);**
- 4. Revenue Mobilization;**
- 5. Local Economic Development Activities (LED); and**
- 6. Support to the Town Development Fund (TDF)**



Apart from that, *udle* supports the annual publication of a report on expenditure and revenue breakdown for municipalities as well as an internet platform on local finances in Nepal. Furthermore, the *udle* programme assists its partners in meeting the challenges of the ongoing fiscal decentralization process and supporting the political transformation of Nepal.

### Contact

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