**Terms of references**

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| **Assignment:** | Technical assistance for CVDB the credit rating of the Bank |
| **Place of the activities** | Amman: CVDB |
| **Project** | Support for financial and local governance in Jordan |
| **Organization** | Cities and Villages Development Bank (CVDB) |
| **Duration** | 20 working days |
| **Planned start date** | September 1st, 2021 |
| **Deadline for Application** | Dec.2021 |

1. **General Description:**

As part of the support provided by AFD and Expertise France to Jordan, and in particular its financial support to MoLA, Ministry of Local Administration and GAM, Greater Amman Municipality, a technical assistance program has been programmed to support the improvement of local financial governance for the benefit of three major actors:

The MoLA, Ministry of Local Administration, is responsible for the supervision and technical and financial control of municipalities (control and approval of budgets, management of State transfers, control and approval of calls for tenders issued by municipalities, control of the application of laws, decrees and instructions by municipalities, etc.). It also monitors local elections;

The CVDB, Cities and Villages Development Bank, is the historical lender of municipalities in Jordan. The public bank provides financing to municipalities, management of their long-term loans and technical support for their investments;

The GAM, Greater Amman Municipality is the municipality of Greater Amman, with 21,500 employees and a population of about 4.5 million, or nearly 40% of the Jordanian population. It is mainly active in urban planning, roads, solid waste management and urban transport.

The objective of this project is to "develop and structure local financial management in Jordan" by carrying out complementary actions with these 3 actors through three specific objectives:

* Support the MoLA in development of;
* Develop local investment by positioning the CVDB as a key actor (technical and financial) for local projects development; support the skills and positioning as a key player in the financial and fiscal decentralization process in Jordan implementation of the CVDB roadmap;
* Support the improvement of the financial management of the GAM.

This takes a cross-cutting approach by addressing the specific needs of 3 key actors in supporting MoLA and CVDB development in Jordan, as well as due to the integrated activities among the two actors (CVDB & MOLA

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decisions and may be to explore and assess potential partnerships with the beneficiary municipalities

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1. **Description of the assignment (Objectives and Results):**

Within the context of the new proposed law for the bank which is currently under review & discussion at the Parliament, CVDB shall play a more active role as a national local development bank to the local entities, mainly the municipalities. Consequently, and in its ongoing efforts to support its beneficiaries of Jordanian municipalities to enable them to have more access to financing that is directly linked to the financial condition and performance of the municipalities, CVDB recently introduced and enforced a quantitative credit scoring and rating system which classified the Jordanian municipalities into three categories: Gold, silver, and bronze.

This classification and rating are direct results of the Bank’s assessment of the creditworthiness and borrowing capabilities of the beneficiary municipalities. Moreover, the Bank developed a Credit Risk Matrix that linked the credit rating of the municipality with loan pricing (either normal or interest based). As such, the bank employs a risk-based lending approach in its credit extension to the beneficiary of municipalities.

This approach makes the credit extension process to the municipalities more systematic, logical, and built on quantitative measures and KPI, and reduces the subjective judgment in the whole process. Moreover, it invited CVDB to think of going a step further by performing a credit rating for the bank itself from internationally recognized rating agencies to stand in a more solid position to expand its role, and to act as a national local development bank, serving local entities and municipalities.

This move is expected to be reflected into more solid and creditworthy financial condition and performance of the bank, as CVDB is expected to have wider access to financing sources and instruments, in compliance with the local and international requirements of the credit rating agencies.

 The expert mandates are to provide TAs to CVDB and should has strong background and experience in credit rating of public and private institutions to facilitate the process for CVDB to qualify for fair and suitable credit rating and international recognition.

**Outputs / deliverables:**

* Detailed file containing the guiding steps & procedural requirements for CVDB to qualify for fair international credit rating.
* Recommendations for CVDB on the most suitable financing sources, markets, and innovative financing & investment instruments, in compliance with the effective Bank Law and By-laws.
* Link CVDB with the most suitable credit rating agency for further communication and
* Presentation of the report to the Bank’s top Management and the concerned entities.

**Duration: 25 working days**

**Qualifications / Competencies:**

* Strong credit rating qualifications and expertise
* Strong relation with the recognized credit rating agencies
* Solid financial / investment analytical skills
* High commitment to deadlines
* Excellent report writing and presentation skills

**5. Reporting**

* The expert will report directly to EF’s Resident Team Leader (RTL) / project manager at HQ with written report, evidences, guidance, and supporting documents.