



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 22-May-2020 | Report No: PIDA29177



BASIC INFORMATION

A. Basic Project Data

Country Jordan	Project ID P173974	Project Name Jordan Emergency Cash Transfer COVID-19 Response Project	Parent Project ID (if any)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 17-Apr-2020	Estimated Board Date 30-Jun-2020	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Planning and International Cooperation (MOPIC)	Implementing Agency National Aid Fund (NAF)	

Proposed Development Objective(s)

The project development objective is to provide cash support to poor and vulnerable households affected by the COVID-19 pandemic in Jordan.

Components

Cash support to poor and vulnerable households affected by COVID-19
Project Management, Monitoring and Evaluation
Contingent Emergency Response Component (CERC)

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.
Yes

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	373.16
Total Financing	373.16
of which IBRD/IDA	350.00
Financing Gap	0.00

DETAILS



World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	350.00
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Non-World Bank Group Financing

Other Sources	23.16
UK: British Department for International Development (DFID)	23.16

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

The COVID-19 outbreak has been spreading rapidly since December 2019. On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spread across the world. As of May 20, 2020, the outbreak has resulted in an estimated 5.01 million cases and 325,669 deaths in 213 countries. To varying degrees, countries have introduced measures to contain and mitigate COVID-19, including restrictions on individual mobility and economy activity, as well as public health measures to prevent, detect and respond to infections. All affected countries are struggling with the public health response, particularly those with weaker capacity. In addition to the public health impact of COVID-19, the restrictions on mobility and economic activity are having a significant big impact on the global economy.

The Government of Jordan (GOJ) has been taking decisive actions to contain and mitigate the effects of COVID-19. Schools and borders have been closed since March 15. A nationwide 24-hour curfew was introduced on March 21 and relaxed on March 25 to allow people between the ages of 16 and 59 to purchase food and medicine between 10 am to 6 pm. A 24-hour curfew was sporadically re-introduced throughout the month of April, 2020. The Ministry of Health (MOH) has been leading public health efforts to contain the spread of infections and mitigate the impact on the healthcare system. MOH has designated seven public hospitals for quarantine, isolation and treatment as well as three public and private laboratory facilities to diagnose COVID-19. The GOJ has made testing and treatment of COVID-19 free for everybody at designated centers. MOH worked with the World Health Organization (WHO) to develop a National Preparedness and Response Plan



(NPRP) for COVID-19, which is being implemented with support from local entities and development partners, including through the World Bank.¹ As the health situation improved, the GOJ decided on April 19 to gradually start re-opening economic sectors but maintaining the workforce of firms to 30 percent. As of May 19, 2020, Jordan had around 629 confirmed cases of COVID-19, of which 413 have recovered, and nine deaths.

The GOJ has also started introducing measures to protect workers and households. The March 19, 2020 Defense Order No.1 and the April 9, 2020 Defense Order No.6 introduced temporary measures to mandate all formal private sector firms to keep their workers, setting restrictions on wage cuts and providing some relief to firms. The Social Security Corporation (SSC) has introduced a package that will include support, through the unemployment insurance program, to workers that have been put on temporary leave by firms which have partially or fully stopped operation. The GOJ is stepping up efforts to support poor and vulnerable households. This includes the distribution of food parcels, and a forthcoming ambitious program to provide cash support to almost 350,000 poor and vulnerable households affected by COVID-19. The GOJ also introduced price controls and enforcement mechanisms on March 28, 2020.

Sectoral and Institutional Context

The GOJ is introducing exceptional measures to protect formal sector workers. The April 9, 2020 Defense Order No. 6 temporarily suspends some clauses of the Labor Law and introduces measures to prevent layoffs in the formal private sector. The Order mandates all firms to keep their workers, sets restrictions on wage cuts and provides some relief to firms. Firms operating in sectors that are still open can only reduce wages by up to 30 percent, provided workers agree, and wage cuts also apply to management. Firms in closed sectors can request permission to reduce wages up to 50 percent provided reduced wages are not below the minimum wage. Firms that cannot pay wages can request a temporary suspension of activities during which workers are put on temporary leave. Under the March 19, 2020 Defense Order No. 1, which temporarily suspended some clauses of the Social Security Law, firms can stop contributing to the old age pensions program until June 30, 2020, reducing the contribution rate from 21.75 percent to 5.25 percent—workers are still allowed to make voluntary contributions to this program. Firms are also allowed to pay contributions in installments until the end of 2023.

The Social Security Corporation (SSC) announced on April 9, 2020 a package of measures to compensate workers affected by the crisis. The package will include the payment of unemployment benefits to formal sector workers that: (i) have been put on temporary leave by firms that have partially or fully stopped operating, and (ii) have contributed to unemployment insurance for at least 12 months (down from the standard 36 months). Benefits will be paid from the unemployment insurance savings account. Employers will also contribute by paying 20 percent of the salary. The package also includes a monthly payment of Jordanian Dinars (JOD) 150 for informal employees, provided their employers keep them and make a one-time payment of JOD 140 and a contribution of JOD 50 to the monthly payment – the rest is paid by the unemployment

¹ Jordan COVID-19 Emergency Response Project (P173972), approved by the Board of Executive Directors on April 28, 2020.



insurance account. Finally, the package also includes some targeted support to workers who used to contribute to the SSC or are currently contributing to the voluntary scheme.

The GOJ has introduced an ambitious package of measures to protect poor and vulnerable households affected by the crisis. A Social Protection Response Committee (SPRC) has been set up headed by the Minister of Social Development, and includes the Director Generals of the National Aid Fund (NAF) and the SSC, as well as a representative from the private sector and three large local NGOs - Jordan Red Crescent, Tkiyet Um Ali (TUA), and Jordan Hashemite Charity Organization (JHCO). On March 26, 2020, the Committee announced a package of in-kind and cash support to 350,000 poor and vulnerable households affected by COVID-19. In-kind support, financed by the SSC and the charity NGOs, is being provided to about 189,000 households in the form of food baskets - worth between JOD 25-50.

The Government is launching a program² to provide cash support to poor and vulnerable households affected by COVID-19. NAF is already providing regular cash transfers (CTs) to 146,000 households: 45,000 households benefit from the Takaful cash transfer program (described below) and 101,000 benefit from NAF monthly cash transfer programs. The GOJ will add 10,000 new Takaful beneficiaries who were already planned for 2020. The Program will add to those efforts by providing: (i) temporary (six month) CTs to 200,000 additional vulnerable households; and (ii) temporary (six month) benefit top-ups for existing NAF beneficiaries whose benefits are below a certain threshold. The Program will cost approximately US\$277 million and will be largely financed by the proposed Project. The number of households benefiting from the Program will be about 293,000.

Temporary CTs builds on the delivery platform of the Takaful CT program. This platform was initially designed for the Takaful CT program, a modern CT program for the poor launched in May 2019 alongside Jordan's NSPS for 2019-2025. The plan is to first enroll the 'poorest' (according to the Takaful targeting methodology) 85,000 households not benefiting from NAF monthly cash transfer programs over the period 2019-2021³, and to subsequently recertify the beneficiaries of NAF monthly cash transfer programs (about 101,000) into Takaful.⁴ The Takaful platform introduced significant improvements in the systems to deliver CTs in Jordan, including: online registration, automatic data verification against administrative databases, selection of beneficiaries based on an improved targeting methodology, beneficiary enrollment sessions to support the opening of digital accounts, an automated enrollment module on the MIS, payments through basic bank accounts or e-wallets, and a robust grievance mechanism to document and track the status of all the cases in the MIS. These systems were further enhanced in 2020 based on the findings from the process evaluation of Takaful in 2019. The World Bank and other development partners have been supporting Takaful.⁵

² Referred to as "the Program" or the "Government Program" in this document.

³ Expansion plan: 25,000 households in 2019, 30,000 additional households in 2020, and 30,000 additional households in 2021.

⁴ Although Takaful specifically targets poor female-headed households (FHH), the percentage of FHH among Takaful beneficiaries (4 percent) is significantly lower than that for other NAF cash transfer programs (61 percent). This is because (i) these other programs target FHH regardless of poverty level; and (ii) many poor FHH are already supported by these other programs.

⁵ The World Food Program (WFP), the United Nations Children's Fund (UNICEF), the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), the UK Department for International Development (DFID) and the European Union (EU).



The Takaful platform is the basis for the future National Unified Registry (NUR), a single gateway for all Jordanians seeking social assistance. The Takaful platform was already used in 2019 to provide other complementary services to poor and vulnerable households in the Takaful database, including health insurance, electricity support benefits and transportation subsidies. The Takaful platform was also being used for the Bread Subsidy Compensation (BSC), which increased the number of households in the Takaful database to almost one million. Beneficiaries of the temporary cash transfer program will be selected from this database.

The proposed Project will also finance regular Takaful CTs. The GOJ committed to the expansion plan for Takaful and to providing an adequate budget to support it, including through the First and Second Equitable Growth and Job Creation Development Policy Financing (DPF) operations. However, due to fiscal pressures, the GOJ was only able to allocate 45 million JOD to Takaful in 2020, leaving a funding gap of 20 million JOD. Fiscal pressures deteriorated significantly with the outbreak of COVID-19 as spending needs increased and revenues plummeted. Given the exceptional circumstances and great relevance to the current context, the proposed Project will finance Takaful CTs in 2020 and 2021. The GOJ commits to providing adequate financing to Takaful going forward, as reflected in the indicative budget for Takaful in 2021 and 2022 included in the 2020 Budget Law.

Most existing NAF beneficiaries are working and largely derive their income from informal sources, making them most vulnerable to labor income shocks. About 81 percent of households benefiting from Takaful CTs have at least one working member, of which 64 percent derive all their labor income from informal sources and 36 percent from a combination of informal and formal sources. Although many beneficiaries of NAF monthly CT program are unable to work (because they are old or disabled), about two thirds of beneficiary households have at least one working member, and 62 percent of working people in NAF families are informal. Labor income accounts for 22 percent of the income of NAF families. Labor income and remittances (also reduced as a result of the crisis) account for almost one third of their income. Finally, NAF beneficiaries are also most vulnerable to increases in food prices.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The project development objective is to provide cash support to poor and vulnerable households affected by the COVID-19 pandemic in Jordan.

Key Results

The PDO will be measured by the achievement of the following PDO level indicator:

- Number of households receiving cash support (270,000); (disaggregated by number of individuals, and number of female-headed households).

D. Project Description

The proposed Project will support the 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 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 NAF beneficiaries. The overall Program will cost around US\$277 million. The proposed Project will finance around US\$245 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 (including the United States Agency for International Development (USAID), and the British Department for International Development (DFID) among others) through a Joint Financing Arrangement (JFA),⁶ 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 be financed by an IBRD loan (US\$350 million) with co-financing from a DFID grant for a total of approximately US\$23.16 million equivalent⁷ out of the Jordan Inclusive Growth and Economic Opportunities Multi-Donor Trust Fund (MDTF) (TF073270)⁸. The lending instrument for the Project will be an Investment Project Financing (IPF) with Performance Based Conditions (PBCs).

The project includes three components - (Component 1 - Cash support to poor and vulnerable households affected by COVID-19; Component 2 – Project Management, Monitoring and Evaluation); and Component 3 - Contingent Emergency Response (CERC) as follows:

Component 1: Cash support to poor and vulnerable households affected by COVID-19 (US\$370.8 million). This component will focus on providing CTs to about 270,000 poor and vulnerable households affected by COVID-19 and will include three subcomponents as follows:

Subcomponent 1.1: Temporary cash transfers to vulnerable households (estimated US\$214.8 million).

This subcomponent will finance temporary (six month) CTs to 190,000 vulnerable households currently not benefiting from NAF. Households will be selected from the Takaful database. This database includes up-to-date socio-economic data for about one million households that applied to Takaful and, more recently, to the Bread Subsidy Compensation (BSC). NAF will open the registration for the temporary CT program for ten days, allowing new households to register and households already registered in the Takaful database to update their information. The temporary CT program will be open to Jordanian families, households with Jordanian women married to non-Jordanian men and Gazan families. The Takaful MIS has the automated capability to update the administrative information on households and

⁶ The Joint Financing Arrangement (JFA) is a multilateral initiative led by USAID which serves as a coordinating framework among a group of donors and the GOJ, through MOPIC and NAF, for common procedures. It aims to support the government to expand and improve the poverty-targeted social assistance programs operated by NAF and strengthen its ability to respond to emergencies, including the COVID-19 crisis.

⁷ Amount liable to vary based on GBP sterling/US\$ exchange rates.

⁸ The objective of the Jordan Inclusive Growth and Economic Opportunities MDTF is to support the implementation of Jordan's five-year reform agenda through the provision of analytics, technical assistance, operational and coordination support.



individual members, including data on formal working status and wages as well as other formal income (e.g. pensions) and assets, which are obtained automatically from the SSC and other public institutions.

Subcomponent 1.2: Regular Takaful CTs (estimated US\$128 million). This subcomponent will finance regular Takaful CTs for all 55,000 beneficiaries in 2020 and 25,000 out of 85,000 beneficiaries in 2021. NAF has already enrolled and made the first quarter payment to 45,000 households. NAF will add 10,000 new households to Takaful in 2020. The regular Takaful CTs for all 55,000 households in 2020 will be fully financed by the Project. As part of the Takaful expansion plan, NAF will add another 30,000 families to Takaful in 2021 for a total of 85,000 beneficiaries. The Project will finance CTs for 25,000 of those families in 2021.

Disbursements under this subcomponent will be linked to PBCs related to: (i) the enrollment and payment of Takaful beneficiaries in 2020 and 2021; (ii) improvements in Takaful: targeting methodology and recertification of beneficiaries; and (iii) 'migration' of beneficiaries of NAF monthly cash transfer programs into Takaful: digitization of payments and recertification of beneficiaries using Takaful's targeting methodology.

Subcomponent 1.3: Temporary benefit top-up for NAF beneficiaries (US\$28 million). The project will finance a temporary (six month) benefit top-up for households receiving Takaful in 2020. The benefit level will be set at JOD 136 per month for households with three or more members (in line with the benefit cap for Takaful families), and JOD 70 for households with two members. The project will finance the difference between the regular benefit that the household receives, and the set benefit. Thus, only households whose regular benefit is below the set benefit will receive a top up. Applying this rule, almost all 55,000 Takaful families will receive a top up.

Component 2: Project Management, Monitoring and Evaluation (estimated US\$2.36 million). This component will support NAF with the management, monitoring and evaluation (M&E) of project activities. It will finance a fully staffed and equipped Project Management Unit (PMU) which will be housed in NAF. The PMU will be responsible for all fiduciary aspects of the project, the daily management of project activities, M&E of project interventions against results indicators, as well as internal coordination within NAF. This component will also finance the costs of: (a) staffing; (b) data collection, 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 NUR and the Management Information System (MIS) of NAF; (d) monitoring of the Project's key performance indicators and periodical evaluation; (e) communication and outreach; (f) digitization of payments; (g) recertification of NAF monthly CT beneficiaries; (g) Grievance Redress Mechanism (GRM); (h) training of NAF staff; and (i) overall Project Operating Costs including audits, independent verification of the CTs, and monitoring and compliance with the Project's Environmental and Social Commitment Plan (ESCP).

Component 3: Contingent Emergency Response Component (CERC) (US\$0 million).

In the event of an eligible crisis or emergency, the project will contribute to providing immediate and effective response to COVID-19 crisis or emergency. This component would draw from uncommitted



funds under the project from other components to cover the emergency response. To facilitate a rapid response, in case the CERC is activated, the restructuring of the project is deferred to within three months after the CERC is activated.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

Environmental. The environmental risk of this project is ‘low’ as the interventions under the project will provide cash support to poor and vulnerable households affected by the COVID-19 crisis. The project will neither procure materials or equipment, nor support rehabilitation or construction activities or civil works, and therefore, will not result in any negative, direct or indirect environmental impacts.

Social. The Project will finance a large portion of the Government's program of CTs and relief to about 293,000 households among the poorest and most vulnerable Jordanian households, who have been affected by the COVID-19 pandemic (the proposed project will support about 270, 000 of those households). Social risks are considered to be substantial given the context of large-scale socio-economic impacts of the COVID-19 pandemic, and the potential exclusion of vulnerable and disadvantaged groups or individuals that are inherent in cash transfer projects. Under the project, the targeted beneficiaries include the working poor, relatively poor, informal workers and female headed households. New beneficiary households will be selected from various existing governmental assistance programs’ data bases; after applying a selection criterion that targets poor households that are most vulnerable to the COVID-19 crisis. In addition, the GOJ will allow any informal worker who does not have a record in the governmental assistance program’s database to submit an application for support. In addition, NAF will target 55,000 of its existing beneficiaries; through benefit top-ups to mitigate the impact of COVID-19 on these households.

The project could potentially create social tension between project beneficiaries and non-project beneficiaries within the same community if the targeting mechanism is not transparent enough. There are additional risks that beneficiaries (such as the disabled, population with low human capital or illiterate, or with limited digital literacy) may face challenges in accessing project benefits. The Project specifically addresses such concerns through stakeholder engagement processes. Other social risks include: (i) Occupational and Community Health and Safety risks for project workers and beneficiaries potentially exposed to the contagion through project operations and processes including cash-out; and (ii) potential risks of gender-based violence as part of the broader context of inter-partner violence in Jordan.

There are a number of mitigants to social risks incorporated into the project design namely: the short duration of the cash support (six months); the client’s capacity and experience in managing similar programs; the use



of existing national systems and databases that will be further updated before the temporary cash transfer; existing payment delivery mechanisms (including e-wallets and digital payments that minimize the need for human interactions); an existing database; and the use of NAF's existing GRMs. A Rapid Social Assessment will also be carried out by project effectiveness to further evaluate national systems and design appropriate mitigation measures and plans. This will continue being updated throughout project implementation given the dynamic nature of the crisis utilizing the high frequency phone survey under Component 2.

E. Implementation

Institutional and Implementation Arrangements

The National Aid Fund (NAF) is the implementing agency for this project. NAF is Jordan's lead agency for CTs to the poor. NAF will be responsible for the implementation of the key functions of the cash support provided through the Project, including data verification, selection of beneficiaries, enrollment, payment, M&E and GRM. NAF will utilize its established systems and tools to implement the project. These systems are fully automated which will enable NAF to expand support to more temporary CT beneficiaries through the online registration and enrollment platform. NAF branch offices at the governorate and districts levels will monitor and facilitate the delivery of CTs to the beneficiaries.

NAF will leverage the systems that were built for the Takaful program with support from the WB, UNICEF, WFP and other partners. The online registration platform of Takaful (reg.takmeely.jo) opened in mid-April 2020 for 10 days to receive applications from those who did not previously register for Takaful or the Bread Subsidy Compensation program. NAF adapted Takaful's targeting mechanism to select beneficiaries of emergency CTs. The instructions for the emergency CT, including the beneficiary selection criteria, were approved by GOJ prior to opening registration. NAF will notify eligible beneficiaries through interactive communication methods which include SMSs and phone calls. Two-way SMS will be used to provide guidance on enrollment and accounts opening. Complaints and grievances will be received through multiple channels, including the official complaints platform of the GOJ, the National Call Center, and NAF's online complaints and grievances form. All cases will be referred to NAF, documented through the MIS, and resolved through NAF staff and the PMU. The announcement of the program was accompanied by a wide range of communication and outreach activities through popular TV programs, social media, and statements by government officials at different levels. About 150,000 households were identified and were paid as of May 10, 2020. The Project will also support NAF by financing the development of a communication and outreach framework to ensure an adequate level of national awareness about the project's objective, target population and timeframe.

Payments to beneficiaries without an existing digital account will be made through e-wallets. This will allow adherence to COVID-19 safety protocols, expedite delivery of transfers, minimize chances of bounced transactions and increase financial inclusion. E-wallet accounts with all existing PSPs will be allowed. To open accounts, beneficiaries will use the online application available for all PSPs. The project will facilitate opening of e-wallets on behalf of beneficiaries who do not own a smartphone, have limited internet connectivity, or lack technical or overall literacy; in line with the Central Bank of Jordan's (CBJ) authorization to NAF. This support will be provided through a third-party call center that will act as a facilitator for account opening.



Beneficiaries with existing e-wallets will be able to use their accounts based on verification with the database of Jordan Payments and Clearing Company (JoPACC). The Project will also support the provision of communication materials to educate beneficiaries on account opening and use of e-wallets for everyday transactions and “people to government” (P2G) payments such as utility bills. Beneficiaries will also be provided with information relevant for the selection of PSP to open an e-wallet. CBJ has supported interoperability between PSPs, allowing beneficiaries to cash-out their payment through any agent of any PSP. To minimize bounced transactions prior to payments, NAF will verify validity of self-reported e-wallet information with PSPs. The call center contracted to facilitate account opening will also support reconciliation of any errors.

A project management unit (PMU) will be established in NAF. The PMU will be responsible for all aspects of project execution including fiduciary, daily management of project activities to ensure they are implemented in accordance with project document and ensure compliance with the legal documents, M&E of project interventions against PDO-level and intermediate level indicators, and overall internal coordination within NAF. The PMU will submit regular project progress reports to the Bank and will support NAF management to liaise with other international partners supporting the Program. The disbursement procedures of the Bank for IPFs will be applied. The PMU will be headed by a Project Manager who will report to the Director General of NAF, and will consist of a technical coordinator, five technical officers, and an IT team. PMU staff will either be selected from among NAF staff or be recruited following a competitive selection process. The project will cover the salaries of non-civil service staff only.

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APPROVAL

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