

**Cities and Villages Development Bank Law No. (63) for the year 1985, as amended**

**Article (1):** This Law shall be cited as (The Cities and Villages Development Bank Law for the year 1985) and shall come into force as of the date of its publication in the Official Gazette.

**Article (2):** The following words and phrases, wherever mentioned in this law, shall have the meanings assigned to them hereunder unless the context provides otherwise:

- Ministry** : Ministry of Local Administration
- Minister** : Minister of Local Administration
- Bank** : The Cities and Villages Development Bank, incorporated under this Law.
- Board of Directors** : The Bank Board of Directors
- Chairman** : Chairman of Board of Directors
- Director General** : The Bank Director General
- Municipality** : A civic institution that has legal personality and financial and administrative independence. It has the right to acquire moveable and immoveable properties. It has may specify, cancel and designate its boundaries, functions and powers in accordance with the provisions of the Local Administration Law.
- Fund** : The Governorates Development Fund established under the provisions of this Law.

**Article (3):**

- A. A bank called (Cities and Villages Development Bank) shall be established in the Kingdom. It is considered an official public institution and has legal personality and financial and administrative independence. In this capacity, it has the right to acquire and lease movable and immovable properties, conclude contracts, including the right to lend and borrow, accept gifts and aid, perform all legal actions and litigation before the courts. It may delegate the Public Prosecutor or appoint any lawyer in the judicial procedures related to it or for any other purpose.
- B. The Council of Ministers, upon the recommendation of the Board, may approve the sale of any of the Bank's immovable properties.
- C. The head office of the Bank shall be in the city of Amman, and the Board may open branches of the Bank or open offices in the Kingdom.

**Article (4):**

- A.
1. The Governorates Development Fund shall be transferred from Jordan Enterprise Development Corporation (JEDCO) with all of its assets, rights and obligations to the Bank.
  2. An account shall be allocated in the Bank to the Fund in which its funds, revenues and expenses shall be deposited, and it shall continue to support and finance productive and investment projects in the Governorates of the Kingdom outside the boundaries of Greater Amman Municipality according to regulation issued for this purpose.
  3. The contracts concluded by Jordan Enterprise Development Corporation in relation to the works of the Governorate Development Fund before the enforcement of the provisions of this amended Law shall be considered as having been concluded with the Bank with all rights and obligations.
  4. The Funds financial resources shall consist of the following:
    - A. Amounts allocated to it in the general (budget).
    - B. Money transferred from the Governorate Development Fund.
    - C. The proceeds of the Fund's money and the returns on its investment.
    - D. Subsidies, gifts, donations and grants, provided that they are approved by the Council of Ministers, if they are from a non-Jordanian source.
    - E. Any other resources approved by the Council of Ministers.
- B. As of the entry into force of the provisions of this Law:
1. The bank is considered the legal and de facto successor to the Municipalities Loans Fund established under Law No. (41) of 1966, and all funds, assets and rights belonging to that Fund shall be transferred to the Bank, and it shall bear all the obligations arising thereon.
  2. Contracts and agreements concluded with the Municipalities Loans Fund prior to the enforcement of the provisions of this Law shall be considered as having been concluded with the Bank, and the Bank shall be the competent authority regarding any obligations or rights arising therefrom.
  3. The employees and other workers of the Municipalities Loans Fund shall be transferred to the Bank with all their rights and obligations, and their services in the Bank are considered a continuation of their previous services in the Fund, provided to keep deducting the retirement proceeds from the retired employees in accordance with the Civil Retirement Law in force, and these returns are transferred to the Retirement Fund in accordance with the established principles.

**Article (5):**

The Bank aims to achieve comprehensive local development in the municipalities, support their projects and help them carry out their duties through the following:

- A. 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.
- B. Providing banking services and credit facilities for partnership projects between municipalities and the private sector.
  - C. Managing and controlling grants and loans and verifying their use in the expenditures assigned to them.
  - D. Motivating municipalities to improve their financial performance, in a manner reflected in the amount and cost of borrowing.
  - E. Conducting studies, providing database and information related to municipalities, analyzing them, and conducting credit ratings for municipalities.
  - F. Providing the municipalities with experiences, technical and advisory services.

**Article (6):**

- A. The Bank's affairs shall be managed by a board of directors chaired by the Minister and the membership of the following:
  - 1. Secretary-General of the Ministry of Local Administration, Vice-chairman.
  - 2. Representative of the Ministry of Finance.
  - 3. Representative of the Ministry of Public Works and Housing.
  - 4. Representative of the Ministry of Planning and International Cooperation.
  - 5. Representative of the Central Bank.
  - 6. Five members appointed by the Council of Ministers under the recommendation of the Minister for a period of two years, provided that among them there are three mayors to be chosen according to the categories of municipalities and their geographical representation, and two members with expertise and competence from the private sector.
- B. The representatives of the ministries and the Central Bank stipulated in clauses (2-5) shall be appointed by the competent minister at such ministries or by the Governor of the Central Bank, provided that the representative shall be a director as minimum and his grade is not less than the first grade.
- C. The appointed members of the Board must be experienced and specialized.
- D. Upon the resignation, expiration or vacancy of a member's membership, for any reason, before the expiry of the specified term of his membership, another member shall be appointed in his place by the same entity that his predecessor represented, and the entity nominating its representative member may replace this member at any time it deems appropriate.
- E. The position of a member is considered vacant in the following cases:
  - 1. Resignation.
  - 2. Loss of representation.
  - 3. Loss of legal capacity.
  - 4. Death.
  - 5. If the member fails to attend three consecutive sessions of the Board or its committees without a legitimate excuse accepted by the Board.
  - 6. A final judgment against him by a competent court of a felony or misdemeanor involving moral turpitude or dishonesty.
- F. The Board members shall be paid remuneration, the amount of which is determined by a decision of the Council of Ministers under the Minister's recommendation.

- G. The Director General shall nominate from among the Bank's employees as a secretary of the Board, who shall organize its agenda, record the minutes of its meetings, keep its entries, records and transactions, and follow up on the implementation of its decisions.

**Article (7):**

No Board member or any of the Bank's employees has the right to earn profit from any of the Bank's projects or from a project or source related to it or to work in such projects or benefit from them in any other way except for the salaries and bonuses paid to him within the limits stipulated explicitly in this Law or in any regulations issued pursuant thereto.

**Article (8):**

The Board shall assume the following duties and responsibilities:

- A. Set the general policy of the Bank.
- B. Prepare the draft regulations necessary to implement the provisions of this Law.
- C. Approve granting credit facilities and banking services and determining their conditions.
- D. Approve the Bank's annual budget, final accounts, profits and annual report.
- E. Appoint the Deputy Director General.
- F. Appoint the Bank's auditors and fixing their fees.
- G. Form the necessary committees to assist it in carrying out its duties, including Compliance Committees, Risk Management Committee, Auditing and Investment Committee, and Corporate Governance Committee from among the Board members or from the Bank's employees or others, provided that the decision of forming such committees shall define their tasks and powers, legal quorum for their meetings, decision-making, and all other matters related thereto.
- H. Approve the instructions and work policies of the Bank.
- I. Approve the strategic plan of the Bank and following up on its implementation.
- J. Monitor the compliance of the Bank's Management with regulations and policies.
- K. Follow-up the implementation of the corporate risks management plan.
- L. Approve the Bank's assets and liabilities management plan in accordance with the provisions of the regulations in force.
- M. Approve the social responsibility plan and determining the amount of the Bank's contribution to it, which shall not exceed (5%) of its annual net profits.
- N. Set the general policy of the Fund and borrowing policies and approve the plans and programs necessary to implement the same.
- O. Approve the Fund's financial accounts.
- P. Determine the Fund's work mechanism.

**Article (9):**

- A. The Board of Directors shall meet upon a written invitation from the chairman or his deputy, in case of the chairman's absence, at least once a month or whenever necessary, or upon a written request of three of the Board's members provided to mention the topics to be discussed in this meeting state in this request.
- B. The legal quorum for the Board meeting shall be valid if attended by at least seven members, provided that the chairman or his deputy is present.

- C. The decisions of the Board of Directors shall be taken unanimously or by the absolute majority of the members present at the meeting and in case of equality of votes the chairman of the meeting shall have a casting vote.
- D. The Board may invite any person to attend its meetings to seek advice from his expertise and competence in the matters presented to it without having the right to vote.

**Article (10):**

- A. The Director General represents the Bank before third parties.
- B. The Deputy Director General shall exercise the powers of the Director General in his absence stipulated in this Law and the regulations issued pursuant thereto.

**Article (11):**

- A. The Director General is appointed and his salary and financial rights are determined by a decision of the Council of Ministers under the Board's recommendation) provided that the decision is accompanied by a Royal Decree.
- B. The Director General shall exercise the following duties and powers:
  - 1. Implement the decisions issued by the Board and apply the general policy set by the Bank.
  - 2. Prepare the general budget, final accounts, annual reports, and the strategic plan of the Bank and present them to the Board.
  - 3. Oversee the work of the Bank's administrative apparatus.
  - 4. Exercise the powers entrusted to him under the regulations issued pursuant to this Law, or delegated to him by the Board.
- C. The Director General may delegate any of his powers stipulated in this Law to his deputy or any of the Bank's employees who occupy supervisory positions therein, provided that such delegation is in writing and specific.

**Article (12):**

- A. The Bank's authorized capital is 110.000.000 JD (Jordanian Dinar One hundred ten million), and it can be increased from the following sources:
  - 1. Subsidies and donations from local and foreign sources the Bank obtains with the approval of the Council of Ministers.
  - 2. Any other funds obtained by the Bank or transferred to it from any source whatsoever and considered of the Bank's capital with the approval of the Council of Ministers.
- B. The Council of Ministers may, upon the recommendation of the Board:
  - 1. Increase the Bank's capital.
  - 2. Transfer the percentage it deems appropriate from the general reserve to the Bank's capital, provided that the reserve ratio is not less than (10%) of the Bank's capital.

**Article (13):**

- A. Municipalities contribute to the Bank's capital, and the value of each municipality's contribution is determined by a decision of the Board under the recommendation of the Minister.
- B. Each municipality pays its share of the Bank's profits in proportion to its contribution to its capital, and the balance of the profits is transferred to the Bank's general reserve.

**Article (14):**

- A. The Funds of the Bank and its branches shall be deposited with the Central Bank or one of the licensed banks in accordance with the provisions of the Banking Law and on the terms and conditions approved by the Board upon the recommendation of the Director General.
- B. The Bank may buy, acquire or sell government securities as defined in the Central Bank Law, provided that they don't exceed (20%) of the Bank's capital.

**Article (15):**

- A. The Council of Ministers, under the Board's recommendation, may approve that the Bank obtains local and foreign loans, and that the Bank may re-lend them.
- B. The Bank may issue government securities in accordance with the regulations in force and within the limits of the procedures stipulated therein.
- C. It is not permissible for any municipality, with the exception of Greater Amman Municipality, to obtain any loan from any source without obtaining the approval of the Board.

**Article (16):**

- A. All amounts collected for the account of the municipalities in accordance with the regulations in force, including the deposits held by any entity in the name of the municipalities shall be transferred to the Bank on a monthly basis.
- B. The amounts transferred under the provisions of Paragraph (A) of this Article shall be recorded in accounts with the Bank in the name of the municipality to which it belongs. It shall be considered as a guarantee for any credit facilities or banking services obtained by that municipality from the Bank, and the Bank's financial dues shall be collected from it. The municipality may withdraw from the amounts deposited in its name to the extent such withdrawal does not violate this guarantee.
- C. The Bank has lien right over all amounts mentioned in Paragraph (A) of this Article in collecting its financial dues from the municipalities. This lien takes precedence over all liens stipulated under the regulations in force on these amounts, with the exception of workers' wages.
- D. The Bank accepts deposits of all kinds from the municipalities and pays interest on such deposits by a decision of the Board under a recommendation of the Director General.

**Article (17):**

The Bank enjoys exemptions and facilities granted to ministries, government departments, and official public institutions, including taxes, customs duties and stamps fees.

**Article (18):**

The Bank's funds are public state property and are collected in accordance with the applicable public Money Collection Law. For this purpose, the Board exercises the

powers of the administrative ruler and the state property collection public stipulated in the aforementioned law.

**Article (19):**

- A. The Bank, in organizing its accounts and records, applies the principles of commercial accounting and complies with international financial reporting standards (IFRS).
- B. The fiscal year of the Bank shall start on the first of January of each year and shall end on the thirty first of December of the same year.

**Article (20):**

- A. The Bank shall have its own staff of employees, and their affairs shall be organized in accordance with special regulations issued pursuant to this Law under the recommendation of the Board, including the terms and conditions for their appointment, determination of their annual salaries and increases, promotion, transfer, discipline, termination of employment, bonuses, compensation, vacations, allowances, treatment, savings and other matters related to them.
- B. The Bank may grant loans to its employees for the purposes of housing according to a regulation issued for this purpose.

**Article (21):**

- A. Subject to the provisions of the laws in force, the ministries, government departments, public official institutions, and public institutions, shall provide the Bank with the information it requests from them, which contributes to providing a database and information for municipalities.
- B. Municipalities are obligated to provide the Bank with all their balances with commercial banks of all kinds, the results of their actual financial performance, and any other data requested by the Bank on a regular basis as determined by the Bank. In the event that the municipality fails to do so, the Board may withhold its share of government transfers until they comply.

**Article (22):**

The Municipal and Village Loan Fund Law No. (41) for the year 1966 shall be repealed, and the provisions of any other text or regulation are repealed to the extent that they contradict the provisions of this Law.

**Article (23):**

The Council of Ministers may issue the necessary regulations to implement the provisions of this Law, including regulations related to the Bank's financial affairs.

**Article (24):**

The Prime Minister and Ministers are charged with the implementation of the provisions of this Law.