

**Emergency Cash Transfer COVID-19 Response Project**

**Amman- Jordan**

**Financial Statements**

**and Independent Auditor's Report**

**For the Period from October 26<sup>th</sup>, 2020**

**to December 31<sup>st</sup>, 2020**

Emergency Cash Transfer COVID-19 Response Project  
Amman- Jordan

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## Independent Auditor's Report

To Messrs.

Ministry of Planning and International Cooperation (MoPIC)

Attn: The Project Management Unit ("PMU")

Amman – Jordan

### Opinion

We have audited the financial statements of Emergency Cash Transfer COVID-19 Response Project (the "Project") which comprise the Statement of Cash Receipts and Payments Incurred on The Project, Reconciliation Statement for The Balance of The Project's Designated Account, and Statement of Payments Made Using SOE Basis for the Period from October 26<sup>th</sup>, 2020 to December 31<sup>st</sup>, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects in accordance with Cash Basis - International Public Sector Accounting Standards (IPSAS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note number (10) of the financial statements, which describes an additional financing agreement signed between The Hashemite Kingdom of Jordan and International Bank for Reconstruction and Development for the purpose of providing additional financing for the Original Emergency Cash Transfer COVID-19 Response Project. Our opinion is not modified in respect of this matter.

### Other Matter

This report has been prepared solely for the use of the Project parties, and it should not be distributed to or used by any other parties.

### Responsibilities of Project Management for the Financial Statements

Project management is responsible for the preparation and fair presentation of the financial statements in accordance with Cash Basis - IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Project management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Project management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Project Management is responsible for overseeing the Project's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit, We also:**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Project management.
- Conclude on the appropriateness of Project management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Project Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Standard for Auditing

Hakam Al Qarem  
License No.847



Amman on February 10<sup>th</sup>, 2022



Emergency Cash Transfer COVID-19 Response Project

Amman- Jordan

Statement of Cash Receipts and Payments Incurred on The Project

For The Period from October 26<sup>th</sup>, 2020 to December 31<sup>st</sup>, 2020

(A)

	Notes	For The Period from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020	Accumulative from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020
		USD	USD
<b><u>Receipts</u></b>			
IBRD - Loan	<u>6.1</u>	42,380,000	42,380,000
MDTF - Grant	<u>6.2</u>	24,163,903	24,163,903
<b>Total Receipts</b>		<b>66,543,903</b>	<b>66,543,903</b>
<b><u>Payments</u></b>			
<b>Expenditures</b>			
Project Expenditures	<u>7</u>	11,204,194	11,204,194
Bank Charges		15	15
<b>Total Expenditures</b>		<b>11,204,209</b>	<b>11,204,209</b>
<b>Transfers to the State Treasury</b>			
Retroactive Financing	<u>8</u>	37,000,000	37,000,000
<b>Total Transfers to the State Treasury</b>		<b>37,000,000</b>	<b>37,000,000</b>
<b>Total Payments</b>		<b>48,204,209</b>	<b>48,204,209</b>
Cash and Cash Equivalents, Beginning of Period		-	-
Net Change in Cash and Cash Equivalents		18,339,694	18,339,694
<b>Cash and Cash Equivalents, End of Period</b>	<u>3</u>	<b>18,339,694</b>	<b>18,339,694</b>

"The Accompanying Notes from 1 to 10 Constitute an Integral Part of These Financial Statements"

Emergency Cash Transfer COVID-19 Response Project

Amman- Jordan

Reconciliation Statement for The Balance of The Project's Designated Account

(B)

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For The Period:	From October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020
Bank Name:	Central Bank of Jordan ("CBJ")
Account Name:	NAF- Emergency Cash Transfer COVID-19 Response Project Account
Account Number:	1 / 3660 / 3269

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	Notes	For The Period from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020
		USD
Bank Balance, Beginning of Period		-
<u>Add:</u>		
Funds Receipts	<u>9</u>	18,339,709
<u>Deduct:</u>		
Bank Charges		(15)
Bank Balance, End of Period	<u>3</u>	<u>18,339,694</u>

"The Accompanying Notes from 1 to 10 Constitute an Integral Part of These Financial Statements"

Emergency Cash Transfer COVID-19 Response Project

Amman- Jordan

Statement of Payments Made Using SOE Basis

For The Period from October 26<sup>th</sup>, 2020 to December 31<sup>st</sup>, 2020

(C)

	Notes	Category	For The Period from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020	Accumulative from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020
			USD	USD
<u>Payments</u>				
<u>Expenditures</u>				
Project Expenditures	<u>7</u>	3	11,204,194	11,204,194
Bank Charges			15	15
<b>Total Expenditures</b>			<b>11,204,209</b>	<b>11,204,209</b>
<u>Transfers to the State Treasury</u>				
Retroactive Financing	<u>8</u>	2	37,000,000	37,000,000
<b>Total Transfers to the State Treasury</b>			<b>37,000,000</b>	<b>37,000,000</b>
<b>Total Payments</b>			<b>48,204,209</b>	<b>48,204,209</b>

"The Accompanying Notes from 1 to 10 Constitute an Integral Part of These Financial Statements"

## Emergency Cash Transfer COVID-19 Response Project

Amman- Jordan

### Notes to The Financial Statements

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#### **1. General**

The objective of the Emergency Cash Transfer COVID-19 Response Project is to provide cash support to poor and vulnerable households affected by the COVID-19 pandemic in The Hashemite Kingdom of Jordan.

The project will support the Government of Jordan ("GOJ's") COVID-19 response cash support program as well as the regular Takaful CT program. The Program will provide cash support to about (293,000) poor and vulnerable households affected by COVID-19 pandemic and includes two parts:

- (i) Temporary (six month) CTs to (200,000) additional vulnerable households; and
- (ii) Temporary (six month) benefit top-ups for (93,000) the National Aid Fund ("NAF") beneficiaries.

The overall Program will cost around (US\$277 million) equivalent.

The project will finance around (US\$242.295 million) of this overall amount to support about (190,000) households out of the total (200,000) households under part (i) of the Program, and to provide top-up benefits for Takaful beneficiaries under part (ii).

The remaining amount of the Program will be financed by other donors (the United States Agency for International Development ("USAID") and the UK Department for International Development ("DFID") among others) through a Joint Financing Arrangement ("JFA"), which will cover (10,000) households under part (i) and top-up benefits to beneficiaries of NAF monthly CT programs under part (ii).

The project will also finance regular Takaful CTs for a total amount of (US\$128 million) for all beneficiaries in 2020 (55,000) and 25,000 (out of 85,000) beneficiaries in 2021. The project will support a total of (270,000) beneficiary households.

The project will be financed by an International Bank for Reconstruction and Development ("IBRD") loan (US\$350 million) with co-financing from a Department for International Development ("DFID") grant for a total of approximately (US\$24.17 million) equivalent out of the Jordan Inclusive Growth and Economic Opportunities Multi-Donor Trust Fund ("MDTF") (TF073270).

The lending instrument for the project will be an Investment Project Financing ("IPF") with Performance-Based Conditions ("PBCs").



## 1.1. Project Components

The Project Consists of The Following Three Components (Parts):

### 1. **Cash Support to Poor and Vulnerable Households Affected By COVID-19**

#### 1.1. Temporary Cash Transfers to Vulnerable Households

Provision of unconditional Cash Transfers to Beneficiaries not otherwise benefiting from the National Aid Fund ("NAF") Programs, to provide time-limited livelihood support to vulnerable households.

#### 1.2. Takaful Cash Transfer Program

Provision of unconditional Cash Transfers to Takaful Beneficiaries to provide complementary livelihood support to vulnerable households on a quarterly basis.

#### 1.3. Temporary Benefit Top-Up for Takaful Beneficiaries

Provision of unconditional Top-Up Cash Transfers to Takaful Beneficiaries to provide additional, time-limited livelihood support to vulnerable households.

### 2. **Project Management, Monitoring and Evaluation**

Provision of support for the Project Management Unit ("PMU") in managing and overseeing Project activities, including: (a) staffing; (b) data collection and verification, aggregation and periodic reporting on the Project's implementation progress; (c) software and hardware requirements for NAF and relevant institutions necessary for the expansion of the data exchange platform of the National Unified Registry ("NUR"); (d) monitoring of the Project's key performance indicators and periodical evaluation; (e) communication and outreach; (f) digitization of payments; (g) recertification of Beneficiaries of the monthly and Takaful cash transfer programs; (h) costs associated with maintenance of the Grievance Redress Mechanism ("GRM"); and (i) overall Project Operating Costs, audit costs, including independent verification of the Cash Transfers, monitoring and compliance with the Environmental and Social Commitment Plan ("ESCP").

### 3. **Contingent Emergency Response Component**

Provision of immediate response to an Eligible Crisis or Health Emergency.

## 1.2. Project's Components Financing

Component		IBRD	MDTF	Total
		USD	USD	USD
		(In Millions)	(In Millions)	(In Millions)
<b>(1) Cash Support to Poor and Vulnerable Households Affected By COVID-19</b>				
Subcomponent	(1.1) Temporary CTs to Vulnerable Households	192.945	21.35	214.295
Subcomponent	(1.2) Takaful Cash Transfer Program (PBCs)	128	-	128
Subcomponent	(1.3) Temporary Benefit Top-Up for Takaful Beneficiaries	25.33	2.67	28
		<b>346.275</b>	<b>24.02</b>	<b>370.295</b>
<b>(2) Project Management, Monitoring and Evaluation</b>		2.85	0.15	3
<b>(3) Contingent Emergency Response Component</b>		-	-	-
<b>*Front-End Fee</b>		0.875	-	0.875
<b>Total</b>		<b>350</b>	<b>24.17</b>	<b>374.17</b>

\* The Front-End Fee is payable by the Borrower pursuant to Section 2.03 of The Loan Agreement equals one-quarter of one percent (0.25%) of the IBRD loan amount (US\$350 million).

### 1.3. Project Financing Agreements

#### 1.3.1. The Loan Agreement

The Loan Agreement of **Emergency Cash Transfer COVID-19 Response Project** was signed on October 26<sup>th</sup>, 2020 between The Hashemite Kingdom of Jordan (“Borrower”) and The International Bank for Reconstruction and Development (“Bank”) in the amount of Three Hundred and Fifty Million United States Dollars (USD 350,000,000) to assist in financing the project.

#### **The Loan Amortization Schedule**

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

<b>Principal Payment Date</b>	<b>Installment Share (%)</b>
On each February 15 <sup>th</sup> and August 15 <sup>th</sup> Beginning February 15 <sup>th</sup> , 2025 through August 15 <sup>th</sup> , 2054	1.64%
On February 15 <sup>th</sup> , 2055	1.60%

### The Eligible Expenditures Under the Loan Agreement

The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated	Percentage of Expenditures to be financed (Inclusive of Taxes)
	USD	%
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project	2,850,000	Such percentage as agreed to by the Bank under the Annual Work Plan
(2) Cash Transfers under Part I.II of the Project	128,000,000*	100% of each PBC Amount that set out in the following Schedule (or such lesser percentage as represents the total Eligible Expenditures paid by the Borrower under the Eligible Expenditure Program as of the date of withdrawal)
(3) Safety Net Transfers under Parts I.I and I.III of the Project	218,275,000	Such percentage as agreed to by the Bank under the Annual Work Plan
(4) Emergency Expenditures	-	-
(5) Front-end Fee	875,000	Amount payable pursuant to Section 2.03 of The Loan Agreement in accordance with Section 2.07(b) of the General Conditions
<b>Total Amount</b>	<b>350,000,000</b>	

**\*Performance-Based Conditions Under the Project**

The following table specifies the Performance-Based Conditions (PBCs) and the allocation of the amounts of the Loan to each PBC under Category 2:

Results Area	Description of achievement	Amount Of the Loan Allocated	Disbursement Calculation Formula
		USD	
<b>PBC#1:</b> Takaful Beneficiaries enrolled and paid	PBC#1.1 55,000 eligible households are enrolled in Takaful Cash Transfer Program and paid in 2020	40,000,000	PBC 1.1: from the baseline of 0, \$8,000,000 for each 11,000 households by December 31, 2020, up to \$40,000,000
	PBC#1.2 85,000 eligible households are enrolled in Takaful Cash Transfer Program and paid in 2021	18,000,000	PBC 1.2: from the baseline of 55,000, \$6,000,000 for each 10,000 households by the December 31, 2021, up to \$18,000,000
<b>PBC#2:</b> Improvements in Takaful	PBC # 2.1: NAF develops a revised Takaful targeting methodology based on the findings from the Takaful evaluation study and approves it by its Board of Directors	10,000,000	PBC # 2.1: \$10,000,000 by December 31, 2021
	PBC # 2.2: NAF develops and adopts a plan for the recertification of Takaful beneficiaries	20,000,000	PBC # 2.2: \$20,000,000 by December 31, 2020
<b>PBC#3:</b> Migration of Beneficiaries into Takaful Cash Transfer Program	PBC #3.1: NAF digitizes payments to Beneficiaries under Regular Monthly Cash Transfer Program	20,000,000	PBC #3.1: From the baseline of 0, \$5,000,000 for every 14,000 Beneficiaries whose payments are digitized, up to \$20,000,000
	PBC #3.2: NAF recertifies Beneficiaries of Regular Monthly Cash Transfer Program using Takaful's targeting methodology, involving: collection of data from Beneficiaries, determination of eligibility for Takaful Cash Transfer Program, and development of a plan to enroll eligible households and to gradually exit non-eligible households	20,000,000	PBC # 3.2: \$20,000,000 by December 31, 2021.
	<b>Total</b>	<b>128,000,000</b>	

### 1.3.2. The Grant Agreement

The Grant Agreement of Emergency Cash Transfer COVID-19 Response Project was signed on October 26<sup>th</sup>, 2020 between Hashemite Kingdom of Jordan ("Recipient"); and International Bank for Reconstruction and Development and International Development Association ("World Bank"), acting as administrator of the Jordan Inclusive Growth and Economic Opportunities Multi-Donor Trust Fund in an amount not to exceed Twenty Four Million One Hundred Seventy Thousand United States Dollars (\$24,170,000) to assist in financing the Project .

#### **The Eligible Expenditures Under the Grant Agreement**

The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocation of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<b>Category</b>	<b>Amount of the Grant Allocated</b>	<b>Percentage of Expenditures to be financed (Inclusive of Taxes)</b>
	<b>USD</b>	<b>%</b>
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project	150,000	Such percentage as agreed to by the Bank under the Annual Work Plan
(2) Cash Transfers under Part I.II of the Project	-	-
(3) Safety Net Transfers under Parts I.I and I.III of the Project	24,020,000	Such percentage as agreed to by the Bank under the Annual Work Plan
<b>Total Amount</b>	<b>24,170,000</b>	



## 2. Accounting Policies

### 2.1 Basis of Preparation

- The financial statements have been prepared in accordance with Cash Basis - International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB).
- The figures shown in the financial statements have been rounded to the nearest US Dollars.
- The financial statements are presented in US Dollars (USD) which is the functional currency of the Project.

### 2.2 Cash Basis of Accounting

The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the Project. Financial statements prepared under the cash basis provide information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the financial statements is balances of cash and changes therein. Notes to the financial statements may provide additional information about liabilities, such as payables and borrowings, and some non-cash assets, such as receivables, investments and property, plant and equipment.

### 2.3 Cash Receipts and Payments

Cash receipts are cash inflows, cash payments are cash outflows.

### 2.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call, and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Demand deposits and cash equivalents consist of balances with banks and investments in short-term money market instruments. Bank borrowings are generally considered to give rise to cash inflows. However, in some circumstances, bank overdrafts that are repayable on demand form an integral part of the Project cash management. In these circumstances, bank overdrafts are included as a component of cash. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.

Cash is mainly held in the Central Bank of Jordan which approved by the Project parties.

## 3. Cash on Hand and at Bank

	<u>2020</u>
	<u>USD</u>
Central Bank of Jordan – NAF/ Emergency Cash Transfer COVID-19 Response Project Account	18,339,694
<b>Total</b>	<b><u>18,339,694</u></b>

4. Loan Balance

Financing Source	Loan No#	Category	Loan Amount	Disbursed Loan	Undisbursed
				During the Period from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020	Loan Balance As of December 31 <sup>st</sup> , 2020
			USD	USD	USD
IBRD	91390-JO				
		1	2,850,000	-	2,850,000
		2	128,000,000	37,000,000	91,000,000
		3	218,275,000	5,380,000	212,895,000
		5	875,000	875,000	-
<b>Total Loan Balance</b>			<b>350,000,000</b>	<b>43,255,000</b>	<b>306,745,000</b>

5. Grant Balance

Financing Source	Grant No#	Category	Grant Amount	Disbursed Grant	Undisbursed
				During the Period from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020	Grant Balance As of December 31 <sup>st</sup> , 2020
			USD	USD	USD
MDTF	TF0B3363				
		1	150,000	150,000	-
		3	24,020,000	24,013,903	6,097
<b>Total Grant Balance</b>			<b>24,170,000</b>	<b>24,163,903</b>	<b>6,097</b>

## 6. Receipts

	Component	Category	For The Period from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020	
			USD	
<b>6.1 IBRD</b>				
December 9 <sup>th</sup> , 2020	1.1&1.3	3	3,329,709	
December 14 <sup>th</sup> , 2020	1.2	2	37,000,000	
December 18 <sup>th</sup> , 2020	1.1	3	2,050,291	
<b>Total IBRD</b>			<b>42,380,000</b>	
<b>6.2 MDTF</b>				
December 14 <sup>th</sup> , 2020	2	1	150,000	
December 15 <sup>th</sup> , 2020	1.1&1.3	3	14,860,000	
December 18 <sup>th</sup> , 2020	1.1	3	9,153,903	
<b>Total MDTF</b>			<b>24,163,903</b>	
<b>Total Funds Receipts</b>			<b>66,543,903</b>	

## 7. Project Expenditures

	Component	Category	For The Period from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020		Total
			IBRD Loan USD	MDTF Grant USD	
Daily Wages Workers Support - Takaful (2)	1.1	3	2,050,291	9,153,903	11,204,194
<b>Total Project Expenditures</b>			<b>2,050,291</b>	<b>9,153,903</b>	<b>11,204,194</b>

## 8. Retroactive Financing

	Component	Category	Results Area	For The Period from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020	
				IBRD Loan	MDTF Grant
				USD	USD
Cash Transfer -Takaful (1) <sup>1</sup>	1.2	2	PBC# 1.1	32,000,000	-
Cash Transfer -Takaful (1) <sup>2</sup>	1.2	2	PBC# 3.1	5,000,000	-
<b>Total Retroactive Financing</b>				<b>37,000,000</b>	<b>-</b>

<sup>1</sup> According to Audit Bureau's Verification Report dated December 1<sup>st</sup>, 2020 the PBC# 1.1 has been partially achieved by NAF enrolling and paying to (49,099) households during the period from September 1<sup>st</sup> to November 23<sup>rd</sup>, 2020.

<sup>2</sup> According to the NAF report dated December 6<sup>th</sup>, 2020 the PBC# 3.1 has been partially achieved by the digitization of (17,765) payments.

## 9. Funds Receipts

### 9.1 CBJ - NAF- Emergency Cash Transfer COVID-19 Response Project Account

Date	Financing Source	For The Period from October 26 <sup>th</sup> , 2020 to December 31 <sup>st</sup> , 2020
		USD
December 9 <sup>th</sup> , 2020	IBRD	3,329,709
December 14 <sup>th</sup> , 2020	MDTF	150,000
December 16 <sup>th</sup> , 2020	MDTF	14,860,000
	<b>Total Funds Receipts</b>	<b>18,339,709</b>

## 10. Subsequent Events

Subsequent to the date of the financial statements and as a result of the request of The Government of Jordan for additional financing ("AF") in the amount of (US\$290 million) and a restructuring of the Original Project to support the Government's COVID-19 response programs, an additional financing agreement was signed on July 13th, 2021 between The Hashemite Kingdom of Jordan ("Borrower") and International Bank for Reconstruction and Development ("Bank") for the purpose of providing additional financing for the Original Emergency Cash Transfer COVID-19 Response Project.

### The Additional Loan Amortization Schedule

The following table sets forth the Principal Payment Dates of the Additional Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

<u>Principal Payment Date</u>	<u>Installment Share (%)</u>
On each April 15 <sup>th</sup> and October 15 <sup>th</sup> Beginning April 15 <sup>th</sup> , 2026 through October 15 <sup>th</sup> , 2055	1.64%
On April 15 <sup>th</sup> , 2056	1.60%

The proposed AF and restructuring of the parent project will entail the following changes:

- (i) revision of the Project Development Objective ("PDO") to include "workers";
- (ii) revision to project components, including the cancelation of subcomponent 1.3 (Temporary benefit top-up for Takaful-1 beneficiaries);
- (iii) addition of a new component (Component 4) "Support to workers in firms affected by COVID-19";
- (iv) addition of Ministry of Planning & International Cooperation ("MOPIC") as a new implementing agency, with Social Security Corporation ("SSC") as implementing partner, to implement Component 4;
- (v) reallocation of loan proceeds across categories and components; and
- (vi) extension of the original loan closing date by 18 months (from June 30<sup>th</sup>, 2022 to December 31<sup>st</sup>, 2023) to align it with that of the AF.

## **10.1. Project Components Under the Additional Loan Agreement**

The Original Project Components (Parts) will be amended to be as follows:

### **1. Cash Support to Poor and Vulnerable Households Affected By COVID-19**

#### **1.1. Temporary Cash Transfers to Vulnerable Households**

Provision of unconditional Cash Transfers to Beneficiaries not otherwise benefiting from the National Aid Fund ("NAF") Programs, to provide time-limited livelihood support to vulnerable households.

#### **1.2. Takaful -1 Cash Transfer Program**

Provision of unconditional Cash Transfers to Takaful-1 Beneficiaries to provide complementary livelihood support to vulnerable households on a quarterly basis.

### **2. Project Management, Monitoring and Evaluation**

Provision of support for the Project Management Unit ("PMU") in managing and overseeing Project activities, including: (a) staffing; (b) data collection and verification, aggregation and periodic reporting on the Project's implementation progress; (c) software and hardware requirements for NAF and relevant institutions necessary for the expansion of the data exchange platform of the National Unified Registry ("NUR"); (d) monitoring of the Project's key performance indicators and periodical evaluation; (e) communication and outreach; (f) digitization of payments; (g) recertification of Beneficiaries of the monthly and Takaful cash transfer programs; (h) costs associated with maintenance of the Grievance Redress Mechanism ("GRM"); and (i) overall Project Operating Costs, audit costs, including independent verification of the Cash Transfers, monitoring and compliance with the Environmental and Social Commitment Plan ("ESCP").

### **3. Contingent Emergency Response Component**

Provision of immediate response to an Eligible Crisis or Health Emergency.

### **4. Support To Workers in Firms Affected By COVID-19**

Provision of a temporary wage subsidy and social security contributions through the Istitama Program for eligible employees of eligible private sector firms.



## 10.2. The Eligible Expenditures Under the Additional Loan Agreement

The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated	Percentage of Expenditures to be financed (Inclusive of Taxes)
	USD	%
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project	-	-
(2) Cash Transfers under Part 1.2 of the Project (Takaful-1)	224,275,000*	100% of each PBC Amount that set out in the following Schedule (or such lesser percentage as represents the total Eligible Expenditures paid by the Borrower under the Eligible Expenditure Program as of the date of withdrawal)
(3) Safety Net Transfers under Part 1.1 of the Project (Takaful 2 and 3)	-	-
(4) Emergency Expenditures	-	-
(5) Front-end Fee	725,000	Amount payable pursuant to Section 2.03 of The Loan Agreement in accordance with Section 2.07(b) of the General Conditions
(6) Istitidama Benefits under Part 4 of the Project	65,000,000	100%
<b>Total Amount</b>	<b>290,000,000</b>	

**\*Performance-Based Conditions Under the Project**

The following table specifies the Performance-Based Conditions (PBCs) and the allocation of the amounts of the Additional Loan to each PBC under Category 2:

Results Area	Description of achievement	Amount of the Additional Loan Allocated  USD	Disbursement Calculation Formula
<p><b>PBC#1:</b> Takaful-1 Beneficiaries enrolled and paid</p>	<p>PBC#1.3 85,000 eligible households are enrolled in the Takaful-1 Cash Transfer Program and paid in 2022</p>	<p>80,000,000</p>	<p>PBC 1.3: from the baseline of 0, \$2,500,000 for each 10,625 households received their payments in each quarter of 2022, up to \$80,000,000</p>
<p><b>PBC#2:</b> Improvements in Takaful-1</p>	<p>PBC # 2.2: NAF implements the revised Takaful-1 Targeting methodology.</p>	<p>50,000,000</p>	<p>PBC # 2.2: \$50,000,000 by December 31, 2022</p>
<p><b>PBC#3:</b> Migration of Beneficiaries into Takaful-1 Cash Transfer Program</p>	<p>PBC # 2.4: NAF implements the recertification of Takaful-1 Beneficiaries</p> <p>PBC #3.3: NAF enrolls in the Takaful-1 Cash Transfer Program beneficiaries of the regular monthly cash transfer program that qualify for the Takaful-1 Cash Transfer Program (based on the recertification of beneficiaries of the Regular Monthly Cash Transfer Program, using Takaful-1 targeting formula)</p>	<p>19,275,500</p> <p>75,000,000</p>	<p>PBC # 2.3: 19,275,500 by December 31, 2022</p> <p>PBC # 3.3: From the baseline of 0, \$7,500,000 for each 10% of qualifying (for Takaful-1 Cash Transfer Program)1 households of the regular monthly cash transfer program enrolled in the Takaful-1 Cash Transfer Program starting January 1, 2021, up to the maximum of \$75,000,000</p>
<b>Total</b>		<p>224,275,500</p>	

### 10.3. Budget Reallocation of Parent Project and Additional Financing

Component	Parent Project (Original Allocation)		Reallocation of Parent Project		Additional Financing IBRD only	Parent Project + AF IBRD + MDTF
	IBRD	MDTF	IBRD	MDTF		
<b>Component 1</b>						
• Subcomponent 1.1	192,945,000	21,350,000	82,945,000	24,020,000	-	106,965,000
• Subcomponent 1.2	128,000,000	-	163,330,000	-	224,275,000	387,605,000
• Subcomponent 1.3	25,330,000	2,670,000	-	-	-	-
	<u>346,275,000</u>	<u>24,020,000</u>	<u>246,275,000</u>	<u>24,020,000</u>	<u>224,275,000</u>	<u>494,570,000</u>
<b>Component 2</b>	2,850,000	150,000	2,850,000	150,000	-	3,000,000
<b>Component 3</b>	-	-	-	-	-	-
<b>Component 4</b>	-	-	100,000,000	-	65,000,000	165,000,000
Front-End Fee (0.25%)	875,000	-	875,000	-	725,000	1,600,000
<b>Total</b>	<u>350,000,000</u>	<u>24,170,000</u>	<u>350,000,000</u>	<u>24,170,000</u>	<u>290,000,000</u>	<u>664,170,000</u>