

Technical Assistance for Restructuring LLDF

Storyline...

The Local Loans and Development Fund (LLDF) is a 100-year-old government institution in Sri Lanka which extends finance to Local Authorities (LAs) to construct public facilities, markets, transport infrastructure, and community centres. LLDF was an underperformer due to decades of shifting economic conditions, slow modernization, and declining visibility. With strategic guidance from The Asia Foundation (TAF) and technical assistance from Management and Governance Consulting (MaGC), LLDF began a restructuring process.

Once upon a time...

LLDF was constrained by outdated systems, unclear strategies, and a lack of cohesive direction. Stakeholders across ministries and departments expected LLDF to modernise its operations and embrace emerging themes such as green finance and pooled funding. Yet, without a clear plan or internal capacity, progress was slow. The objective of the engagement was to help LLDF define its future strategy, professionalise operations, and build internal capabilities.

Moving on...

MaGC adopted a holistic and collaborative approach to build consensus on the restructuring exercise. After extensive consultations with senior leadership and stakeholders, the team crafted a strategic blueprint outlining LLDF's direction over the next five years. A detailed stakeholder analysis was undertaken to develop targeted engagement strategies. Based on the blueprint and the analysis, a comprehensive business plan—complete with a financial projection model—was delivered in a user-friendly format comprising an executive summary, presentation deck, and detailed report.

To operationalise the strategy, two manuals were created: one on loan management and credit appraisal, and another on financial accounting. These were complete toolkits—with policy frameworks, process flows, and templates. The credit appraisal processes include a handy spreadsheet-based toolkit for file tracking, information gathering, and credit scoring. The accounting manual aligned to Sri Lanka Financial Reporting Standards' requirements and included a detailed Chart of Accounts (CoA) and an Accounting Entry Matrix (AEM) cataloguing over 50 key entries.

The project also included capacity building through a series of training workshops covering topics such as performance management, business planning, green finance, and MIS. Key staff were also trained in Excel and other practical tools to aid implementation. To ensure long-term sustainability, the MaGC team developed an implementation roadmap and facilitated a stakeholder workshop to foster ownership and clarity.

Finally...

LLDF emerged from the engagement with a clear sense of purpose and direction. For the first time, it could present a cohesive five-year plan to its parent Ministry and other stakeholders. It was equipped to approach IT vendors with a clear set of functionality requirements. Staff members had better visibility of their roles, and the organisation took early steps toward aligning itself with emerging sources of finance—including sustainability and green finance. The project sparked a transformation in how LLDF envisioned and executed its mission.