



## Our Support to the Town Development Fund (TDF)

### Background

*Udle* provides technical support to the Town Development Fund, mainly focusing on institutional capacity building. The German Development Bank (KfW) provides financial assistance and is supporting TDF with a grant of more than 7 Million Euro in the current programme phase (TDF II). Both the technical as well as technical assistance support TDF in its positioning as a reliable partner institution for municipalities in project planning, project implementation and financing.

### What is the Town Development Fund?

The Town Development Fund (TDF) is a fully autonomous financial institution administering grants and loans to municipalities for the financing of urban infrastructure, under its own enabling TDF Act, 1997. The TDF was established in 1989 as a semi-autonomous body with the goal of improving urban development in Nepal by providing financial and technical assistance to municipalities.

### Our Approach

*Udle* has been providing financial support and technical advice to the TDF since its inception, and has been helping to enhance its technical, financial, and organizational performance. TDF is being supported to regularly communicate and exchange information with municipalities through orientation seminars, newsletters, and project leaflets. Technical training, guidelines, and manuals are prepared to improve staff performance and to ensure that municipalities utilize the funds effectively.

*Udle* together with TDF, has been carrying out periodic in-depth reviews of the grant and loan policies through project evaluations made by local consulting firms. This ensures that the input of TDF towards the overall development of municipalities continues to be more efficient and effective.

TDF's staff and *udle* regularly visit municipalities to appraise applications and to advise them on issues related to technical design, construction supervision, and maintenance of ongoing and completed projects. In addition, *udle* works closely with TDF on matters of policy, operation and complementarity with *udle*'s support services.

*Udle*, with the support of a German consulting firm, has assisted TDF in the introduction of a digitalized project monitoring system, which is being effectively used by TDF. Similarly, the programme provides support to TDF in developing a strategy and assists TDF in improving its position as the most demanded institution for financing urban infrastructure in Nepal.



## **Our Success**

TDF is considered a progressive instrument in preparing the way for self-sustained municipal credit systems that can also tap into domestic and international capital markets for future financing. Overall, the municipal infrastructure situation has improved significantly due to funding and technical assistance, provided by TDF.

*Udle* ensures that, through various trainings, reviews of grant and loan policies, and other support to TDF, projects undergo proper design and feasibility studies so that development activities carried out by the municipalities are well-planned and sustainable.

The capacity building trainings given to technical and other staff of TDF and municipalities have achieved improved results of the project implementation. About 85 % of Nepalese municipalities perceive TDF as a reliable and efficient finance institution.

## **Contact**

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