H.E. Mr. Jaafar Hassan  
Minister of Planning and International Cooperation  
Ministry of Planning and International Cooperation  
P. O. Box 555 Amman 11118  
Hashemite Kingdom of Jordan  

Re: Jordan – Loan No. 7422-JO (Regional and Local Development Project)  
Amendment to the Loan Agreement  

Dear Mr. Minister:  

We refer to the Loan Agreement (the Agreement) for the above-captioned Project dated January 18, 2007, as amended, between the Hashemite Kingdom of Jordan (the Borrower) and the International Bank for Reconstruction and Development (the Bank). We also refer to your letter dated March 1, 2010 requesting certain amendments to the Agreement.  

We are pleased to inform you that the Bank accedes to your request and hereby amends the Agreement as follows:  

1. Part D of Schedule 1 to the Agreement is revised to read as follows:  

“Part D: Local Economic Development Strategy and Investment Planning  

Provision of technical assistance to strengthen local development planning, and foster effective linkages and coordination among municipalities through the expansion of various ongoing local development initiatives and the development of institutional arrangements for local development coordination.”  

2. Section I.B. 6 of Schedule 2 to the Loan Agreement is revised to read as follows:  

“Section I.B.6 The Borrower, through MOMA, shall not later than September, 15, 2011 take all actions necessary on its part to:  

(a) prepare and adopt an equalization transfer system setting out inter alia measures to ensure equitable distribution of resources amongst the municipalities;  
(b) prepare and adopt new urban planning standards and guidelines; and  
(c) prepare and adopt a comprehensive multi-agency local development strategy.”  

Please confirm your agreement to the foregoing by countersigning both copies of this amendment letter and returning one of the countersigned copies to us. Upon receipt by the Bank of the copy of this amendment letter countersigned by you, this amendment letter will become effective as of the date of your countersignature. We will notify you of the receipt of your countersigned letter.

Sincerely,

By /s/ Hedi Larbi  
Hedi Larbi  
Country Director  
Middle East Department  
Middle East and North Africa Region

CONFIRMED AND AGREED

HASHEMITE KINGDOM OF JORDAN

Name: /s/ Jafar Hassan  
(Authorized Representative)
Title: Minister of Planning and International Cooperation
Date: July 13, 2010
Annex to Supplemental Letter

Jordan – Regional and Local Development Project
Performance Indicators

Project Development Objective

1. Adoption of Equalization Grant Formula
2. Adoption of Performance Based Block Grant by MOMA

Intermediate Outcome Indicators

1. Equalization transfer system adopted by MOMA and MOF, taking into account international best practice.
2. MOMA /MOF joint annual report on resource transfer pool published annually.
3. Establish mechanism for reporting on Jordan municipal indicators, especially finance, in pilot municipalities.
4. MOMA adopts new urban planning standards.
5. Cities and Villages Development Bank (CVDB) provided with guidance on future operations.
6. Percentage of approved sub-projects successfully implemented against plans.
7. Percentage of municipalities that improved as per performance indicators in Cycle 2.
8. Percentage of municipalities achieving municipal finance and planning indicators as per municipal compact.
9. Number of workshops for municipal technical staff held by MOMA/CVDB on new urban planning program and regulations.
10. Number of workshops for municipal staff held by MOMA/CVDB to promote municipal finance.
11. Strategy on Local Development adopted by MOMA.