



Cities & Villages Development Plan (CVBD)

Draft Final Report

**The Result of the Consultative Sessions
and Literature Review on CVDB Future
Directions and Road Map 2023-2027**



بنك تنمية المدن والقرى
CITIES & VILLAGES DEVELOPMENT BANK



His Majesty King Abdullah II Ibn Al Hussein



His Royal Highness Crown Prince Hussein Ibn Abdullah II,



The Great Royal Vision

We want a future where we reclaim our leadership in education, advance our economy, and bolster our public sector's efficiency and capacity; a future in which our private sector thrives with opportunities increasing fairly to counter poverty and unemployment, and curtail inequality; a future that empowers our youths to soar in the skies of innovation.

Abdullah II Ibn Al Hussein

January 30, 2022

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Preface by His Excellency the Chairman of the Board of Directors

In implementation of the visions of His Majesty King Abdullah II and the Government's sound policies, the Bank always seeks to promote local development and digital transformation and enhance institutional performance, which positively affects customer satisfaction, starting with adopting simpler and more efficient procedures as well as facilitating service provision. The Bank also always seeks to provide accurate data to decision-makers through the development of the Municipal Observatory and thus ensure the focus on development projects and their sustainability.

The Bank has been contributing to providing technical and financial support to municipalities through the provision of credit facilities to ensure the development and establishment of various projects. The Bank has shown heightened concern for signing international agreements to support Renewable Energy and Solid Waste Management projects and the Municipal Services and Social Resilience Project. The Bank also contributed to the automation of municipalities' financial data and fixed assets and the provision of electronic payment services in all its branches.

Given that CVDB is an integral part of the national institutions that contribute in enhancing Jordan's economic and development situation, whose center is the well-being of the Jordanian citizen, there is a need to revisit the current CVDB strategy in response to the Royal visions and to the recently launched National Goals that are included in the Economic Modernization Vision and in the Public Sector Reform Road Map.

Finally, we ask Allah the Almighty for more prosperity and progress for CVDB. May Allah guide us to more contribute to the achievement of national visions and aspirations under the able guidance of His Majesty King Abdullah II bin Al Hussein.

Tawfiq Krishan

Deputy Prime Minister and Minister of Local Administration

Preface by His Excellency the Director General

In response to the Great Royal Visions and to the Government directions, which are specified in the Economic Modernization Vision and in the Public Sector Reform Road Map, and since CVDB mission focuses on local development, there is a need to re-visit the Bank's strategy with a view to align it with these visions and policies and accommodate the new tasks entrusted to the Bank after the transfer of the Governorates Development Fund to it as well as to develop a set strategic objectives that are characterized with flexibility and sustainability.

The revised strategy should include a set of initiatives that help achieve the Bank's objectives and are in line with its vision and mission according to performance indicators with ambitious goals that help guide the Bank towards sustainable development and have an impact on the Bank's customers in particular and on Jordanian society in general. This goes through improving service quality, increasing the efficiency and effectiveness of the Bank's procedures and employees, directing the Bank towards supporting municipalities and incentivizing them to shift to green investment, innovative development projects, and strengthening partnership with the private sector through providing the required tools for the success of those projects.

In response to the directives of His Majesty King Abdullah II in his speech at the Climate Summit: "... good or bad, the world's climate is indivisible and we must unite our efforts to deal with it. In the fight for life on earth, no one is a bystander and every contribution counts"; the Bank shifted towards a "green" strategy. Indeed, for every action within the Bank or any project financed or supported by the Bank, heightened concern will be given to adopting green practices that take into account and contribute to addressing climate change through developing the required policies.

Finally, I cannot help but extend my thanks to CVDB employees and our partners, whose contribution had a great impact on achieving the Bank's objectives.

May Allah guide us to succeed in serving our country and its people under the able guidance of His Majesty King Abdullah II Ibn Al Hussein.

Osama Al-Azam
CVDB Director General

Introduction

Comprehensive Development is of great importance given the political will and action it enjoys, which represent a motive for developing local communities and improving the citizens' standard of living. Local development contributes effectively to the creation of active economies capable of achieving optimal and sustainable investment of available resources.

This was emphasized in the Great Royal Visions, in the speeches from the throne and in the Government Letters of Designation. This was also emphasized in two recently launched national documents: the Economic Modernization Vision and the Public Sector Reform Roadmap, which included a set of national goals that seek to enhance the economic, development and administrative reality in the Hashemite Kingdom of Jordan.

Based on the above, as well as on the Bank's amended Law of 2022, there was an urgent need to develop a new strategy for the CVDB that takes into account recent developments and is elaborated in a way that takes into account the national goals with a view to contribute to their implementation and, hence, serve the well-being of all Jordanians.

Accordingly, a set of consultative sessions were conducted in addition to intensive literature review to draw CVDB's 2023-2027 road map, which included suggestions for the Bank's updated vision and mission in addition to five proposed strategic objectives that should be achieved through a detailed implementation plan governed by specific time frames as well as measurable performance indicators.

This plan will establish a course of action to significantly upgrade the CVDB and make it a more effective institution in terms of promoting development in Jordan. This will go hand in hand with implementing various reforms within the Bank.

In implementation of the directives of the CVDB's Senior Management and with the technical support of the World Bank, a dedicated team, under the leadership of the Bank's Directorate of Institutional Development, was formed to develop the strategy according to a special strategy development methodology called 'Balanced Scorecards Approach', which is one of the most accurate and comprehensive scientific methodologies. This methodology will be explained in more detail in the dedicated section below.

This participatory effort has included stakeholders both within the Bank such as senior management, directors and employees; and actors at the national and local levels from outside the Bank such as the Ministry of Local Administration, the Ministry of Planning and International Cooperation, the Ministry of Environment, the Ministry of Energy and Mineral Resources, Mayors, and municipal executive and financial directors.

This strategy was collectively developed and elaborated step by step to reflect the high team spirit of the Bank's staff. The process started with reviewing previous documents, plans, national plans and policies, and relevant legislation; then viewing some regional and global experiences in the field. The output of this process is the CVDB strategy 2023-2027 through which there is a strong hope to achieve comprehensive and sustainable local development.

About CVDB

The idea began in the early 1950s when the Industry Development Fund was established in 1951. In those days, the Ministry of National Economy was the managing entity responsible for providing the needs of municipal and village councils, so as to enable such institutions to implement their programs, including public utilities and social infrastructure, such as water supply, schools, roads, electricity, etc. and other necessary requirements. The Fund's capital was about JOD 68 thousand.

In 1957, this Fund was merged with the Development Council and was re-assessed financially and administratively. This shift prepared the Fund to increase its financial resources through receiving annual financial assistance from the technical assistance program. In 1962, the capital was increased to JOD 1,057,345. At that time, the Development Council was able to support the Fund by transferring some of the loans granted to the Kingdom bringing the amount to JOD 2,153,847. In 1966, the Fund was granted financial and administrative autonomy by virtue of Law No. 41 of 1966 and its name was changed to "Municipalities and Villages Loan Fund". The latter operated as an independent institution providing long-term loans to local authorities at a low interest rate.

In 1979, the Fund's capital was increased to JOD 5.513.637. In the same year, its name was changed again to the Cities and Villages Development Bank (CVDB) by virtue of Temporary Law No. 38 of 1979, pending the issuance of Permanent Law No. 63 of 1985. This shift was the result of intensive studies supervised by a Higher Ministerial Steering Committee with the participation of other technical, legal and specialized committees, including representatives from various official institutions in cooperation with international experts.

The results confirmed the need for a dedicated institution capable of mobilizing financial resources to invest in financing local projects in order to obtain the maximum benefit that would ensure the improvement and progress of local communities in accordance with development plans; and at the same time provide technical expertise to those institutions and assist them in identifying, implementing and managing priority projects.

The Bank's capital was increased from JOD 12 million in 1985 to JOD 25 million in 1996, to JOD 50 million by the end of 2002, to JOD 100 million in 2016 and finally to JOD 110 million in 2017. The Bank's authorized capital is JOD 110 million, while the paid-up capital and reserves amount to JOD 108 million. The paid-up capital excluding reserves is JOD 97.5 million, and according to the following table:

Shareholder	Capital (JOD)	Percentage
Government of the Hashemite Kingdom of Jordan	78.002.144	68%
Central Bank of Jordan	1.000.000	2%
Contribution of Local Authorities	18.568.128	30%
Total	97.570.272	100%

The amended Law No. 8 of 2022 on CVDB was approved on April 17, 2022 (Law Amending the CVDB Law No. 63 of 1985 and reading with it as one unit). The most important thing included in the amended law are the provisions granting a greater role to the Bank in partnerships between municipalities and the private sector through the provision of banking services and credit facilities for PPP projects between municipalities and the private sector. The Governorates Development Fund was also transferred from the Jordanian Institution for the Development of Economic Projects to CVDB. The task of incentivizing municipalities to improve their financial performance, which has an impact on the volume of borrowing and its cost, was also added to the Bank's tasks and objectives.



The Strategy Development Methodology

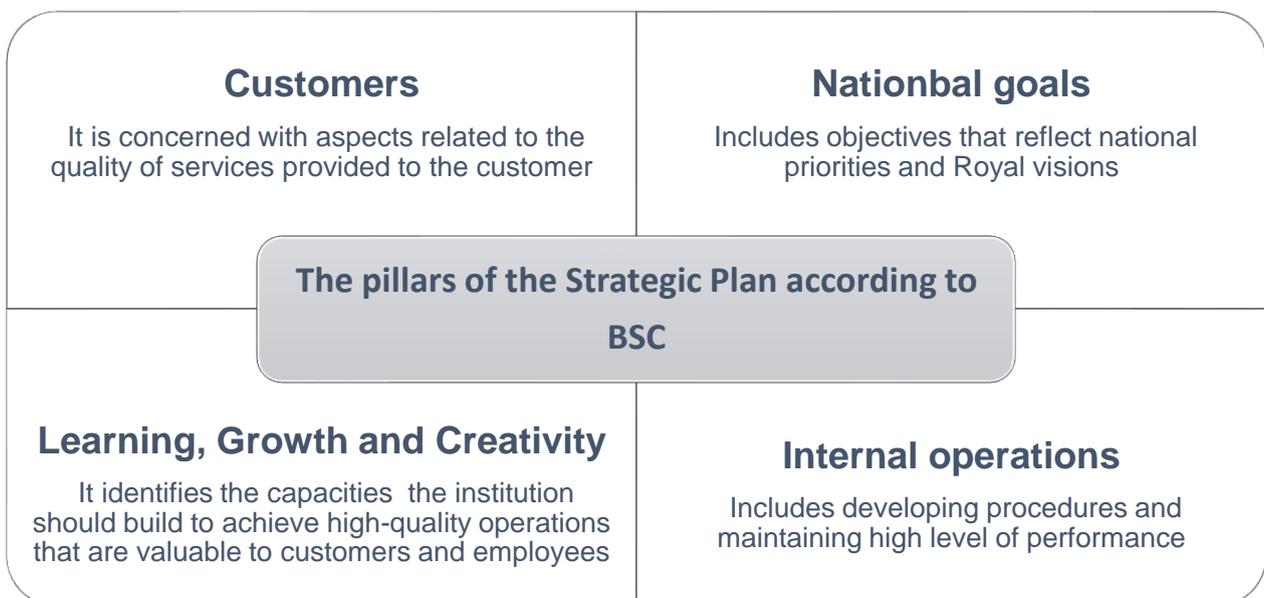
Balanced Score Card (BSC)

The Cities and Villages Development Bank adopted the Balanced Score Card (BSC) methodology to develop its strategic plan. This methodology is one of the tools of strategic planning and a management approach aimed at helping institutions to translate their vision and strategies into a set of interconnected strategic objectives. The application of the BSC helps institutions to overcome two key problems: effective measurement of an institution's performance, and successful implementation of the strategy. The BSC concept appeared in the early 1990s, when the Nolan Norton Institute conducted a study entitled "Measuring Performance in the Future Facility" with the participation of 12 companies from different fields, and the main driver of the study was the participants' conviction that traditional historical data-based performance measurement methods are no longer sufficient to make effective decisions. The methodology links the institution's vision and mission to the performance indicators, which vary according to the four pillars on which the methodology relied to institutionalize thinking about the Strategic Approach. These pillars are: national goals, customers, operations and the learning, growth and creativity pillar.

Why using the BSC



The pillars of the Strategic Plan according to the BSC Methodology



Steps of the Strategic Plan Development Process (Chart)		
(4) Identifying Customers' Needs		
(5) Identifying the vision and mission		(3) SWOT Analysis
(6) Identifying the objectives based on the Four Axis		(2) Interviews with Senior management and customers
(7) Identifying the implementation plan		Identifying strategy input

Identifying and reviewing Strategic Plan inputs

A number of documents were reviewed, which are important input to the CVDB Strategic Plan. These documents included the Royal Visions and a number of related legislation, national plans and government policies, the CVDB Law, as well as previous studies on the Bank that were conducted by international bodies. The following is an analysis of some of these documents and the most important outputs from their review:

I. The Great Royal Visions and Directives

The Speeches from the Throne at the inauguration of the regular sessions of the National Assembly and the Governments' Letters of Designation focused on national policies and the foundations of vital political, economic, social and administrative issues. The Speeches from the Throne and the Letters of Designation also dealt with the development plans and local policies that contribute to the achievement of comprehensive development and hence the well-being of the Jordanian citizen, while calling for cooperation between all government agencies and authorities to achieve specific national goals. These documents include, but are not limited to:

- **The Speech from the Throne delivered during the inauguration of the 19th Parliament's second ordinary session on November 13, 2022:**

"Comprehensive modernization with its political, economic and administrative tracks is a great national project on which all national goals, resources and efforts must be focused. State institutions must adopt a new concept of national achievement, the results of which are felt by citizens, and we will not accept retreat or hesitation in implementing these goals.

Political modernization is aimed at broader popular participation in policymaking and decision-making through programmatic parties, while the goal of the economic modernization is to improve the citizens' standard of living and provide employment and investment opportunities based on strategic action, so that all productive sectors are revitalized and the economy recovers.

These two tracks (political and economic modernization) are incomplete without an effective public administration that provides the best services to citizens and adopts modern technology as a means to speed up achievement and productivity.

We want this modernization to serve the development goals, empower youth and women, and contribute to the creation of new leaders that will revitalize state institutions and have an active presence in the House of Representatives and in future governments."

- **The Speech from the Throne delivered during the inauguration of the 19th Parliament's first ordinary session on November 15, 2021**

"As for the economic modernization and administrative reform processes, their goal is to achieve recovery from the repercussions of the Covid-19 pandemic crisis; build solid foundations for an effective partnership between the public and private sectors with a view to establish investments that provide jobs and stimulate growth; and benefit from promising sectors and qualified human resources."

- **Letter of Designation of the Government of Dr. Bishr Al-Khasawneh dated October 7, 2020:**

"Today, as we are on the threshold of the country's second centenary, there is no alternative to continuing to promote the approach of self-reliance through: empowering our promising human resources and providing them with the scientific knowledge and professional and technical skills that will strengthen their competitive advantage; investing optimally in the available resources and taking advantage of the opportunities available in all sectors; as well as continuing economic, financial and structural reforms with the aim of achieving inclusive and sustainable growth, in a way that supports the business environment and Jordan's competitiveness at the regional and international levels."

II. National Plans and Objectives

1. Economic Modernization Vision – Unleashing potential to build the future¹

Jordan's Economic Modernization Vision centers on the slogan of "A Better Future", and is based on two strategic pillars: (i) accelerated growth through unleashing Jordan's full economic potential; (ii) improved quality of life for all citizens, while sustainability is a cornerstone of this future vision. Through the first pillar, Jordan can achieve leaps in economic growth and job creation over the next decade, with the continuous growth of citizens' per capita income. Through the second pillar, it can realize significant improvement in the quality of life for Jordanians, standing at the forefront of countries in the region in this regard.

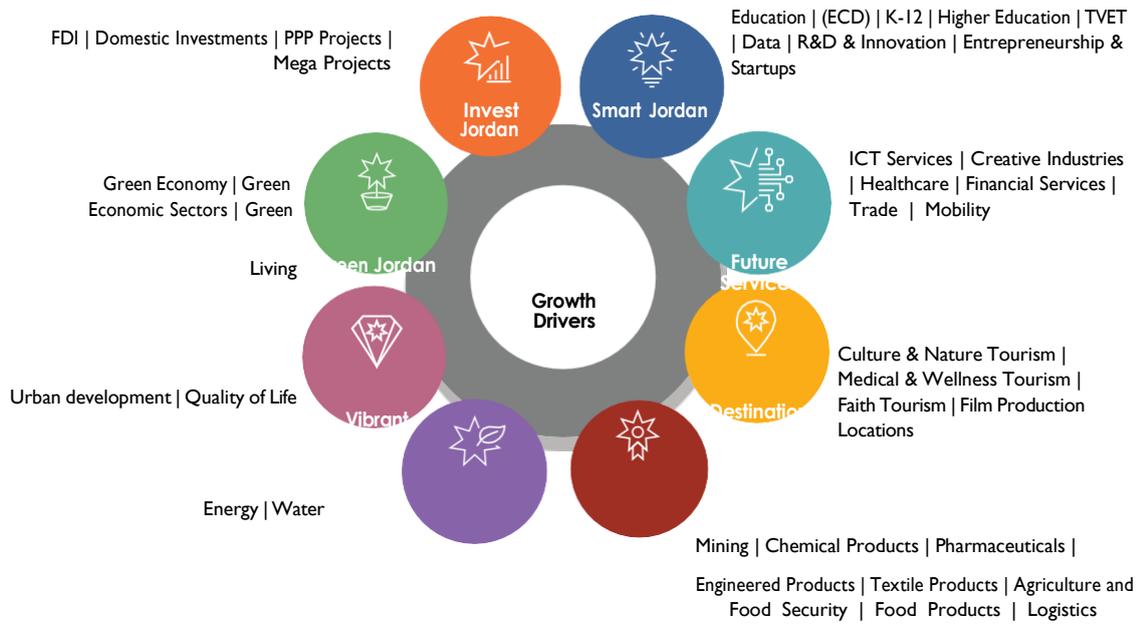
The Economic Modernization Vision seeks to:

1. Ensure transparency in providing information related to national goals and priorities.
2. Determine comparative and competitive advantages that Jordan can capitalize on to stimulate growth and create economic opportunities
3. Unify efforts of ministries and public institutions to support the achievement of the national strategic goals within a clear roadmap.
4. Direct national planning towards strategic thinking to ensure the delivery of national goals in a better and sustainable manner than being achieved through tactical actions.
5. Enhance decision-making and policy development to make it data-driven and evidence-based to minimize changes and populist decisions to ensure more strategic decisions.
6. Strengthen the capacity for accountability and follow-up, and enable necessary interventions to improve the implementation process and performance measurement.
7. Propose a roadmap for political parties to interact with when developing their programs or suggest alternatives that are in line with the vision priorities.
8. Enrich the cooperation agenda with Jordan's development partners to direct support towards the priorities set by the vision.

The vision will be implemented through eight economic growth drivers, covering 35 main sectors and sub-sectors and more than 360 initiatives. Initiatives cards were developed, including objectives, Implementation timeline, key performance indicators and responsible implementation stakeholders.

¹Economic Modernization Vision – Unleashing potential to build the future

Figure (1): Growth Drivers to implement the Economic Modernization Vision



Moreover, a roadmap was prepared for quick actions that can be executed during the remaining period of 2022. Subsequent actions post 2022 was categorized into short-term, medium-term and long-term for the government to develop detailed action plans for execution.

Figure (2): Strategic Objectives of Economic Growth Drivers

Objectives	
 High Value Industries	Develop Jordan into a regional industrial hub through high growth exports with high quality and value products
 Future Services	Achieve excellence in services sectors to enhance national development and increase exports of services on regional and global levels
 Destination Jordan	Position Jordan as a prime tourism and film production destination
 Smart Jordan	Develop and prepare local talents to meet the needs of future skills, required resources and institutions to accelerate economic growth and enhance quality of life
 Sustainable Resources	Optimise the use of natural resources to ensure sustainability, unleash inclusive sectoral growth and enhance quality of life
 Invest Jordan	Stimulate domestic and foreign investments through an attractive and efficient investment and doing business ecosystem
 Green Jordan	Support sustainable practices as a pillar of Jordan's future economic growth and enhance quality of life
 Vibrant Jordan	Improve quality of life for Jordanians through developing and adopting higher life standards that revolve around the citizen and the environment

2. Public Sector Modernization Roadmap²

The Public Sector Modernization Roadmap set an overall goal for the advancement of the public sector in Jordan, which is summarized as "an empowered and effective public sector that works as a single unit to develop Jordan and attain citizen well-being." Work followed three main pillars focused on improving the quality of services offered by the public sector to individuals and institutions, elevating the efficiency and effectiveness of institutional performance, and improving

²Public Sector Modernization Roadmap

the legislation regulating public administration. The objectives of the three main pillars were identified as follows:

Legislation Pillar	Institutions Pillar	Service Pillar
This pillar aims to review the legislation regulating public administration and modernizing it in line with best international practices to eliminate any overlaps or contradictions between them and strengthen their provisions so that they are clear and practical upon implementation with no room for ambiguity or exceptions.	This pillar aims to elevate the efficiency and effectiveness of the public sector, which entails developing organizational structures, enhancing the governance of institutions and legislative compliance, developing mechanisms for planning, evaluation and decision making, building human resources and leadership capacities and recruiting and retaining qualified technical cadres, and enhancing an institutional structure that is conducive to public and productive service.	This pillar aims to develop government services in a manner that fulfills the aspirations of citizens and enables them to access them smoothly through a variety of channels, to ensure the elevated quality of these services, expedite their digitalization, and simplify their procedures.

The public sector modernization framework covers seven main components: government services, procedures and digitalization, organizational structure and governance, policy and decision making, human resources, and legislation, in addition to a special component that support all the other components: enhancing the institutional culture and change management, so that public administration is empowered and able to develop, accomplish and excel.

The Public Sector Modernization Vision seeks to achieve 33 strategic objectives that in turn constitute a road map for modernizing the public sector for the next ten years, falling under the seven components of the modernization framework. The Action Plan for Modernizing the Public Sector 2022 – 2025 included 206 procedures and initiatives that will be implemented in the first phase of the road map. A comprehensive assessment will be conducted for the program and the achievements and lessons learned from the initiatives will be identified to develop the second phase of the program 2026-2029, followed by a comprehensive assessment of the second phase of the program at the end of 2029 in order to design a third phase alongside its appropriate initiatives for the period 2030-2033.

Policy and decision making: Elevate the effectiveness of planning, decision making,	Components of Public Sector Modernization	Government Services Providing High quality accessible Services
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performance management and continuity in implementation.		
Human resources: Attain a work environment that is attractive to competencies and empowered for achievement.	Vision 2023 Citizen & Stakeholders	Procedures and digitalization: Follow seamless and digitalized procedures within and among the institutions
Legislation: Provide a legislative environment that supports public sector development.		Organizational structure and governance: Attain an effective and efficient government body without overlaps in duties and functions
	Institutional culture: Develop an institutional culture conducive for production, development and innovation.	

III. Sustainable development goals³

The United Nations continues to work in partnership with the GOJ to improve the quality of life of all Jordanians and those it seeks to protect, especially the weakest and most vulnerable groups, ensuring that no one is left behind. The United Nations Sustainable Development Framework 2018-2022 is an essential tool for ensuring the implementation of United Nations development activities in Jordan, representing the strategic planning framework for cooperation at the national level. Through the United Nations Sustainable Development Framework, the United Nations Country Team (UNCT) aims to support Jordan in achieving its national goals and implementing the 2030 Agenda on Sustainable Development through a people-centered and human rights-based approach. The United Nations Framework for Sustainable Development commits the United Nations to increasing collaboration, coherence and effectiveness, towards achieving three interrelated outcomes: 1) Strengthening institutions: Jordan's institutions at the national and local levels become more responsive, inclusive, accountable, transparent and resilient; 2) Empowering citizens: particularly vulnerable people, who proactively claim their rights and fulfil their responsibilities to improve human security and resilience; 3) Promoting opportunities: promoting opportunities for the inclusive participation of people living in Jordan in the economic, social, environmental and political spheres.

The SDGs are a global call to action to eradicate poverty, protect the environment and climate, and ensure that people everywhere enjoy peace and prosperity. These are the same goals that the United Nations is working on in the Hashemite Kingdom of Jordan:

³Source : UN Website - Jordan <https://jordan.un.org/en/sdgs>



IV. The CVDB Law

The amended CVDB Law No. 8 of 2022 was approved on April 17, 2022 (Law Amending CVDB Law No. 63 of 1985 and reading with it as one unit). Article 5 of the CVDB Law stipulates that the Bank aims to achieve comprehensive local development in the municipalities, support their projects and help them carry out their duties through the following:

1. Providing banking services and credit facilities, including interest free services and facilities, to municipalities, (ASEZA) Aqaba Special Economic Zone Authority, Petra Development & tourism Region Authority (PDTRA), or any party working to achieve local development.
2. Providing banking services and credit facilities for partnership projects between municipalities and the private sector.
3. Managing and controlling grants and loans and verifying their use in the expenditures assigned to them.
4. Motivating municipalities to improve their financial performance, in a manner reflected in the amount and cost of borrowing.
5. Conducting studies, providing database and information related to municipalities, analyzing them, and conducting credit ratings for municipalities.
6. Providing the municipalities with expertise, technical and advisory services.

Also, by virtue of Article (4) of the CVDB Law, the Governorate Development Fund was transferred from the Jordan Enterprise Development Corporation (JEDCO) with all its assets, rights and obligations to the CVDB.

V. Previous studies

According to international practices and previous studies⁴ conducted by international agencies to review the CVDB activities and operations and make recommendations in this regard, all studies have often concluded for the same findings and recommendations. These findings and recommendations are consistent with those of the strategy development methodology, on the basis of which the Bank's 2023-2027 strategy was developed. These findings are summarized as follows:

- ❖ Development banks worldwide have the following characteristics:
 - Financially self-sustaining, but non-profit institutions serving public needs;
 - Promote sound social and economic policies and environmental responsible investments;
 - Promote the principles of development and acceleration of economic growth;
 - Abstain from receiving deposits or managing transactions;
 - Don't not crowd out the private sector but crowds them in;
 - Funded and owned mostly by the government, but benefit from private resources;
 - Can serve both public and private borrowers.

- ❖ As for the CVDB, it is in some way in harmony with the general characteristics of Development Banks worldwide, but it needs to focus closely on the following points:
 - Ensuring financial self-sustainability;
 - More integrating the private sector;
 - Expanding and diversifying the Bank's products and customers while remaining in the municipal services sector;
 - Strengthening credit analysis and advisory capacity;
 - In terms of governance, being granted more independence from the government and its day-to-day procedures;
 - Improving the capital base and obtaining a credit rating for the bank
 - Reducing transactional services and supervisory work on behalf of the Ministry of Local Administration (Example: Municipalities' Accounts Management)

- ❖ The studies also found that the CVDB faces the following challenges:
 - Rapid withdrawals of deposits may lead to a potential exhaustion of cash and cause a liquidity challenge;
 - Overstaffing challenge (3.4 employees/million). Note that according to the best international standards, the number of employees in development banks is 0.5 to 1 employee/million;

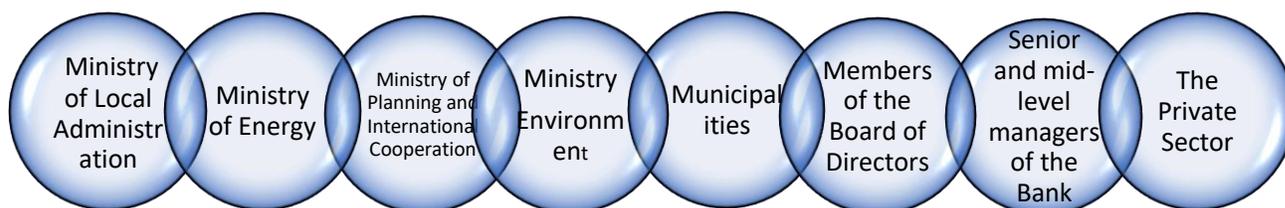
⁴A. John Kruger, 2018. "CVDB- Rapid Assessment of Functions". Mission Report, World Bank.

B. Chris August, 2011. "CVDB Business Plan -A Development Bank for Jordan". Regional and Local Development Project (RLDP)

- The profitability of development finance institutions is usually in line with international standards. However, in the case of the CVDB, this was achieved due to the monopolistic status of the municipal loans sector, in which the Bank operates;
- Inadequate decisions that are guided by rigorous financial analysis (usually financing decisions are political ones) and weak creditworthiness analysis;
- Lack of monitoring and follow-up;
- High lending exposure, i.e. centralization of lending operations in a number of municipalities
- Weak internal and external communication system
- Inadequate financial reporting
- Lack of supervision from the Central Bank

Meetings with partners and internal and external sessions

A series of meetings were held with partners at the national and local levels. A series of sessions were also held with senior and mid-level managers of the Bank and with the Bank's branches in the governorates to discuss the Bank's strategic directions under the strategy's four pillars.



Customers, Partners and their Expectations

Customers	Partners
Municipalities	The Prime Minister's Office
Greater Amman Municipality (GAM)	Ministry of Local Administration
Petra Region Authority	Ministry of Finance
Aqaba Region Authority	Central bank
Hijazi Railway Corporation	Ministry of Public Works and Housing
The Private Sector	Ministry of Planning and International Cooperation
Ministry of Education	Ministry of Digital Economy and Entrepreneurship
Ministry of Energy and Mineral Resources	Donors and Lenders
Ministry of Tourism	Civil Service Bureau
Ministry of Environment	Cybersecurity

Analysis of the outputs of the meetings and sessions – CVDB’s Strategic Policies



SWOT Analysis

Internal Environment	
Weaknesses	Strengths
<ul style="list-style-type: none"> • Lack of a legislation-based policy on loan repayment • Bank Liquidity Management • Experts and talents' dropout and inability to attract talents • Partners' lack of awareness of the Bank's products - Marketing of the Bank's products • The ineffectiveness of the bank's incentive system and the weakness of the succession and job replacement system • Weak measurement of the impact of training in the Bank • Lack of an effective monitoring and evaluation system in the Bank • Lack of full financial and administrative autonomy – Government bureaucracy with regard to some of the Bank's operations • Inadequate institutional capacity regarding the issue of investment • Lack of an institutionalized guarantee system (Guarantee Facility) • Weak credit rating system for municipalities (Credit Worthiness System) • The current organizational structure is not in line with the Bank's new directions 	<ul style="list-style-type: none"> • A specialized Bank in the municipal sector • Shift towards automation • Human resources efficiency • Current Bank Capital • Current Bank Law • Attractive environment for donors • Geographical spread in all governorates of the Kingdom • A change-supporting management • Loans granted to municipalities are guaranteed by law • Addition of new financing products and channels (Governorates Development Fund, Islamic Finance...)

External environment	
Threats	Opportunities
<ul style="list-style-type: none"> • Impact of Government Decisions on the Bank • Weak self-generated revenues of municipalities and its impact on the re-payment of their obligations to the bank as well as their borrowing capacity • Municipalities' higher demand for loans that enable them to provide services and pay their obligations at the expense of loans directed to 	<ul style="list-style-type: none"> • New legislation <ul style="list-style-type: none"> ○ Local Administration Law ○ PPP Law. ○ Investment Law • Economic Modernization Vision - unleashing potential to build the future • Outputs of the Royal Commission for the Modernization of the Political System – Local Development pillar • Public Sector Modernization Roadmap

productive investment and development projects

- Competition from commercial banks as regards the Governorates Development Fund
- Irregularity and fluctuation of government transfers to municipalities
- Laws on investment and partnership with the private sector do not take into account the specificity of municipalities
- Weak human resources and lack of qualified employees in municipalities and the Ministry of Local Administration regarding investment with the private sector and financial management
- Weak coordination between municipalities and relevant investment partners
- Lack of integration of electronic link between the Bank, municipalities and the Ministry of Local Administration
- Poor investment-attracting infrastructure in municipalities

- Transferring the functions of the Governorates Development Fund to the CVDB
- Government's directions towards Digital Transformation
- Interest of international bodies in the municipal sector and local development
- Government and international actors' directions towards meeting climate change challenges
- Government's orientation to promote gender equality and equal opportunities
- Partners' desire and support to the Bank with a view to give it a greater role in the field of financial management and control

The Results of the Consultation Sessions on CVDB's Proposed Vision-Mission- Core Values and Strategic Objectives 2023- 2027



Proposed Vision, mission and fundamental values 2023-2027

Proposed Vision

A leading Jordanian Bank in achieving resilient and sustainable development

Proposed Mission

Providing banking services, credit facilities and technical support to customers to create resilient and sustainable development in accordance with best practices

Proposed Core Values

1. **Integrity:** Dedication to work and no bias, preserving the public interest, public money, and giving priority to serving the public interest.
2. **Institutional governance:** Developing an integrated and effective framework that ensures integrity, transparency, accountability and compliance with laws and regulations and promotes trust among human resources, customers, stakeholders and society as a whole
3. **Excellence and Leadership:** Developing new working methods to excel in institutional performance, and continuously improve the Bank's work
4. **Social responsibility:** Contributing to sustainable development and encouraging and managing the Bank's work in a way that makes a more positive impact on municipalities and local communities
5. **Equality of opportunity:** fair and equal decision-making in dealing with all stakeholders at both the internal and external levels.

National goals relevant to the CVDB

	Public Sector Modernization Roadmap	 Economic Modernization Vision Unleashing potential to build the future
SDG11 – Sustainable Cities and Communities	The Services Pillar: <ul style="list-style-type: none"> • Integrated and interconnected government services characterized by easy access, rapid implementation and simple procedures • Digital transformation of government services • Sustaining continuous modernization and improvement of service quality 	Entrepreneurship and Creativity Pillar : <ul style="list-style-type: none"> • Preparing up-to-date talents, which can meet the requirements of the future, resources and institutions capable of accelerating Jordanian economic growth and quality of life goals.
	The Procedures and Digitization Pillar: <ul style="list-style-type: none"> • Re-engineering government procedures with a view to simplify, streamline and automate as much as possible of it within and between institutions 	Investment Pillar <ul style="list-style-type: none"> • Stimulating domestic and international investments through developing an investment conducive environment framework
	HR Pillar <ul style="list-style-type: none"> • Access to a modern and enabling work environment that provides opportunities for promotion, career and professional development, and promotes a culture of accountability and performance-based/results-based incentives, in a way that contributes to attracting and maintaining qualified staff and improving employees' satisfaction. • Enhancing the role and participation of women in various government departments and institutions and increasing the percentage of women in leadership positions in the public sector 	Sustainability Pillar <ul style="list-style-type: none"> • Promoting sustainable practices as an integral part of Jordan's future economic growth and improvement of the quality of life
	Legislation Pillar:	Quality of Life Pillar <ul style="list-style-type: none"> • Improving the quality of life for all Jordanians through the development and

	<ul style="list-style-type: none"> • Enhancement through operationalizing laws, regulations, instructions, and control and accountability foundations 	application of comprehensive life concepts centered on the citizen and the environment
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CVBD 2023-2027 Proposed Strategic Objectives

National goals	<ul style="list-style-type: none"> • Supporting the environment regulating investment, financing of productive and investment projects and partnership between municipalities and the private sector
National goals	<ul style="list-style-type: none"> • Contributing to the promotion of sustainable development activities to address the impact of climate change
Customer	<ul style="list-style-type: none"> • Scaling-up services provided to customers
Operations	<ul style="list-style-type: none"> • Developing support and financing decision-making tools in the bank and developing new sources of financing
Continuous Learning and Growth	<ul style="list-style-type: none"> • Building the capacities of the human capital and creating an attractive and motivating work environment for talents

Map of Proposed Strategic Objectives and their connection with National Goals

Pillars according to BSC	National Goals	 <p>Economic Modernization Vision Unleashing potential to build the future</p>	 <p>Public Sector Modernization Roadmap</p>	
National goals	<ul style="list-style-type: none"> Supporting the environment regulating investment and financing productive and investment projects and partnership between municipalities and the private sector 	<p>Entrepreneurship and Creativity Axis: Preparing up-to-date talents, which can meet the requirements of the future, resources and institutions capable of accelerating Jordanian economic growth and quality of life goals .</p> <p>Investment Axis: Stimulating domestic and international investments through developing an investment conducive environment framework</p>		
	<ul style="list-style-type: none"> Contributing to the promotion of sustainable development activities to 	<p>Sustainability Axis: Promoting sustainable practices as an integral part of Jordan's future economic</p>		<p>SDG11 – Sustainable Cities and Communities</p>

<p>Pillars according to BSC</p>	<p>National Goals</p> <p>Proposed Strategic Objective</p>	 <p>Economic Modernization Vision Unleashing potential to build the future</p>	 <p>Public Sector Modernization Roadmap</p>	
	<p>address the impact of climate change</p>	<p>growth and improvement of the quality of life</p> <p>The Quality of Life Axis: Improving the quality of life for all Jordanians through the development and application of comprehensive life concepts centered on the citizen and the environment</p>		
<p>Customers</p>	<ul style="list-style-type: none"> Scaling up the services provided to customers 		<p>The services pillar:</p> <ul style="list-style-type: none"> Integrated and interconnected government services characterized by easy access, rapid implementation and simple procedures Digital transformation of government services Sustaining continuous modernization and improvement of services <p>The Procedures and Digitization pillar:</p>	

<p>Pillars according to BSC</p>	<p>National Goals</p> <p>Proposed Strategic Objective</p>	 <p>Economic Modernization Vision Unleashing potential to build the future</p>	 <p>Public Sector Modernization Roadmap</p>	
			<ul style="list-style-type: none"> • Re-engineering government procedures with a view to simplify, streamline and automate as much as possible of it within and between institutions 	
<p>Operations</p>	<ul style="list-style-type: none"> • Developing support and financing decision-making tools in the bank and creating new sources of funds for this purpose 	<p>Entrepreneurship and Creativity pillar :</p> <ul style="list-style-type: none"> • Preparing up-to-date talents, which can meet the requirements of the future, resources and institutions capable of accelerating Jordanian economic growth and quality of life goals. 	<p>Legislation pillar:</p> <ul style="list-style-type: none"> • Enhancement through operationalizing laws, regulations, instructions, and control and accountability foundations 	

Balanced Scorecard (BSC) of the Proposed Strategic Objectives as a Result of the Consultation Sessions

Balanced Scorecard (BSC)



Proposed Strategic Objective 1

Supporting the environment regulating investment, financing productive and investment projects and partnership between municipalities and the private sector

Pillar: National goals

DESCRIPTION OF THE OBJECTIVE	<p>The CVDB Law emphasized the role of the Bank in strengthening partnerships between municipalities and the private sector with a view to increase municipal revenues, reduce costs, improve citizens' living patterns and the services provided to them, distribute gains and reduce poverty throughout the Kingdom and improve infrastructure. The Bank will work to contribute to the achievement of comprehensive economic development and enhance investment opportunities in a way that ultimately leads to the creation of a prosperous and vibrant society.</p> <p>The Bank will also work to enhance the process of supporting investment in municipalities through practices and policies and anything that would support decision-making on financing productive and investment projects and stimulate partnership projects between municipalities and the private sector, whether through regular financing from the Bank or through the Governorates Development Fund.</p>	<p>Interventions required to achieve the objective:</p> <ol style="list-style-type: none"> 1. Establishing a unit for investment and partnership between municipalities and the private sector 2. Developing a credit facilities system (Guarantee Facility) 3. Developing procedural manuals and models for partnership between municipalities and the private sector 4. Enacting or amending existing legislation to support partnership between municipalities and the private sector (Governorates Development Fund System, Governorates Development Fund Policy and Lending Policy, 2004 Bank Policy and its amendments). 5. Completing the merging of the Municipal Observatory and the local TANMIAH Tool in the Ministry of Interior to become a unified system (Development Observatory) with a view to unify efforts made in the process of analyzing data supporting decision-making for investment projects in municipalities and
Goal Achievement Partners	<ol style="list-style-type: none"> 1. Ministry of Local Administration 2. Ministry of Investment 3. Private Sector Investment and Partnership Unit (to be established at the level of the Bank) 4. Finance Department 5. Technical Affairs Department 6. Legal Department 	
Responsible Directorate/Department/ Unit	Private Sector Investment and Partnership Unit (to be established at the level of the Bank)	

			<p>through the Governorates Development Fund.</p> <p>6. Participating, in cooperation with the Ministry of Local Administration, in the development of municipal-specific PPP and investment bylaw stemming from the PPP Law and the Local Administration Law.</p> <p>7. Providing technical support and advice to customers and municipalities in the field of investment and partnership with the private sector.</p>				
Goal Measurement Indicators		Base year value 2022	Target				
			2023	2024	2025	2026	2027
Percentage of completion of the development of an automated database to support investment and lending decision-making in municipalities		50%	100%	100%	100%	100%	100%
Number of new or amended legislation or policies issued to support partnership between municipalities and the private sector (cumulative)		0	2	3	5	5	5
Number of procedural manuals and models developed to support partnership with the private sector (cumulative)		0	2	3	5	5	5
Percentage of completion of the development of the Credit Facilities System (Guarantee Facility) – (Cumulative)		0%	50%	100%	100%	100%	100%
Percentage of investment projects and partnership projects out of total financing and loans granted (cumulative)		4%	10%	20%	30%	40%	50%
Number of municipalities benefiting from technical support and advisory programs in the field of investment and partnership with the private sector (cumulative)		0	20	40	40	70	100

Proposed Strategic Objective 2

Scaling up the services provided to customers

Pillar: Customers

DESCRIPTION OF THE OBJECTIVE	<p>Working to improve services, facilitate work procedures, provide services, create mechanisms that help service delivery to customers, and raise the awareness of the bank's customers and clients about the services it provides.</p> <ul style="list-style-type: none"> • Scaling up services provided to customers • Operationalizing the concept of the Bank's Social Responsibility. • Raising awareness among customers of the Bank's services. • Providing technical support and advice to customers. 	<p>Interventions required to achieve the objective:</p> <ol style="list-style-type: none"> 1. Conducting awareness campaigns for the Bank's financial and electronic services 2. Automating loan applications and providing customers with efficient and effective electronic banking services 3. Developing standards that help measure the degree of customers' satisfaction with the services and involve them in the service development process 4. Delegating powers to branches 5. Updating Fiscal Policy 6. Granting customers the necessary powers and access to inquire about balances and transactions. 7. Operationalizing electronic services for customers when paying current and capital claims 8. Approving the updated services manual 9. Complying with the international standards of the Customer Service Charter 10. Developing and implementing a social responsibility plan
Goal Achievement Partners	<ol style="list-style-type: none"> 1. Banking Affairs Department 2. Technical Affairs Department 3. Financing Department 4. Institutional Performance Development Department 5. Public Relations & Media Unit 6. Finance and Administration Department 	
Responsible Directorate/Department/Unit	<ol style="list-style-type: none"> 1. Institutional Performance Development Department 	

Goal Measurement Indicators	Base year value 2022	Target				
		2023	2024	2025	2026	2027
Number of Awareness campaigns (cumulative)	0	3	0	0	0	0
Percentage of e-services users out of total number of customers (cumulative)	0%	30%	70%	100%	100%	100%
Percentage of customer satisfaction with the Bank's services (cumulative)	90%	90%	90%	92%	92%	94%
IBAN for customers via Cairo Amman Bank	4800	4500	4000	3500	3000	2500
IBAN for customers via DINARAK (Cumulative)	0	1000	2000	3000	4000	5000
Payment orders issued in cash or by cheque	180	100	0	0	0	0
Transactions executed on eFAWATEERCOM	35000	30000	2500 0	2000 0	1500 0	1000 0
Percentage of completion of the Social Responsibility Plan (cumulative)	0	5%	30%	60%	80%	100%

Proposed Strategic Objective 3

Developing the Bank's support and financing decision-making tools, diversifying the Bank's financing products and creating new sources of financing for this purpose

Pillar: Operations

DESCRIPTION OF THE OBJECTIVE	Supporting the decision-making process through providing the necessary tools and information to make and strengthen the decision, in addition to searching for new sources of financing that help the Bank to continuously support and finance customers and developing the legislation, policies and systems regulating CVDB work.	Interventions required to achieve the objective: <ol style="list-style-type: none"> 1. Preparing a new organizational structure for the bank that reflects the core functions of the bank (loans, managing municipal accounts, supporting partnerships with the private sector and providing technical support) 2. Developing a new Credit Worthiness Rating System in accordance with the best regional and international practices. 3. Developing a firm policy for loan repayment and rescheduling 4. Developing a new cash flow management policy 5. Developing an effective monitoring and evaluation system 6. Completing the automation of the Municipal Observatory and adding analytical tools to the Observatory to assist in the financing decision-making process 7. Developing the Bank's compliance policy and applying the Central Bank's policies that are relevant to the Bank's work 8. Completing the automation of all bank operations 9. Developing the Loan Exposure Policy 10. Developing the Bank's Risk Management System 11. Strengthening internal control systems (Internal Auditing) 12. Diversifying the Bank's products and developing new sources of financing for the Bank for lending purposes (re-lending, financial leasing, financing SMEs, bonds, BOT system, etc.) 13. Issuing new legislation in the Bank regulating the work of the Governorates Development Fund (the Fund's Statute, general policy and lending policy). 14. Working on amending the current legislation or developing an alternative to it to be in line with the nature of the Bank's work and its objectives under the law in force.
Goal Achievement Partners	<ol style="list-style-type: none"> 1. Legal Department 2. Institutional Performance Development Department 3. Finance Department 4. Director General Office Unit 	
Responsible Directorate/Department/Unit	<ol style="list-style-type: none"> 1. Institutional Performance Development Department 	

		15. Integrating Gender Equity and Social Inclusion in all CVDB's operations, standards and policies				
Goal Measurement Indicators	Base year value	Target				
		2023	2024	2025	2026	2027
Percentage of completion of the new organizational structure of CVDB that reflects the core functions of the Bank	-	100%	-	-	-	-
Number of new legislations (Regulations, Policies) issued in the bank (cumulative)	0	3	6	8	8	8
Number of legislation currently in force that has been amended or replaced	4	1	2	1	0	0
Number of legislation currently in force that will be repealed	2	0	0	2	0	0
Loan Exposure Ratio	x	x	x	x	x	x
Percentage of loans granted based on the new credit rating system (cumulative)	0	0	30%	60%	70%	80%
Number of municipalities for which a credit rating system has been prepared (cumulative)	0	20	60	100	100	100
Liquidity Coverage Ratio	18%	25%	40%	80%	100%	100%
Number of the Bank's new financing products (cumulative)	0	1	2	3	3	3

Proposed Strategic Objective 4

Contributing to the promotion of sustainable development activities to address the impact of climate change

Pillar: National goals

DESCRIPTION OF THE OBJECTIVE	Facilitating and supporting activities and projects in the Bank and in municipalities that are sensitive to the requirements of coping with the impact of climate change in accordance with the Sustainable Development Goals and the Paris Agreement. As well as obtaining financing from the relevant entities in this field.	Interventions required to achieve the objective: <ol style="list-style-type: none"> 1. Raising awareness and guiding municipalities towards projects that are sensitive to climate change. 2. Developing a plan for implementing projects that are sensitive to climate change. 3. Inclusion of criteria related to the consideration of climate change in the Bank's current legislation and its financing policies and in that of the Governorates Development Fund. 4. Managing energy efficiency and renewable energy projects and initiatives to reduce municipal expenditures related to the financial burden of electricity consumption. 					
Goal Achievement Partners	<ol style="list-style-type: none"> 1. Technical Affairs Department 2. Finance Department 3. All Bank's Directorates 4. Municipalities 5. Ministry of Energy and Mineral Resources 6. Ministry of Environment 7. Donors 8. Private Sector 						
Responsible Directorate/Department/Unit	<ol style="list-style-type: none"> 1. Directorate of Technical Affairs 						
Goal Measurement Indicators		Base year value	Target				
			2023	2024	2025	2026	2027
Number of new or amended legislations that have been issued and are sensitive to supporting the partnership and to the impact of climate change (cumulative)		1	1	2	3	3	3
Percentage of financing and Loans that meet the criteria of climate change (cumulative)		0	5%	20%	30%	40%	50%
Number of awareness-raising campaigns on climate change issue (cumulative)		0	3	10	15	20	25
The percentage of completion in the process of the Bank's accreditation by the Green Climate Fund (cumulative)		30%	60%	100%	100%	100%	100%

Proposed Strategic Objective 5

Building the capacities of the human capital and creating an attractive and motivating work environment for talents

Pillar: Continuous Learning and Growth

DESCRIPTION OF THE OBJECTIVE	<p>Raising the efficiency of the bank's employees, developing their skills, creating a work environment that is motivating, supportive for talents, enhancing relations between employees and raising their satisfaction through:</p> <ul style="list-style-type: none"> • Building the capacities and developing the skills of the Bank's employees. • Creating a work environment that is motivating for bank employees and attractive to talents • Developing a knowledge management and transfer system • A job replacement and succession plan 	Interventions required to achieve the objective:
Goal Achievement Partners	<ol style="list-style-type: none"> 1. Human Resources Department 2. Institutional Performance Development Department 3. Finance Department 4. All Bank Directorates 	<ol style="list-style-type: none"> 1. Developing a training plan for the Bank's employees based on their real needs and on the career development program and the job replacement and succession plan 2. Developing a workload analysis study 3. Developing and adopting a plan for the inventory and transfer of knowledge 4. Developing a knowledge transfer portal 5. Developing a plan that includes initiatives and activities that contribute to employee satisfaction and improvement of the work environment within the Bank through: <ul style="list-style-type: none"> • Developing a system to link individual performance to institutional performance • Developing a system linking incentives to performance • Ideal Employee Award • Rehabilitating the work environment 6. Develop and implement a policy of promoting gender justice and gender inclusion with regard to the organizational structure, institutional culture, work environment, and employees appointed by the Civil Service Bureau, or who have been directly employed under contracts with the Bank, or directly with the donor funded projects through: <ul style="list-style-type: none"> • Non-discrimination and ensuring equal opportunities between male and female employees of the Bank • Protection from gender-based violence in the workplace • Gender-sensitive communication and media
Responsible Directorate/Department/Unit	<ol style="list-style-type: none"> 1. Directorate of Human Resources 	
Goal Measurement Indicators		Target

	Base year value 2022	2023	2024	2025	2026	2027
Percentage of completion of the implementation of the training plan (Annually)	80%	80%	85%	90%	195%	100%
Percentage of the knowledge inventory and transfer plan	10%	10%	40%	70%	100%	100%
Percentage of completion of the work environment improvement plan	0	10%	40%	70%	100%	100%
Percentage of completion of the job replacement and succession plan	0	10%	30%	50%	70%	100%
Workload study reports and their approval by the Civil Service Bureau	0	1	1	1	1	1
Employee Satisfaction Ratio	77.8%	82%	87%	92%	97%	98%
Number of women in leadership positions (Head of Division or above)	29%	30%	35%	40%	45%	50%

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Annexes

Annex 1 : Summary of the Results of Meetings with Stakeholders and Customers

The role of the bank according to partners and customers?

- Providing Financing
- Technical support, consultancy and expertise
- Grants and loans management
- Credit facilities
- Managing municipal accounts
- Encouraging partnerships between municipalities and the private sector
- Collecting debt installments from borrowers
- Promoting the various Bank services
- Providing a database
- Incentivizing municipalities to improve their financial performance

The expected role of the Bank in five years according to partners and customers?

- Increasing the customer base
- Automating all operations and electronic banking services
- Increasing investment-oriented loans
- Increasing the Bank's revenue
- Full financial and administrative autonomy
- A Bank that provides technical support to municipalities in the field of investment and partnership with the private sector
- Bank's employees that are highly competent in serving customers
- A Bank that contributes to providing financing for projects that help mitigating the effects of climate change
- A bank that contributes to the efficient implementation of donor-funded development projects
- Providing a comprehensive and up-to-date database for the municipal sector that contributes to strengthening the decision-making process in the sector.

Opportunities for improvement according to partners and customers?

- Capacity building for CVDB staff and providing technical assistance to municipalities
- Comprehensive electronic services
- Operationalizing the provisions on the Bank's role in the amended Law in the area of PPP
- Raising awareness of the Bank's services
- Creating a suitable work environment for the bank's employees
- Capitalizing on achievements in terms of creating a comprehensive and up-to-date database
- Updating the organizational structure under the amended Bank's Law
- Developing a credit rating system (Credit Worthiness System) for municipalities in accordance with international standards
- Develop municipal specific legislation related to PPP and investment



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