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**The World Bank**

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Report No: PAD4727

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT PAPER

ON A

PROPOSED SECOND ADDITIONAL LOAN

IN THE AMOUNT OF US\$ 350 MILLION

TO THE

HASHEMITE KINGDOM OF JORDAN

FOR A

JORDAN EMERGENCY CASH TRANSFER COVID-19 RESPONSE PROJECT

February 23, 2022

Social Protection and Jobs Global Practice  
Middle East and North Africa Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective January 31, 2022)

Currency Unit = Jordanian Dinar (JOD)

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JOD 1= US\$1.41

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## FISCAL YEAR

January 1 - December 31

Regional Vice President: Ferid Belhaj

Country Director: Saroj Kumar Jha

Regional Director: Keiko Miwa

Practice Manager: Anush Bezhanyan

Task Team Leader(s): Khalid Ahmed Ali Moheyddeen, Cristobal Ridao-Cano

## ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AF2	Second Additional Financing
COVID-19	Novel coronavirus SARS-CoV2
CERC	Contingent Emergency Response Component
CT	Cash Transfer
EEP	Economic Empowerment Program
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESS	Environmental and Social Standards
FHH	Female-headed households
FM	Financial Management
GDP	Gross Domestic Product
GOJ	Government of Jordan
GBV	Gender-Based Violence
GM	Grievance Mechanism
GRM	Grievance Mechanism
HFSJ	High Frequency Survey of Jordan
HH	Households
IBRD	International Bank for Reconstruction and Development
ILO	International Labor Organization
IPF	Investment Project Financing
ISR	Implementation Status and Results Report
JOD	Jordanian Dinar
LMP	Labor Management Procedure
MDTF	Multi-Donor Trust Fund
MENA	Middle East and North Africa Region
MHH	Male-headed households
MIS	Management Information System
MOL	Ministry of Labor
MOPIC	Ministry of Planning and International Cooperation
MOU	Memorandum of Understanding
M&E	Monitoring and Evaluation
NAF	National Aid Fund
NEP	National Employment Program
NUR	National Unified Registry
PBC	Performance-Based Conditions
PDO	Project Development Objective
PMU	Project Management Unit
POM	Project Operations Manual
Q2	Second Quarter
Q4	Fourth Quarter

RSA	Rapid Social Assessment
SEP	Stakeholder Engagement Plan
SSC	Social Security Corporation
UNICEF	United Nations Children's Fund
VA	Verification Agent
WBG	World Bank Group
WFP	World Food Program

Jordan

Jordan Emergency Cash Transfer COVID-19 Response Second Additional Financing

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**BASIC INFORMATION – PARENT (Jordan Emergency Cash Transfer COVID-19 Response Project - P173974)**

Country	Product Line	Team Leader(s)		
Jordan	IBRD/IDA	Khalid Ahmed Ali Moheydeen		
Project ID	Financing Instrument	Resp CC	Req CC	Practice Area (Lead)
P173974	Investment Project Financing	HMNSP (9344)	MNC02 (399)	Social Protection & Jobs

Implementing Agency: National Aid Fund (NAF), Ministry of Planning and International Cooperation

Is this a regionally tagged project?	
No	

Bank/IFC Collaboration
No

Approval Date	Closing Date	Expected Guarantee Expiration Date	Environmental and Social Risk Classification
25-Jun-2020	31-Dec-2023		Substantial

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach [MPA]	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input checked="" type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)

**Development Objective(s)**

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

**Ratings (from Parent ISR)**

	Implementation			Latest ISR
	20-Oct-2020	26-Apr-2021	04-Jun-2021	08-Dec-2021
Progress towards achievement of PDO	S	MS	MS	MS
Overall Implementation Progress (IP)	S	MS	MS	MS
Overall ESS Performance	S	MS	MS	MS
Overall Risk	S	S	S	S
Financial Management	S	S	S	MS
Project Management	S	MS	MS	MS
Procurement	S	S	S	MS
Monitoring and Evaluation	S	S	S	S

**BASIC INFORMATION – ADDITIONAL FINANCING (Jordan Emergency Cash Transfer COVID-19 Response Second Additional Financing - P177815)**

Project ID P177815	Project Name Jordan Emergency Cash Transfer COVID-19 Response Second Additional Financing	Additional Financing Type Restructuring, Scale Up	Urgent Need or Capacity Constraints No
Financing instrument Investment Project	Product line IBRD/IDA	Approval Date 17-Mar-2022	


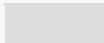



Financing		
Projected Date of Full Disbursement	Bank/IFC Collaboration	
31-Dec-2024	No	
Is this a regionally tagged project?		
No		

**Financing & Implementation Modalities**

<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input checked="" type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)
<input type="checkbox"/> Contingent Emergency Response Component (CERC)	

**Disbursement Summary (from Parent ISR)**

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD	640.00	308.20	331.80	 48 %
IDA				 %
Grants	24.17	24.17		 100 %

**PROJECT FINANCING DATA – ADDITIONAL FINANCING (Jordan Emergency Cash Transfer COVID-19 Response Second Additional Financing - P177815)**

**FINANCING DATA (US\$, Millions)**

**SUMMARY (Total Financing)**

	Current Financing	Proposed Additional Financing	Total Proposed Financing
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<b>Total Project Cost</b>	664.17	350.00	1,014.17
<b>Total Financing</b>	664.17	350.00	1,014.17
<b>of which IBRD/IDA</b>	640.00	350.00	990.00
<b>Financing Gap</b>	0.00	0.00	0.00

**DETAILS - Additional Financing**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	350.00
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**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any other Policy waiver(s)?

Yes  No



**Environmental and Social Standards Relevance Given its Context at the Time of Appraisal**

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

**NOTE:** For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Social Protection & Jobs

**Contributing Practice Areas**

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks



**PROJECT TEAM**

**Bank Staff**

Name	Role	Specialization	Unit
Khalid Ahmed Ali Moheyddeen	Team Leader (ADM Responsible)		HMNSP
Cristobal Ridao-Cano	Team Leader		HMNSP
Samera Esmail Mohammed Al-Harethi	Procurement Specialist (ADM Responsible)	Procurement Specialist	EMNRU
Lina Fares	Procurement Specialist		EMNRU
Mohammad Ali Mousa Jaber	Financial Management Specialist (ADM Responsible)		EMNGU
Jad Raji Mazahreh	Financial Management Specialist	Sr Financial Management Specialist	EMNGU
Amer Abdulwahab Ali Al-Ghorbany	Environmental Specialist (ADM Responsible)	Environmental Specialist	SMNEN
Deborah Beth Berger	Social Specialist (ADM Responsible)	Senior Social Development Specialist	SMNSO
Anastasiya Denisova	Team Member	Payment Specialist	HMNSP
Carole Chartouni	Team Member	Labor Economist	HMNSP
Chaogang Wang	Team Member		SMNSO
Daria Goldstein	Team Member		LEGLE
Emeran Serge M. Menang Evouna	Team Member		SMNEN
Fahmina Rahman	Team Member		HMNSP
Laura Kiku Rodriguez Takeuchi	Team Member	Economist	EMNPV
Maiada Mahmoud Abdel Fattah Kassem	Team Member	Finance and Disbursement	WFACS
Marie Agnes Ndour Huchard	Team Member		HMNSP
Maya El-Azzazi	Team Member	Operations Analyst	HMNSP
Rada Nawwaf Nafe Naji	Team Member	SP Consultant	HMNSP
Zeyad Abu-Hassanein	Team Member	Sr. Environmental Specialist	SMNEN

**Extended Team**

Name	Title	Organization	Location
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## I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

1. Although Jordan experienced a sharp increase in the novel coronavirus SARS-CoV2 (COVID-19) cases during the last quarter of 2020, it managed to keep cumulative infections and deaths low until the end of August 2020, as the Government of Jordan (GOJ) took decisive actions to contain and mitigate the impact of the outbreak. As the situation improved, the GOJ began to lift restrictions on economic sectors. In October 2020, the country saw a second wave of infections, which increased daily infections and deaths exponentially, and some mobility restrictions were reintroduced in response. Towards the end of January 2021, Jordan again experienced a third wave of COVID-19 cases. The number of new cases peaked in March 2021, and as of January 20, 2022, 1,123,686 confirmed cases of COVID-19 and 13,043 deaths have been registered. The GOJ started its vaccination program in January 2021, and as of January 20, 2022, 8.27 million doses have been administered, with 3.93 million people fully vaccinated (about 38.6 percent of the population).

2. **Jordan's economy appears to be slowly recovering from the COVID-19 crisis.** The COVID-19 pandemic took a toll on the country's small and open economy with strong linkages with the rest of the world: Jordan's real gross domestic product (GDP) contracted by 1.6 percent in 2020. The COVID-19 pandemic added pressure on Jordan's finances, as domestic revenues declined sharply due to economic contraction. As a result, the central government's fiscal deficit (including grants) increased from 4.9 percent of GDP in 2019 to 7.3 percent in 2020. Jordan's real GDP has rebounded during the first two quarters of 2021, growing at 3.2 percent year-on-year in the second quarter (Q2). The World Bank projects a GDP growth of 2.2 percent for 2021, which would take the economy back to its pre-COVID-19 level.

3. **The contraction of economic activity negatively affected household living conditions through the labor market, which is yet to start recovering.** After the pandemic-induced jump in Q2-2020, the unemployment rate continued to increase, and in Q4-2020, reached 24.7 percent, 5.7 percentage points higher than in Q4-2019. Women and youth, who already have structurally higher unemployment rates, were hit the hardest by the crisis. Female unemployment, which had been declining from 27.6 percent in Q4-2017 to 24.1 percent in Q4-2019, rose to 33.1 percent in Q2-2021. This was a much higher increase than for men, where it increased from 17.7 percent in Q4-2019 to 22.7 percent in Q2-2021. High female unemployment is compounded by one of the lowest female labor force participation rates in the world (14 percent). Youth unemployment also jumped sharply from 40.6 percent in 2019 to an unprecedented 50 percent in Q2-2021. Despite the economic rebound in the first two quarters of 2021, the unemployment rate remains at 24.8 percent.

4. **Households relying on informal work have been most affected by the COVID-19 crisis, pushing many of them into poverty.** Informal workers, who accounted for more than half of the workforce pre-COVID-19, have been more impacted than formal sector workers, particularly during the initial lockdown. This is because informal workers were more concentrated in sectors that were more affected by the pandemic (e.g., service industry) and were not protected by Defense Order No.6, which prevented private companies from laying off formal sector workers and limited wage cuts to a maximum of 50 percent. Data collected through the pandemic shows that informal workers were indeed most affected compared to other types of workers, both through layoffs and reduced pay (Table 1).



Since informal workers<sup>1</sup> were disproportionately concentrated in near-poor households before the pandemic—, the pandemic pushed many of these households into poverty. Initial Bank estimates suggest that poverty could have increased by up to 11 percentage points during the initial lockdown in the absence of any mitigating measures.

5. **Women in poor and near-poor households are particularly vulnerable.** While the poverty rate among female-headed households (FHH) is lower than male-headed households (MHH) at 12.4 percent and 16.1 percent, respectively, FHHs are more likely to have fewer resources and assets, making them highly vulnerable. Additionally, poor, and vulnerable households may be resorting to negative coping strategies, such as reducing female food consumption to feed other members, or women taking on precarious jobs to acquire food as a result of limited access to assets and markets, and fewer pathways out of the crisis compared to their male counterparts. Domestic violence is also likely to be more widespread among vulnerable households, given increased stress and anxiety levels due to the pandemic. Providing additional resources to households in need would reduce levels of Intimate Partner Violence by decreasing household poverty and poverty-related stress and reducing intra-household conflict.

**Table 1: Labor market impacts of COVID-19 by employment type in March 2020**  
(Percentage of those employed pre-COVID reporting impacts in the previous 60 days)

By pre-COVID employment status	Temporary layoff/ suspension (without pay)	Permanent layoff/ suspension	Reduced hours	Reduced pay	Pay delay
Permanent formal private sector	5.7	15.1	14.1	10.9	15.8
Non-permanent formal private sector	14.1	20.6	20.4	18.5	28.6
Private sector informal	18.9	19.3	21.0	23.6	23.3
Public sector	3.2	2.3	18.6	4.7	4.4
<b>Total</b>	<b>8.8</b>	<b>10.9</b>	<b>18.3</b>	<b>12.2</b>	<b>13.4</b>

Source: COVID-19 MENA Monitor Household Survey (CMMHH) for Jordan, 2021, as reported in “Understanding and Predicting Job Losses due to COVID-19: Empirical Evidence from Middle Income Countries”, by Maho Hatayama, Yiruo Li, Theresa Osborne, World Bank, October 2021.

6. **Formal private sector workers have also experienced layoffs and wage cuts.** Defense Orders No.6 and No.1 prevented private firms from laying off formal sector workers. However, many workers experienced significant wage cuts as their companies struggled with reduced activity, while others stopped receiving payment altogether as their companies’ ceased operations.<sup>2</sup> Shortly after Defense Order No.6 was issued, around 3,700 firms applied to the Ministry of Labor (MOL) to reduce their workers’ wages by 50 percent, affecting over 100,000 workers. A United Nations Development Programme (UNDP) and International Labor Organization (ILO) survey of 1,190 enterprises conducted in mid-2020 indicated that half the enterprises could only pay wages for at most, one month.<sup>3</sup> The COVID-

<sup>1</sup> Informal workers account for about half of the workers among the poorest 20 percent.

<sup>2</sup> Employers who are unable to pay wages may request to suspend work in their establishments and stop paying wages. Requests to suspend work are submitted to a joint committee formed by each of the Ministers of Industry, Trade, Supply, and Labor. All financial and contractual obligations of the business owner remain in effect during the suspension period, excluding employees’ wages.

<sup>3</sup> Tewodros Aragie Kebede, Svein Erik Stave, Maha Kattaa, and Michaela Prokop. June 2020. “Impact of the COVID-19 pandemic on enterprises in Jordan”, ILO-UNDP.



19 Follow Up World Bank Enterprise Survey of 564 registered firms in Jordan conducted in July-August 2020, showed a 16.8 percent rate of permanent jobs loss, and 5.1 percent of firms permanently closing since the onset of the COVID-19 pandemic. The same sample of firms experienced equally poor conditions by December 2020-January 2021, with an accumulated 23.3 percent rate of permanent job losses and 14.6 percent of firms permanently closing since the beginning of the pandemic. In terms of female employment, by December 2020-January 2021, the share of females among permanent full-time workers had fallen by 7.8 percent.<sup>4</sup>

**7. Women-owned businesses have been particularly struggling.** Female entrepreneurship is limited in Jordan, with only eight percent of firms having majority female ownership (Enterprise Survey 2019). The pandemic has added to the challenges female entrepreneurs already face. The UNDP-ILO survey shows that many women-owned enterprises, the majority of which are home-based, did not have savings or cash reserves to continue business beyond one month. A majority (63 percent) of the 150 businesses surveyed indicated that they could only pay salaries for less than a month and 24 percent for one-three months. Several respondents noted that the relatively young age of the enterprises (average of businesses surveyed is under four years) and lack of business experience to deal with periods of uncertainty compound this situation.

**8. The impacts of the COVID-19 outbreak are compounded by Jordan's high vulnerability to climate change, which will increase going forward.** It is therefore critical to increase Jordan's resilience to climate change to mitigate health, economic, and social impacts. Over 80 percent of the country is unpopulated due to desert conditions, where annual precipitation is under 50 millimeters. Aridity and water scarcity render Jordan environmentally sensitive to climate change. Climate-related hazards in Jordan include droughts, extreme temperatures, and flash floods. These hazards are becoming more intense and frequent due to climate change, posing serious constraints on development. Poor and vulnerable households, particularly those with children, youth, and women, are highly vulnerable to climate-related shocks, as they tend to live in low-quality housing in more exposed areas, are more vulnerable to changes in food and water prices caused by climate-related shocks, are economically dependent, and have limited access to safety nets. This leads to several add-on vulnerabilities, including a potential lack of access to food, healthcare, and education. Children, youth, and women (particularly pregnant and lactating women) are vulnerable to inadequate access to food resulting from climate-related crises. Inadequate access to healthcare can exacerbate health conditions, especially chronic ones, which could prove critical for future crises. In contrast, lack of access to education results in reduced future economic opportunities and economic resilience.

**9. In response to the COVID-19 pandemic, the GOJ has been providing cash support to households of informal workers that became poor as a result of the pandemic.** The GOJ launched Takaful-2 during the first half of 2020, providing three months of emergency cash transfers (CTs) to 237,000 households relying on informal income, and who had become poor as a result of the COVID-19 pandemic. In December 2020, the GOJ launched Takaful-3, providing emergency CTs to 160,000 households over 12 months. Additionally, the GOJ also supported 155,000 households in 2020 and 186,000 households in 2021 through the regular CT programs implemented by the National Aid Fund (NAF): 101,000 from the monthly CT program, and the rest from Takaful-1, a new regular CT program introduced in 2019 (54,000 and 85,000 beneficiaries in 2020 and 2021, respectively).

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<sup>4</sup> <https://www.enterprisesurveys.org/>



10. **The GOJ has also introduced various programs and initiatives to support (mostly) formal workers.** The Social Security Corporation (SSC) introduced temporary wage subsidies in the Spring of 2020, financed by unemployment insurance funds for workers who had been put on temporary leave by firms that had partially or entirely discontinued operations. Altogether, about 121,000 workers benefited from various schemes. In addition, 136,000 self-employed workers who were registered with the SSC and experienced reduced income were able to withdraw a limited amount from their retirement benefits. In response to the deteriorating situation, a new program, “Istidama”, was launched in December 2020, providing wage subsidies over a period of 13 months to 110,000 formal workers in firms severely affected by the pandemic, and thus at risk of shutting down and laying off workers.

11. **The Emergency Cash Transfer COVID-19 Response Project has been supporting CTs to poor households (Takaful-1, 2 and 3) and wage subsidies to workers in firms most affected by the pandemic (Istidama).** The parent project and additional financing (AF) became effective on November 11, 2020, and August 6, 2021, respectively. Component 1 of the project supports CTs to poor and vulnerable households affected by COVID-19 through: (i) subcomponent 1.1: temporary CTs to over 230,000 households for three months under Takaful-2 in 2020, and 160,000 households under Takaful-3 in 2021; and (ii) subcomponent 2.2: Takaful-1, providing regular CTs to 55,000 and 85,000 households in 2020 and 2021, respectively. Component 2 has been financing costs associated with project management, monitoring and evaluation (M&E) activities, including a fully staffed and equipped Project Management Unit (PMU) housed at NAF and the Ministry of Planning and International Cooperation (MOPIC) to oversee the implementation of all activities under the project. Component 4, added with the approval of the AF, has been providing financial support to Istidama.

12. **Jordan has also mobilized grant financing from other donors to support Takaful-2 and 3.** In 2020, the GOJ mobilized around US\$103 million in grant financing through a national charity account (Himmat Watan) to support Takaful-2. In 2021, a Joint Financing Account was established by the United States Agency for International Development, with additional contributions from Germany, Spain, Switzerland, Canada, and the United Kingdom, to support Takaful-3. These efforts were coordinated with and facilitated by the World Bank. Going forward, the Bank will continue to support the GOJ in mobilizing additional resources to support Takaful-1 and other social programs.

13. **Parallel efforts were made to increase support to refugees in response to COVID-19.** Prior to the COVID-19 outbreak, the United Nations High Commissioner for Refugees, the World Food Programme (WFP), and the United Nations Children’s Fund (UNICEF) were jointly supporting around 500,000 refugees out of a total 655,000 registered refugees in Jordan. In response to COVID-19, the UN agencies established a taskforce to extend benefits to additional refugees and to top up benefits of existing beneficiaries with lower benefits. About 73,000 refugee families have been supported by the COVID-19 emergency cash assistance scheme.<sup>5</sup> UNICEF supported 30,000 children with CTs in 2020 and 2021, while WFP supported 548,000 refugees through its E-card for purchase of food items program.<sup>6</sup> Humanitarian CT programs are increasingly becoming more harmonized with Takaful, as Takaful

<sup>5</sup> ISWG Refugee Response Coordination Coronavirus Update, August 2021.

<sup>6</sup> Refugees can use an E-card system (master card by Jordan Ahli Bank) to withdraw cash from any ATM in the country or they can go to 200 stores registered with WFP to purchase food only ("Choice").



has been adapting some systems from humanitarian aid programs and vice versa. This is the result of the close coordination between the Bank, UN agencies and other development partners. UNICEF and WFP have also been providing implementation support to Takaful-1, 2 and 3. One important aspect of the enhanced support to refugees in response to COVID-19 has been the easing of digital payments to refugees by the Central Bank of Jordan.

**14. Implementation status of the parent project.** The project is progressively moving toward meeting its key development objectives. The number of households receiving cash support through the project has exceeded the targets under Components 1 and 4. The number of CT beneficiaries reached a total of 352,192 households exceeding the target of 247,000 under Component 1, while the number of workers benefiting from wage subsidies under Component 4 has reached 109,327 against a target of 100,000. Similarly, the project has achieved key results against intermediate results indicators, including

- a. Under Component 1: the total number of beneficiaries receiving temporary CTs under Takaful-2 and Takaful-3 has reached 262,653 which exceeds the end target of 132,000; and the Takaful-1 regular CT program has exceeded its target of 85,000 households by 2021 by reaching 89,084 households.
- b. Under Component 2: the number of new participating institutions connected to the National Unified Registry (NUR)<sup>7</sup> is 23 against a target of 20; and the percentage of beneficiary households receiving payments digitally has reached 81.4 percent against a target of 100 percent.
- c. Under Component 4: the number of firms supported by the Istadama program has reached 7,547 companies as of December 2021. The sector that benefited the most under Istadama was the education sector, at 28 percent, followed by the hospitality and tourism sector at 19 percent and the trade industry at 17 percent.

15. Disbursements stand at US\$269.25 million out of the parent project loan amount of US\$350 million (76.9 percent), US\$38.95 million out of the Additional Financing loan amount of US\$290 million (13.34 percent), and US\$24.17 million out of the total grant amount of US\$24.17 million (100 percent) bringing the total disbursement percentage to 50.04 percent.

16. The project has also achieved its performance based conditions (PBCs), including the decision, on December 31, 2020, by NAF's Board of Directors to discontinue any new enrollment in the NAF regular monthly CT program, as well as the PBC related to reaching the targeted number of beneficiaries enrolled and paid in 2020 (and is on track to also do so in 2021) (Table 2). In July 2021, the Government developed and adopted a plan for the recertification of Takaful-1. The implementation of this plan started on December 1, 2021, with the opening registration for Takaful-1 to all current beneficiaries as well as to new beneficiaries.

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<sup>7</sup> The National Unified Registry (NUR) is a back-end data integrator, hosted at the Ministry of Digital Economy and Entrepreneurship and connected to more than 20 governmental agencies that administer data of Jordanian population. NUR is currently used for the Takaful program targeting and is envisioned to become the single gateway for those seeking social protection services in Jordan.





**Table 2: Implementation Progress of the Performance Based Conditions (PBCs) under Subcomponent 1.2**

PBCs	Allocation (US\$ million)	Amount released to date	Progress made
<b>PBC 1: Takaful-1 beneficiaries enrolled and paid</b>	<b>192.00</b>	<b>72.00</b>	
PBC 1.1: 44,000 eligible households are enrolled in Takaful-1 Cash Transfer Program and paid in 2020	32.00	32.00	Achieved. Number of beneficiaries in 2020 has reached 49,099 households
PBC 1.2: 85,000 eligible households are enrolled in Takaful-1 Cash Transfer Program and paid in 2021	80.00	57.50	Partially achieved. Number of beneficiaries households in Q1, Q2 and Q3 of 2021 has reached 94,836, 88,396, and 82,211 respectively.
PBC 1.3: 85,000 eligible households are enrolled in Takaful-1 CT Program and paid in 2022. <u>AF1</u>	80.00	0.00	
<b>PBC 2: Improvements in Takaful-1</b>	<b>99.275</b>	<b>20.00</b>	
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	10.00	0.00	Targeting evaluation in progress.
PBC 2.2: NAF implements the revised Takaful-1 targeting methodology. <u>AF1</u>	50.00	0.00	The revised targeting of Takaful-1 will be implemented starting 2022.
PBC 2.3: NAF develops and adopts a plan for the recertification of Takaful beneficiaries	20.00	20.00	Achieved
PBC 2.4: NAF implements the recertification of Takaful-1 beneficiaries. <u>AF1</u>	19.275	0.00	Implementation of the recertification plans started in December 2021 with the opening of Takaful-1 registration.
<b>PBC 3: Migration of beneficiaries into Takaful-1 Cash Transfer Program</b>	<b>96.33</b>	<b>16.33</b>	
PBC 3.1: NAF digitizes payments to beneficiaries under regular monthly cash transfer program ( <i>incremental</i> )	10.00	5.00	Partially Achieved. Number of beneficiaries who are paid digitally has reached 17,765 against the target of 28,000
PBC 3.2: NAF Board of Directors issues a decision to discontinue new enrollment into the regular monthly cash transfer program.	11.33	11.3	Achieved
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) <sup>8</sup> . <u>AF1</u>	75.00	00.00	Implementation of the migration is planned to start in 2022.
	<b>387.605</b>	<b>108.33</b>	

<sup>8</sup> The percentage is calculated over a baseline which is the number of beneficiaries who are qualifying to Takaful-1 Cash Transfer Program. This baseline will be adjusted quarterly to take into account beneficiaries who exited the program.



17. **Takaful-1 is the most redistributive and cost-effective fiscal intervention in Jordan and has set the foundation for a quick and effective response to COVID-19.** The Takaful-1 CT program was launched in 2019, and expanded from covering 25,000 households in 2019, to 85,000 households in 2021. Relative to the old NAF cash CT program, Takaful-1 introduced an improved targeting methodology to identify poor households, provide digital payments to beneficiaries, and a state-of-the-art delivery platform, which allowed Jordan to respond quickly and effectively to COVID-19 (Takaful-2 and 3). World Bank analysis indicates that Takaful is estimated to reduce inequality by 0.7 percentage points and poverty by 1.4 percentage points.<sup>9</sup> In addition, if all the slots given by the NAF CT are to be given according to the Takaful formula, inequality and poverty could be reduced by an additional 0.4 percentage points respectively at no additional cost.

18. **Takaful CTs and Istitidama have helped mitigate some the detrimental effects of COVID-19.** World Bank estimates suggest Takaful-1 and 2 could have mitigated over a third of the initial poverty increase during the lockdown. A high-frequency survey conducted by the World Bank and UNICEF in March 2021, indicates that Takaful-2 targeted households that suffered the largest job losses during the pandemic (a 26-percentage point drop in the employment rate among heads of Takaful-2 households, 20 percentage points for Takaful-1 beneficiaries, and 18 percentage points for the population in general). The same survey also showed significant reduction in the use of detrimental coping strategies among Takaful-1 and 2 families: purchasing food on credit or borrowing money, cutting expenses on health and education, selling assets, and sending household members to eat elsewhere. Further, Bank estimates suggest wage subsidies implemented during the pandemic managed to reduce job losses (Hatayama et al. 2021).

19. **The GOJ is extending Istitidama for six months as well as expanding and further reforming CTs, which will be supported by the proposed second additional financing (AF2).** As many firms are still struggling to pay wages, the GOJ has decided to extend Istitidama for another six months (until June 2022). This extension will cost 30 million Jordanian Dinars (JOD) (US\$42 million equivalent), of which US\$28 million would be financed by the proposed AF2. The program will continue the shift towards supporting recovery. In August 2021, the Government revised categories and corresponding wage subsidy amounts under the Istitidama program to account for the economic recovery of some sectors, including a category Ta'afi ('Recovery'), where the program subsidizes wages for firms that are recovering from the crisis. In January 2022, the government discontinued the 'Ta'afi' category, and introduced flexibility to the Istitidama program, allowing firms to apply for support on a monthly basis depending on their financial status during that period. As the emergency is improving, the GOJ is discontinuing emergency programs in 2022, but reaffirming its commitment to expanding, further reforming and consolidating CTs around Takaful-1. In particular, the GOJ is increasing the budget of Takaful-1 by JOD 40 million (US\$56 million equivalent) to expand its coverage from 85,000 to 120,000 households. An improved targeting methodology will be used to select Takaful-1 beneficiaries in 2022. The same methodology will be used to select beneficiaries of the NAF monthly CT program that will be migrated to Takaful-1 in 2022, thus initiating the consolidation process of all NAF CT programs around Takaful-1 that will culminate with the full phase-out of the NAF monthly CT program in a few years.

<sup>9</sup> Rodriguez, L. and Wai-Poi, M. (2021). *Fiscal Policy, Poverty and Inequality in Jordan: The Role of Taxes and Public Spending-Policy Summary*. Washington D.C., World Bank.



20. **The proposed AF2 will also support other reforms to further improve the cost-effectiveness of Takaful-1 and social safety net programs more generally.** In particular, the project is supporting the implementation of reforms related to the Economic Empowerment Program (EEP)<sup>10</sup> and the NUR<sup>11</sup>. NUR will function as a single gateway for Jordanian households to access a range of social services and programs. It will build upon the Takaful platform, which has already been used to deliver other benefits, and the electronic data exchange platform for public institutions to share and validate information. NUR will increase the cost effectiveness of social assistance, including by: (i) facilitating the development of comprehensive support packages for the poor and vulnerable, including in response to climate-related shocks; (ii) reducing administrative costs through the consolidation of processes across programs; and (iii) reducing errors arising from duplication of benefits and fraud. The EEP aims to support Takaful beneficiaries close to the poverty line to move out of poverty, and thus out of Takaful's caseload, through the labor market by improving their employability and connecting them to formal jobs.

21. **The proposed AF2 will support a comprehensive communication campaign.** The communication campaign will reach out to the public, but will specifically target beneficiaries, building on the success of the Takaful campaign. Messages to beneficiaries about the project will also target beneficiaries of the NAF monthly CT program, particularly those that will be migrated to Takaful-1, including on changes related to payment methods (moving from payments through the post office to digital payments through e-wallets and basic bank accounts). Messaging will be designed in a culturally sensitive way and will be delivered via short message service, online tools, or other more traditional means to be further detailed during implementation.

22. **The proposed AF2 will support the fiscal sustainability of CTs and social safety nets more generally.** AF2 will support reforms to increase the cost-effectiveness of NAF CTs through improvements in targeting and the consolidation of all NAF CTs around Takaful-1. In 2022, the number of Takaful-1 beneficiaries is expected to reach around 170,000, including about 50,000 from the old caseload, with a total cost of JOD 190 million (0.6 percent of the 2019 GDP). The NAF monthly CT program will continue to cover about 50,000 beneficiaries (with an annual cost of JOD 50 million) until it is fully phased out in a number of years (exact timing and details to be included in the time-bound phase-out plan supported under AF2). It is expected that at the end of this period, the remaining budget for the NAF monthly CT will be used to further expand Takaful-1, or finance other programs. AF2 will help the GOJ secure financing of Takaful-1 until the end of 2023, after which the Government is expected to assume the full cost of the program through domestic resources, as it did prior to the COVID-19 pandemic. AF2 will also support the fiscal sustainability of social safety nets in general through the operationalization of NUR and EEP.

23. **Complementing the proposed AF2, the GOJ is launching the National Employment Program (NEP), which is being supported by the Private Sector Employment and Skills Project (PSES).** The goal is to help the private sector create sustainable jobs post COVID-19, at a time when many firms are recovering but reluctant to hire, and unemployment is at its peak, particularly among youth and women. In particular, the NEP aims to: (a) help firms realize the potential demand for labor by providing temporary financing to help them hire (through wage subsidies)

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<sup>10</sup> Economic Empowerment Program is a national program that was developed by the Ministry of Labor (MOL) and the National Aid Fund (NAF) in March 2020, a subsequent MOU was signed between NAF and MOL. The program aims to economically empower poor population by integrating them in the labor market; to achieve this, NAF selects the poor households that are closer to the poverty threshold and refers them to MOL for employment support.



and upskill workers (through subsidies to training costs), especially youth and women; and (b) connect jobseekers to these job opportunities, including Takaful beneficiaries. The GOJ is allocating 80 million JOD (US\$112 million equivalent) into the 2022 budget for NEP, which will be fully financed by the Bank-financed PSES. Complementarity between the proposed AF2 and the PSES will include: (i) the GOJ strategy for temporary wage subsidies is fully articulated through Istadama and NEP, with Istadama providing subsidies to help firms preserve their workforce and NEP providing subsidies to help firms hire new workers; (ii) NEP will include Takaful beneficiaries selected by NAF based on the criteria set forth in the EEP, as a priority group for support.

**24. The proposed AF2 is aligned with the strategic objectives of the World Bank Group (WBG) at the global, regional, and country levels, including the response to the COVID-19 pandemic.** The project provides cash support to poor households through COVID-19 and beyond, thus contributing to the WBG's twin goals of eliminating extreme poverty by 2030 and boosting shared prosperity, measured as the income of the bottom 40 percent in any given country. The project also contributes to the implementation of the WBG MENA enlarged strategy, particularly its pillars on renewing the social contract and strengthening human capital through modern and responsive social protection systems. It is also in line with the WBG Gender Strategy (FY16-23) and contributes to its pillar of improving human endowments. The project activities are aligned with two of the four pillars of the WBG COVID-19 Crisis Approach Paper (June 2020),<sup>12</sup> namely: Pillar 2, focusing on protecting poor and vulnerable people through cash transfers and employment support; and Pillar 4, strengthening national social protection systems, including to respond to future crises. It is also aligned with the MENA-wide COVID-19 response platform. The proposed AF also contributes to the new Pillar 3 of the Country Partnership Framework (CPF) for Jordan (FY17-22), namely, supporting an effective COVID-19 crisis response and resilient recovery.

## II. DESCRIPTION OF ADDITIONAL FINANCING

**25. The GOJ requested a second additional financing in the amount of US\$350 million and a restructuring of the parent project to support the Government's COVID-19 response programs.** The proposed AF and restructuring of the parent project will not include any revision to the project development objective (PDO). The AF and restructuring will entail the following changes: (i) increase the allocation for subcomponent 1.2 (Takaful-1 cash transfer program) by US\$320.88 million while revising the PBCs linked to this subcomponent to reflect the expansion of program beneficiaries starting in 2022; (ii) enhance the PBC's related to the consolidation of NAF CT programs around Takaful-1, as well as the operationalization of NUR and the EEP; (iii) increase the allocation for Component 4 (Support to workers in firms affected by COVID-19) by US\$28.245 million; and (iii) extend the original loan closing date by 12 months (from December 31, 2023 to December 31, 2024) to align it with that of the AF. The closing date of the Multi Donor Trust Fund (MDTF) Grant will also be extended by six months, from June 30, 2022, to December 31, 2022.

**26. Similar to the parent project and AF, the proposed AF2 responds to the evolving needs arising from the COVID-19 crisis.** The GOJ's decision to expand Takaful-1 in 2022 despite the challenging fiscal situation reflects the GOJ commitment to protect the poor. AF2 will help the GOJ secure needed financing for Takaful-1 over the medium

<sup>12</sup> World Bank Group. 2020. Saving Lives, Scaling-up Impact and Getting Back on Track. World Bank Group COVID-19 Crisis Response Approach Paper. Washington DC. Link [here](#).



term. It will also support the reform and consolidation of all CT programs for the poor around Takaful-1, as well as other key reforms to further improve the cost-effectiveness of safety net programs. The AF will also finance the extension of the Istidama program for six months in 2022. This extension responds to the protracted negative effects of the COVID-19 crisis on the ability of firms to pay wages, while supporting their transition out of the crisis. Under the proposed AF, an additional amount of US\$320.88 million will be added to subcomponent 1.2 and US\$28.245 million will be added to Component 4. Other components will remain unchanged. The revised allocation by component under the proposed project is presented in Table 3 below. These amounts can be reallocated during implementation should the situation on the ground change.

**Table 3. Revised Project Costs by Component**

Component	Restructured Parent Project		Additional Financing (IBRD)	Additional Financing 2 (IBRD)	Parent Project + AF & AF2
	IBRD	MDTF			
Component 1: Cash support to poor and vulnerable households affected by COVID-19 pandemic	246,275,000	24,020,000	224,275,000	320,880,000	815,450,000
• Subcomponent 1.1: Temporary CTs to vulnerable households (Takaful-2 and Takaful-3)	82,945,000	24,020,000	0	0	106,965,000
• Subcomponent 1.2: Takaful-1 Cash Transfer Program (PBCs)	163,330,000	0	224,275,000	320,880,000	708,485,000
Component 2: Project management, monitoring and evaluation	2,850,000	150,000	0	0	3,000,000
Component 3: Contingent Emergency Response Component (CERC)	0	0	0		0
Component 4: Support to workers in firms affected by COVID-19	100,000,000	0	65,000,000	28,245,000	193,245,000
Front-end Fee (0.25%)	875,000	0	725,000	875,000	2,475,000
<b>Total</b>	<b>350,000,000</b>	<b>24,170,000</b>	<b>290,000,000</b>	<b>350,000,000</b>	<b>1,014,170,000</b>

**27. Revisions to Component 1 (Cash support to poor and vulnerable households affected by COVID-19) (US\$815.45 million).** Under the AF2, the amount for Component 1 will be increased from the original allocated amount of US\$494.57 million to US\$815.45 million. The associated PDO level results indicator under Component 1 (number of households receiving cash support through the project) will be increased from its current target of 247,000 to 400,000 households by project closure (December 2024). Similarly, the number of individual beneficiaries under this indicator will increase from the current target of 1.235 million to 2 million individuals (with ten percent female headed households).

**28. Subcomponent 1.1: Temporary CTs to vulnerable households (US\$106.965 million).** As the emergency situation is improving, the GOJ is discontinuing emergency programs in 2022, while reaffirming its commitment to expanding, further reforming and consolidating CTs around Takaful-1 (subcomponent 1.2). Current Takaful-3 beneficiaries will be considered for coverage under Takaful-1 in 2022, which will be facilitated by the expansion of Takaful-1.



29. **Subcomponent 1.2: Takaful-1 Cash Transfer Program (PBCs) (US\$708.485 million).** This subcomponent will be increased from the original allocation of US\$378.605 million to US\$680.605 million. The additional funds will be used to finance the expansion of Takaful-1, closing the resulting financing gap in Takaful-1 for 2022 (relative to the remaining amount under the AF) and extending financing of the program through the end of 2023. With the additional funds, the project will increase the number of Takaful-1 beneficiaries from 85,000 households (in 2021) to about 170,000 households (by 2023), including about 50,000 households that are expected to migrate from the NAF monthly CT program into Takaful-1. Table 4 below provides a breakdown of the additional funds.

**Table 4. Subcomponent 1.2 Costs for Takaful-1 in 2022 and 2023**

	2022	2023	2024	Total
Cost per year of Takaful-1 for 85,000 HH	141,000,000	141,000,000		
Additional Takaful-1 budget per year to expand coverage to an additional 35,000 HHs (JOD 40m)	56,000,000	56,000,000	27,880,000	
Cost per year of Takaful-1 for qualifying old NAF beneficiaries (about 40-50%) (about 50,000 HHs)	62,000,000	62,000,000		
Available under AF1	(225,000,000)			
<b>Total</b>	<b>34,000,000</b>	<b>259,000,000</b>	<b>27,880,000</b>	<b>320,880,000</b>

30. Disbursements under this subcomponent will be linked to PBCs, which are revised under the proposed AF2 to: (i) adjust the enrollment and payment of Takaful-1 beneficiaries in 2022 and 2023; (ii) include the approval of a time-bound plan to phase out the NAF monthly CT program under PBC 3 (migration of beneficiaries of NAF monthly CT program into Takaful-1); and (iii) adding new PBCs supporting the operationalization of the NUR as a single gateway for social assistance program (PBC 4) as well as the implementation of the EEP (PBC 5) (see Table 5 for details on the changes to the PBCs linked to Subcomponent 1.2).

31. **Component 2: Project management, monitoring, and evaluation (US\$3 million).** No changes will be made to the activities financed under this component.

32. **Component 3: Contingent Emergency Response Component (CERC) (US\$0 million).** No changes will be made under this component.

33. **Component 4: Support to workers in firms affected by COVID-19 (US\$193.245 million).** Under AF2, the amount for this component will be increased from the original allocation of US\$165 million to US\$193.245 million to finance the extension of the Istadama program for six months (until June 2022) for about 110,000 workers. The extension will cost JOD 30 million (US\$42 million), of which US\$28.245 million will be financed under AF2, while the remaining amount will be covered by the SSC. The PDO level results indicator associated with this component will be increased from the current target of 100,000 workers to 110,000 workers by project closure (December 2024) and 50 percent females.

34. **Changes to the design and implementation features of Istadama under Component 4.** The main design and implementation features of Istadama remain unchanged under AF2. Formal workers employed in firms that have



been affected by the COVID-19 crisis continue to be eligible to receive wage subsidies. The wage subsidy amount remains dependent on how severely the firm has been affected by the COVID-19 crisis. The main change under AF2 is the revision of firm categories and corresponding benefit level in August 2021, and in January 2022 (Table 5). The revision that was implemented in August 2021 ensures that workers employed in recovering sectors are paid their full salary while accounting for the slow economic recovery of other sectors. Table 5 provides details on wage subsidies for each firm category<sup>13</sup>. Workers employed in firms that remain severely affected by the pandemic<sup>14</sup> are paid 85 percent of wages (previously 50 or 75 percent), 80 percent of which is subsidized by the program (Istidama plus – category 1). Workers in firms that remain affected by the pandemic but not as severely as category 1, are paid their wages in full, with the program subsidizing 60 percent of wages (Istidama Basic – category 2). Finally, firms that are slowly recovering from the COVID-19 pandemic also pay workers 100 percent of their wages, and the program subsidizes 30 percent of wages (Ta’afi – category 3). However, in January 2022, the Ta’afi category was discontinued. Firms which previously fell under ‘Ta’afi’- category 3 either exit the program or move to Istidama flexible. Eligibility for Istidama is reviewed monthly – category 2 provided they submit monthly financial evidence<sup>15</sup> that they remain severely affected by the pandemic. The monthly financial assessment of firms for being considered for Istidama Basic (also known as the Flexible Istidama approach) accounts for the unpredictability of emerging new COVID-19 variants and consequent impact on firms only during select months of the year. Firms thus exit the program during the months when they are not in dire need of support.

35. The classification of firms into different Istidama categories is determined by financial data, statements from relevant ministries and chambers of commerce, reviewed monthly by the Defense Order committee and approved by the SSC. Firms are classified based on their submitted financial records, as set by Istidama Program Guidelines. The automated grievance mechanism (GM) system implemented by SSC remains the same, with firms also allowed to challenge being moved out of the Istidama program based on submitted financial data.

**Table 5. Revised wage subsidies contributions of Istidama program categories as of August 2021**

<b>Firm Category</b>	<b>% Of wage paid to employee</b>	<b>% Of wage covered by the program</b>	<b>% Of wage covered by the employer</b>
Category 1 – Istidama Plus: firms in severely affected sectors	85% of the wage, or JOD 220 (US\$310), whichever is greater.	80% of the wage paid to employees or any remaining amount not paid by the employer to reach a wage of JOD 220 (US\$310), whichever is greater, with a maximum subsidy of JOD 800 (US\$ 1128).	20% of the wage paid to employees and any remaining amount to reach 85% of a wage greater than JOD 1177 (US\$1660).
Category 2 – Istidama Basic/flexible: firms in affected sectors	100% of the wage	60% of the wage paid to employees with a maximum subsidy of JOD 500 (US\$ 705).	40% of the wage paid to employees and any remaining amount to reach 100% of a wage greater than JOD 834 (US\$

<sup>13</sup> *Istidama* Program Guidelines were updated by SSC to reflect these changes.

<sup>14</sup> It includes firms in sectors not authorized to operate.

<sup>15</sup> Financial evidence must be provided according to pre-set criteria as determined by the *Istidama* Program Guidelines.



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Note: In terms of social security contributions, firms that register workers in SSC during the period of June 2021 to December 2021, or in the tourism and transport sectors, may fully or partially suspend contributions to old age pensions.

**36. Implementation Arrangements.** Under the proposed AF2, the overall project implementation arrangements will remain unchanged: the PMU will be responsible for all fiduciary aspects of the project, daily management of project activities, M&E of project interventions, as well as internal coordination within NAF. MOPIC will continue to be the responsible implementing agency for Component 4, with the SSC as the implementing partner. MOPIC will sign an amendment to the Cooperation Agreement with the SSC to reflect the extension of the Istadama program. MOPIC will also sign an amendment to the subsidiary agreement with the NAF to reflect the additional allocations and PBCs of the Takaful program. The fiduciary staff of the PMU will also support the fiduciary aspects of Component 4. The PMU consists of a Project Manager, Financial Officer, Procurement Officer, Social Officer, M&E Officer, and a Technical Coordinator for the Istadama program. To date, the Project Manager, Financial Officer, M&E officer, Procurement Officer and Social Officer have been recruited and MOPIC has assigned the responsibilities of the Technical Coordinator of Istadama Program to one of its staff.

**37. Monitoring and Evaluation.** The PMU in NAF will be responsible for monitoring the project’s key performance indicators and periodical evaluation, as well as reporting on progress and challenges. The PMU will continue to liaise internally with other units within NAF, NAF management, MOPIC, the World Bank, and other partners. As for SSC, the head of operations will be responsible for program monitoring. Additionally, financial processes and monitoring will be handled by the Financial Unit. The Technical Coordinator of Istadama is responsible for monitoring the project’s progress, in coordination with MOPIC and the SSC. Table 6 below reflects revisions which will be introduced to the Project Results Framework under the proposed AF2.

**Table 6: Proposed Revisions to Results Framework**

Original Results Indicator (as amended under AF)	Original Target (As amended under AF)	Proposed Revised Results Indicator under AF2	Proposed Revised Target under AF2	Explanation
<b>PDO Indicator 1:</b> Number of households receiving cash support through the project	247,000	No change	<b>Revised: 400,000</b>	This indicator target is increased to reflect the increase in the allocated amount for Component 1 will (from the original amount of US\$494.57 million to US\$787.57 million). Similarly, the number of individuals will be increased from 1.235 million to 2 million. This sub-indicator target is being increased from 9 to 10 percent.
<ul style="list-style-type: none"> <li>Number of Individuals</li> </ul>	1,235,000	No change	<b>Revised: 2,000,000</b>	
<ul style="list-style-type: none"> <li>Percentage of female-headed households</li> </ul>	9	No change	<b>Revised: 10</b>	
<b>PDO Indicator 2:</b> Number of individuals receiving wage subsidies through the Project	100,000	No change	<b>Revised: 110,000</b>	This indicator target is increased to reflect the increase in the allocated amount (from the original amount of US\$165 million to US\$193.195 million) to finance the extension of the Istadama program for six months (until June 2022).
<ul style="list-style-type: none"> <li>Percentage of females</li> </ul>	50	No change	No change	
<b>IRI 2:</b> Number of	115,000	Number of	<b>Revised:</b>	





Original Results Indicator (as amended under AF)	Original Target (As amended under AF)	Proposed Revised Results Indicator under AF2	Proposed Revised Target under AF2	Explanation
households receiving cash transfers under the Takaful program <ul style="list-style-type: none"> <li>Number of individual beneficiaries</li> <li>Percentage of female beneficiaries</li> </ul>	575,000  50	households receiving Takaful-1 CTs  No change  No change	<b>170,000</b>  <b>Revised: 850,000</b>  No change	
<b>IRI 3:</b> Number of NAF beneficiary households receiving temporary benefit top-ups <ul style="list-style-type: none"> <li>Number of individual beneficiaries</li> <li>Percentage of female beneficiaries</li> </ul>	55,000  275,000  50	Revised: This indicator is being dropped	<b>Revised: This indicator is being dropped</b>	
<b>IRI 11:</b> Number of individuals receiving wage subsidies through the project <ul style="list-style-type: none"> <li>Percentage of females</li> </ul>	100,000  50	No change	<b>Revised: 110,000</b>  No change	This indicator target is increased to reflect the increase in the allocated amount (from the original amount of US\$165 million to US\$193.195 million) to finance the extension of the Istadama program for six months (until June 2022).
<b>IRI 12:</b> Number of firms supported by Istadama program	6,000	No change	<b>Revised: 7,500</b>	

38. **Performance-Based Conditions.** Under the proposed restructuring of the parent project, the following PBCs will be revised and added (Table 7): (i) 110,000 beneficiaries are enrolled in Takaful-1 CT Program and paid in 2022 (PBC 1.3); (ii) 160,000 beneficiaries are enrolled in Takaful-1 CT Program and paid in 2023 (PBC 1.4); (iii) include the approval of a time-bound plan to phase out the NAF monthly CT program under PBC 3 (migration of beneficiaries of NAF monthly CT program into Takaful-1); (iv) operationalization of the NUR as a single gateway for social assistance program (PBC 4); and (v) the implementation of the EEP (PBC 5). PBC amounts are adjusted under the proposed AF2 to reflect actual disbursements (PBC 1.2). A total of US\$680.605 million will be disbursed against these PBCs, accounting for about 68.9 percent of financing. The time-bound plan to phase out the NAF monthly CT program (PBC 3.4) will be approved by NAF Board of Directors and will specify by when the program will be fully phased-out, what will happen with the existing beneficiaries, and how the funds will be used going forward.

39. **PBC 4 will support the operationalization of NUR.** Under PBC 4.1, the GOJ will approve the executive plan to launch NUR as a single gateway for citizens seeking social assistance. The Government formed a technical committee



consisting of representatives from MOPIC, the Ministry of Digital Economy and Entrepreneurship, and NAF. During the past two years, the Technical Committee, in cooperation with development partners, completed the connection of 23 government agencies to the back-end system integrator. The committee is working on preparing an executive plan to complete a comprehensive front-end, building on Takaful registration platform, which will become the single gateway to receive citizens' requests for various social assistance. Under PBC 4.2, a minimum of five services will start using NUR's front-end as the only intake channel for citizens to apply to these services. Under PBC 4.3, a new module will be added to NAF's management information system (MIS) that connects to the NUR to obtain real-time information on the geographic location of weather-related shocks, which will enable NAF to automatically generate a list of poor households affected by the shocks.

40. **PBC 5 will support the implementation of EEP.** PBC 5 includes the revision of legislative instructions for NAF's Training and Employment Unit to implement the EEP (PBC 5.1). The current instructions will be revised to include Takaful-1 beneficiaries as recipients of EEP support, as well as the conditions of the memorandum of understanding (MOU) signed between NAF and MOL on EEP, including: (i) identification of Takaful beneficiaries prioritized for employment support by MOL in line with the signed MOU between NAF and MOL on EEP—identification criteria will include among others age, education, and proximity to the poverty line (as proxied by Takaful eligibility threshold); (ii) referral of identified Takaful beneficiaries to MOL for employment support through the Sajjil platform and employment offices in accordance with the signed MOU between NAF and MOL on EEP; (iii) description of requirements for continuous receipt of Takaful cash assistance and extent of benefit sanctions imposed—requirements will include registration in Sajjil platform, application to employment support programs such as NEP, and the number of refusals allowed to offered opportunities; and (iv) Instructions around the receipt of cash assistance benefits in case of beneficiary employment and acceptance of employment support opportunities. PBC 5 also includes the referral of identified Takaful-1 beneficiaries to NEP (PBC 5.2). NAF will refer 3,000 Takaful-1 beneficiaries to MOL to apply for support to employment programs, including the NEP based on the criteria set in the EEP, including being young, having at least a basic education, and in households that are close to the poverty line. The identified beneficiaries will have to register on Sajjil and will be automatically eligible to NEP and provided with a 7 percent preferential quota.

**Table 7. Proposed changes to the Performance-Based Conditions (PBCs)**

Original Design (as amended at AF)			Proposed Revision	
PBCs	Allocation (US\$ million)	Progress to date	PBCs	Allocation (US\$ million)
<b>PBC 1: Takaful-1 beneficiaries enrolled and paid</b>	<b>192.00</b>		<b>PBC 1: Takaful-1 beneficiaries enrolled and paid</b>	<b>397.00</b>
PBC 1.1: 44,000 <sup>16</sup> eligible households are enrolled in Takaful-1 Cash Transfer Program and paid in 2020	32.00	Achieved	PBC 1.1: 44,000 eligible households are enrolled in Takaful-1 Cash Transfer Program and paid in 2020	32.00
PBC 1.2: 85,000 eligible households are enrolled in Takaful-1 Cash Transfer	80.00	Partially achieved	PBC 1.2: 85,000 eligible households are enrolled in	75.00

<sup>16</sup> Number of beneficiaries in 2020 has reached 50,000; however, given that the PBC formula allows the release of US\$8 million for each 11,000 HHs that were enrolled and paid in 2020, the current achievement of this PBC is 44,000 HHs.



Program and paid in 2021			Takaful-1 Cash Transfer Program and paid in 2021	
PBC 1.3: 85,000 eligible households are enrolled in Takaful-1 CT Program and paid in 2022. <u>AF</u>	80.00		PBC 1.3: 120,000 eligible households are enrolled in Takaful-1 CT Program and paid in 2022 <sup>17</sup> . <u>Parent Project, AF1 and AF2</u>	120.00
			PBC 1.4: 170,000 eligible households are enrolled in Takaful-1 CT Program and paid in 2023 <sup>18</sup> . <u>AF2</u>	170.00
<b>PBC 2: Improvements in Takaful-1</b>	<b>99.275</b>		<b>PBC 2: Improvements in Takaful-1</b>	<b>99.275</b>
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	10.00		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.	10.00
PBC 2.2: NAF implements the revised Takaful-1 targeting methodology. <u>AF</u>	50.00		PBC 2.2: NAF implements the revised Takaful-1 targeting methodology. <u>AF1</u>	50.00
PBC 2.3: NAF develops and adopts a plan for the recertification of Takaful beneficiaries	20.00	Achieved	PBC 2.3: NAF develops and adopts a plan for the recertification of Takaful beneficiaries.	20.00
PBC 2.4: NAF implements the recertification of Takaful-1 beneficiaries <u>AF</u>	19.275		PBC 2.4: NAF implements the recertification of Takaful-1 beneficiaries <u>AF1</u>	19.275
<b>PBC 3: Migration of beneficiaries into Takaful-1 Cash Transfer Program</b>	<b>96.33</b>		<b>PBC 3: Migration of beneficiaries into Takaful-1 Cash Transfer Program</b>	<b>120.21</b>
PBC 3.1: NAF digitizes payments to beneficiaries under regular monthly cash transfer program ( <i>incremental</i> )	10.00	Partially achieved	PBC 3.1: NAF digitizes payments to beneficiaries under regular monthly CT program ( <i>incremental</i> )	10.00
PBC 3.2: NAF Board of Directors issues a decision to discontinue new enrollment into the regular monthly cash transfer program.	11.33	Achieved	PBC 3.2: NAF Board of Directors issues a decision to discontinue new enrollment into the regular monthly CT program.	11.33
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	75.00		PBC 3.3: NAF enrolls in the Takaful-1 CT Program in 2022 all the beneficiaries of the regular monthly CT program	75.00

<sup>17</sup> Excluding households included in PBC 3.3, namely households that are moved into Takaful-1 from the regular monthly CT program in 2022.

<sup>18</sup> Including households that are moved into Takaful-1 from the regular monthly CT program in 2022.



Cash Transfer Program (based on the recertification of beneficiaries of the Regular Monthly Cash transfer program, using Takaful-1 targeting formula) <sup>19</sup> . <u>AF</u>			that qualify for the Takaful-1 CT Program <sup>20</sup> . <u>AF</u>	
			PBC 3.4: NAF Board of Directors approves a time-bound plan to phase out the regular monthly CT program. <u>AF2</u>	23.88
			<b>PBC 4: Operationalization of the National Unified Registry (NUR)</b>	<b>59.00</b>
			PBC 4.1: GOJ endorses the executive plan to launch NUR as single gateway for applicants seeking social assistance. <u>AF2</u>	15.00
			PBC 4.2: The GOJ uses NUR front-end as the only intake channel for the citizen to apply for five government social services. (incremental). <u>AF2</u>	30.00
			PBC 4.3: NAF develops a module in the NAF MIS that connects to the NUR to enable NAF to automatically generate list of poor families affected by the climate-related shocks. <u>AF2</u>	14.00
			<b>PBC 5: Implementation of the Economic Empowerment Program</b>	<b>33.00</b>
			<b>PBC 5.1.</b> NAF endorses the revised instruction for NAF's Training and Employment Unit to implement EEP. <u>AF2</u>	15.00
			PBC 5.2: 3,000 of Takaful-1 beneficiaries targeted for employment support, based on the criteria set in the EEP, are included in the target population for national	18.00

<sup>19</sup> The percentage is calculated over a baseline which is the number of beneficiaries who are qualifying for the Takaful-1 CT Program. This baseline will be adjusted quarterly to take into account beneficiaries who exited the program.

<sup>20</sup> Qualification is based by the application of the Takaful-1 targeting formula among existing beneficiaries of the regular monthly CT program. If less than 100 percent of those who qualify are enrolled, the amount disbursed under PBC 3.3 will be US\$75 million multiplied by that percentage.

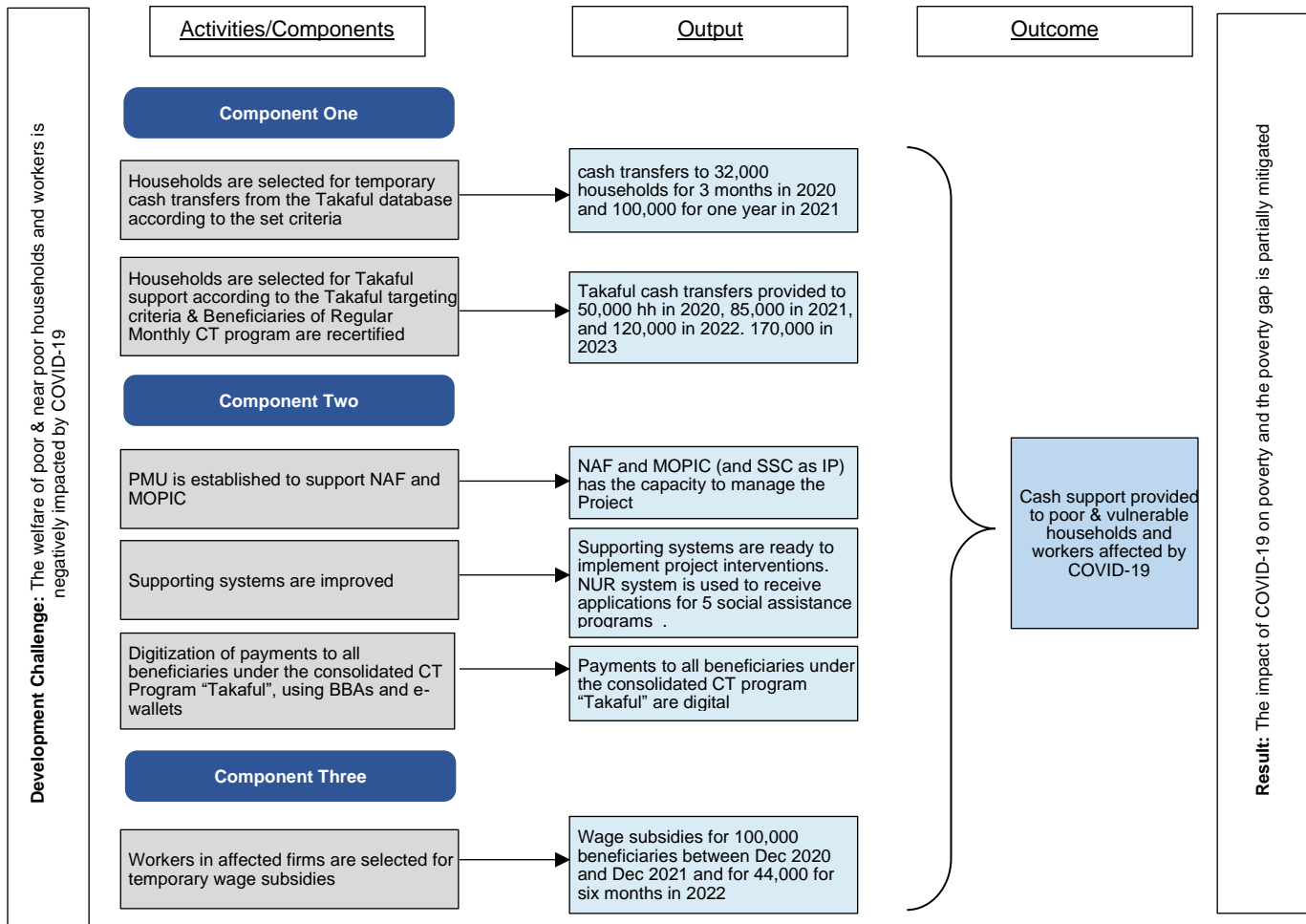


			employment programs under Sajjil and apply for support. (incremental). <u>AF2</u>	
	<b>387.605</b>			<b>708.485</b>

41. **Extension of the closing date.** The parent project and AF closing date will be extended by 12 months, from December 31, 2023, until December 31, 2024, to continue financing subcomponent 1.2 (Takaful-1 CT program), subject to achieving the associated PBCs, and to align the closing date with that of AF2. The closing date of the MDTF Grant will also be extended by six months, from June 30, 2022, to December 31, 2022.



Figure 1: Revised Results Chain



42. **Climate co-benefits.** By providing cash support to poor and vulnerable households and workers, the project is making these households more resilient to climate-related shocks by helping them build human capital through investments in education and training, building productive assets, and providing a safety net against climate-related shocks. CTs do so by providing households with capital that is needed to meet their basic needs and allowing them to dedicate more of their time to developing human capital rather than working in order to make ends meet. Children, youth, and women particularly stand to benefit from this CT support, with a net positive long-term adaptation effect, given their vulnerability context. CTs further provide the resources for beneficiaries to access health services that might otherwise fall short, for instance, for chronic conditions, allowing beneficiaries to improve their foundational health, treat, contain and cure their ailments, thus increasing their resilience to future shocks. They would also unlock health savings in the future, as ailments are cured or see their severity decreased, and unlock future financial resources that would otherwise have been committed to maintaining health, boosting resilience further. Cash support also reduces the pressure to engage in coping mechanisms that weaken the long-term adaptive capacity to climate change and other risks, like food and water insecurity. The project is also making use



and improving upon existing platforms, namely Takaful and SSC, to rapidly respond to future shocks, including climate-related shocks. The project includes an indicator to introduce a new module to the NAF MIS that connects to the NUR to obtain real-time information on the geographic location of weather-related shocks, which will enable NAF to automatically generate a list of poor households affected by the shocks. This indicator will intended to ensure a rapid and effective response to climate-related shocks.

**43. The project is setting up the basis for making CTs responsive to climate-related shocks.** The project is using the CT platform to support new households and existing CT beneficiaries affected by COVID-19. The experience will provide valuable lessons and allow the GOJ to mitigate the adverse effects of climate-related shocks on poor and vulnerable households. This is because the Takaful database already has information on poor and vulnerable households in Jordan, including specific information on exposure to natural hazards and climate change-related risks. This information can be quickly updated and verified automatically. The Takaful targeting mechanism can be adjusted to fit the needs of a climate shock response, and this response can also involve supporting new households and existing social assistance beneficiaries affected by the climate shock. This response would also benefit from digital payment infrastructure and the GM that the project is improving upon. By strengthening cash support to poor and vulnerable households, the project is making these households more resilient to climate-related shocks, by providing a safety net against adverse climate impacts.

### III. KEY RISKS

44. Similar to the parent project and its AF, the overall risk rating for AF2 is Substantial. Key risks which are rated Substantial include fiduciary, environmental and social, and other risks.

45. With the implementation of the parent project, several risks are being downgraded under the AF2, including Political and Governance (from Substantial to Moderate); Macroeconomic risk (from High to Moderate); and Institutional Capacity for Implementation and Sustainability (from Substantial to Moderate).

46. The downgrade of the Political and Governance risk is attributed to the removal of the initial lockdown measures which were put in place at the onset of the COVID-19 pandemic. The project has managed to partially mitigate this risk through the support provided to the major Government response to mitigate the impact of the COVID-19 crisis on vulnerable households and affected workers. The project has also supported a robust communication campaign around it, with specific messaging for healthy stress management and tension reduction. The downgrade of the Macroeconomic risk from High to Moderate is due to the fact that the Takaful-1 targeting methodology relies on ratification of all beneficiaries (supported by PBC 3 under the project), as well provision of payments through digital means, thus, the program provides better value for money including better targeting and supports the government in the transition towards a single CT program over the future. The project thus plays a role in helping to enhance the efficiency of budgeted spending on social protection by enabling Takaful-1 to be a platform of choice. Institutional Capacity for Implementation and Sustainability risk is downgraded from Substantial to Moderate given the implementing agencies' (NAF and the SCC) experience gained thus far in implementing a Bank-financed project. Since project and AF effectiveness, the Borrower has established a PMU housed in NAF as well as appointed a Technical Coordinator at MOPIC to oversee the implementation of Component



4. This experience and skills will continue to be applied during the implementation of the AF2.

47. Key risks rated High or Substantial, and their associated mitigation measures are discussed below.

48. **Fiduciary (substantial).** The implementing agencies (NAF, SSC, and MOPIC) have, through the implementation of the parent project, gained experience and knowledge on managing World Bank projects. The existing financial management (FM) arrangements for the parent project and the AF will be applied to AF2, and there is no change in the overall activities or implementing agencies involved. The last Implementation Status and Results Report (ISR) of the parent project rated FM performance as Moderately Satisfactory, mainly due to the outstanding 2020 project audited financial statements and the delayed hiring of a Verification Agent (VA) to verify the funds under Takaful-2 and 3 programs (Component 1) and Istidama (Component 4). The FM risk will be mitigated through project specific mitigating measures and adequate FM arrangements that will be replicated from the parent project, resulting in a residual FM risk of moderate. The procurement risk is assessed as moderate due to the size and nature of the planned activities under the project which are relatively small, and the firms/individual consultants required for the project which are available in the local market.

49. **Environment and social (substantial).** The combined environmental and social risk for the project is deemed Substantial. Environment risks under the proposed AF2 are assessed as Low, as the project does not support the procurement of any materials or equipment, nor does it involve rehabilitation, construction activities or civil works. Therefore, none of the project interventions are expected to result in any negative environmental impacts. Social risks under the proposed AF2 are maintained as Substantial due to 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 programs. Other potential social risks include: (i) social tensions between beneficiaries and non-beneficiaries in the same community if targeting is not sufficiently transparent; (ii) 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 (GBV) as part of the broader context of inter-partner violence in Jordan.

50. Under the proposed AF2, NAF will employ an enhanced targeting methodology for Takaful-1 in 2022, informed by recommendations from the Bank, to select eligible households, and to recertify all NAF beneficiaries. The Bank is also conducting a gender assessment of the application of NAF processes and a stand-alone evaluation of the payment processes; recommendations from both exercises are expected to be used to enhance efficiency and inclusiveness in CT processes in 2022. Risks relating to accessibility of those eligible for project benefits, will be mitigated through assistance provision to households that want to apply to Takaful-1 and migrated households as well as firms in Istidama; use of the state-of-the-art Takaful-1 platform with automated processes for applications, data validation, selection, and payment (through Basic Bank accounts and e-wallets) of beneficiaries, and a grievance mechanism for Takaful beneficiaries. Furthermore, as a disbursement condition under Category 2 of the project, NAF's grievance mechanism will be enhanced with clear referral pathways for any complaints related to GBV. Similarly, mitigation measures for social risks have been incorporated into Istidama including automated processing of applications, data validation and payment of wage subsidies to workers (only made if firms pay their contribution to wages), and grievance mechanism. The project has also developed a set of social risk assessments and management plans to meet environmental and social framework (ESF) requirements.





51. The project has substantively met its Environmental and Social Commitment Plan (ESCP) commitments to date and is gaining experience with implementing the ESF requirements. All project ESF instruments (Stakeholder Engagement Plan (SEP), Rapid Social Assessment (RSA), Labor Management Plan (LMP), and ESCP) have been updated for the proposed AF2, and have been cleared and disclosed by the Bank, and in-country prior to project appraisal.

52. **Other risks (substantial).** The COVID-19 pandemic has triggered a global economic recession, resulting in a dramatic loss of livelihoods and income on a global scale. The resulting drop in purchasing power among those who lost income has had a major impact on food security and nutrition, especially for those populations that were already vulnerable. Informal workers are especially affected. Although another wave of the pandemic cannot be fully predicted, the risk of this occurring is deemed substantial, along with ensuing lockdown measures and the disruption of local markets. To mitigate this risk, the project is designed in such a way that allows it the flexibility to adjust to future needs arising from the pandemic.

#### IV. APPRAISAL SUMMARY

##### A. Economic and Financial (if applicable) Analysis

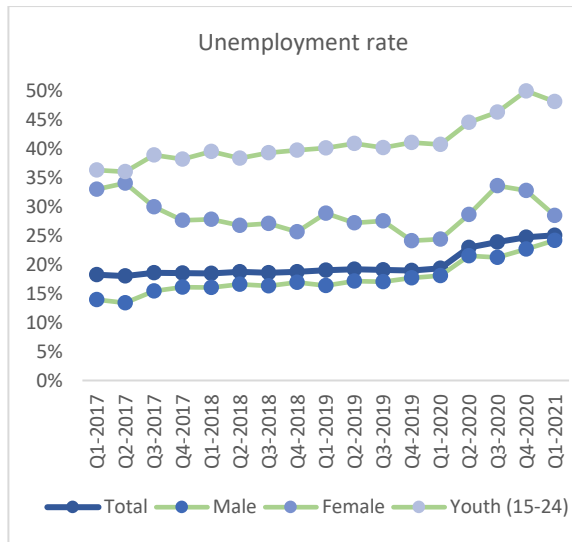
53. **The deteriorating condition of the labor market during the COVID-19 pandemic is the most significant threat to household welfare.** In 2020, Jordan's real GDP contracted by 1.6 percent, the first economic contraction in three decades.<sup>21</sup> The economic downturn was particularly felt on the service sector, travel receipts and tourism, key sectors of growth for the Jordanian economy and key sources of employment. Official data shows a historic rise in unemployment, which reached 25 percent in Q1-2021, a 5.7 percent increase from the previous year (Q1-2020) (Figure ). The rise in unemployment was particularly worrisome among women and the youth (15-24 years old). Despite some improvement in early 2021, unemployment was still significantly higher for women and young people, reaching 29 percent and 48 percent respectively in Q1-2021.

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<sup>21</sup> Jordan Economic Monitor, Spring 2021.

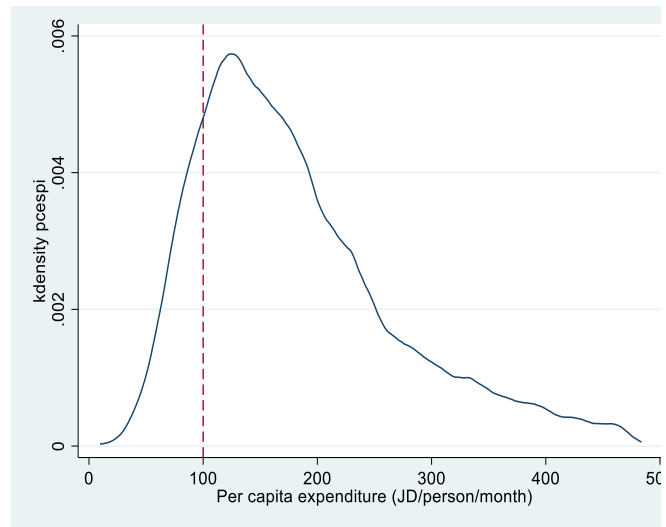


Figure 2. Unemployment rate



Source: WB calculations on DoS data.

Figure 3. Jordan 2017-18 household per capita consumption



Source: 2017-18 HEIS and World Bank calculations.

54. **A loss in employment income can increase poverty because many households in Jordan lived just above the poverty line before the pandemic.** While the official poverty rate was 15.7 percent in 2017-18, many more households lived just above the poverty line, making them highly vulnerable to even small changes in income. The graph of the Jordanian household per capita consumption distribution (Figure ) shows that the mode of the distribution was just above the national poverty line. This means that a small shock to income can push a large number into poverty. While there are no official poverty figures after the pandemic began, some early estimates from the World Bank suggested that in the absence of any mitigating measures, poverty could have increased temporarily by up to 11 percentage points during the initial lockdown. While this initial impact would come down significantly once various economic sectors re-opened and given the lower-than-expected macroeconomic economic contraction, this is likely to be an upper bound of the long-run poverty impact. Still, even a temporary and short-lived shock can impact on the ability of households to sustain living standards and affect their long-term welfare.

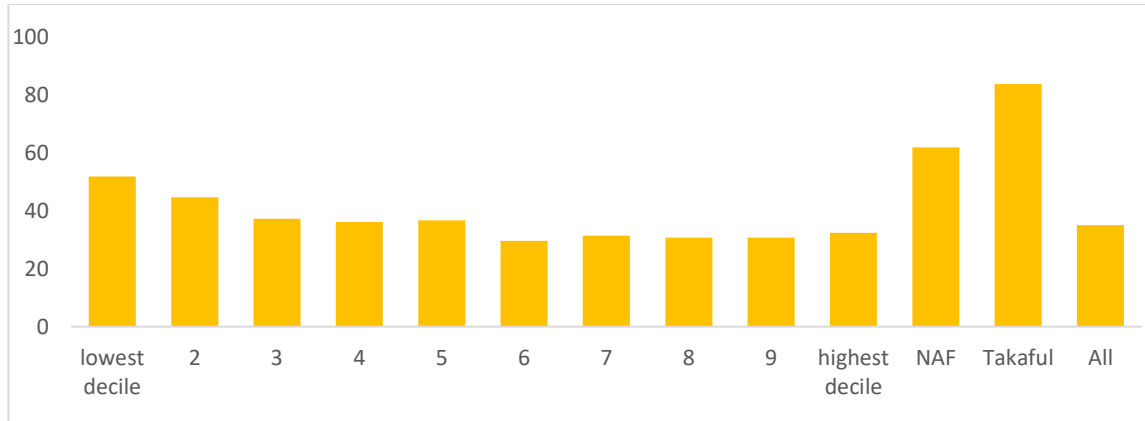
55. **Households relying on informal work, poor and near poor households, including current social assistance beneficiaries, are most vulnerable.** Informal workers, who account for about 35 percent of the workforce (Figure ), are most vulnerable because they are more likely to work in highly affected sectors, such as services, and because they are not covered under the protections of Defense Order No 6—which temporarily barred private companies from laying off formal sector workers and limiting wage cuts to a maximum of 50 percent—nor have unemployment insurance. Informal workers are disproportionately concentrated in poor and near poor households: about half of workers in the poorest 20 percent are informal, and one third in the richest 20 percent. Among current beneficiaries of social assistance programs, informality is estimated to be much higher: close to 60 percent among NAF households and over 80 percent among Takaful recipients.<sup>22</sup> Thus, in the absence of any support, these households

<sup>22</sup> The 2017/18 HEIS does not allow to directly identify Takaful beneficiaries because this program had not been established then. Thus, Takaful beneficiaries are allocated by simulating the eligibility criteria in the survey.



would be at risk of becoming poor and poor families pushed further away from the poverty line.

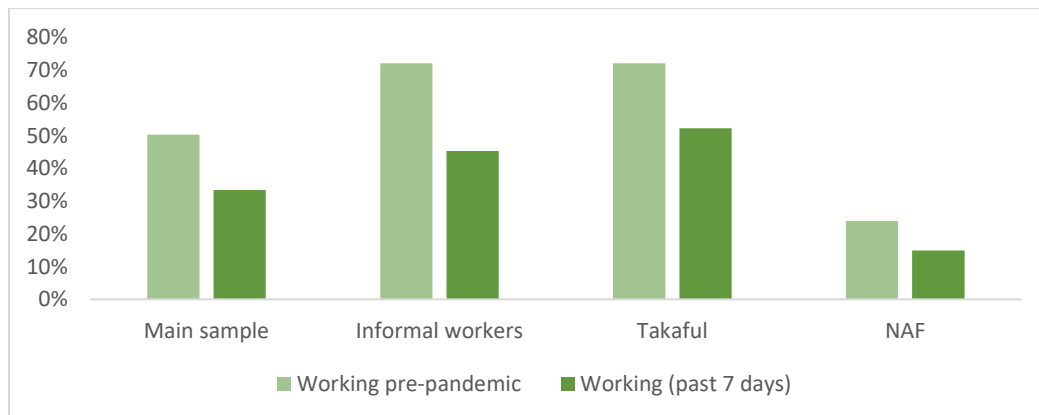
Figure 4. Percentage of Jordanian workers who are informal by household consumption decile



Source: HEIS 2017-2018 and World Bank calculations

**56. Evidence from a high-frequency survey conducted in Jordan indicates that the effects of the pandemic are prolonged and continue to affect livelihoods in Jordan.** A high-frequency survey (HFSJ) was conducted by the World Bank and UNICEF in March 2021 to understand the impacts of the COVID-19 pandemic on households in Jordan. In addition to a nationally representative sample, the survey interviewed sub-samples of households who were beneficiaries of NAF and Takaful cash transfers, as well as informal workers who received support from the emergency support during the pandemic (Takaful-2). Results from the survey reveal that a year after the start of the pandemic, many heads of household had stopped working. Half of the household heads in the survey’s main representative sample were working prior to the pandemic, and in March 2021, only 32 percent of them continued doing so (Figure ). This large drop in employment is also observed among the recipients of CTs: among households who were beneficiaries of Takaful CTs, there was a 20 percentage point drop in employment, and among informal workers who received the first round of emergency CTs (Takaful-2), the drop was even greater at 26 percentage points.

Figure 5. Percentage of household heads working pre-pandemic and in the previous week

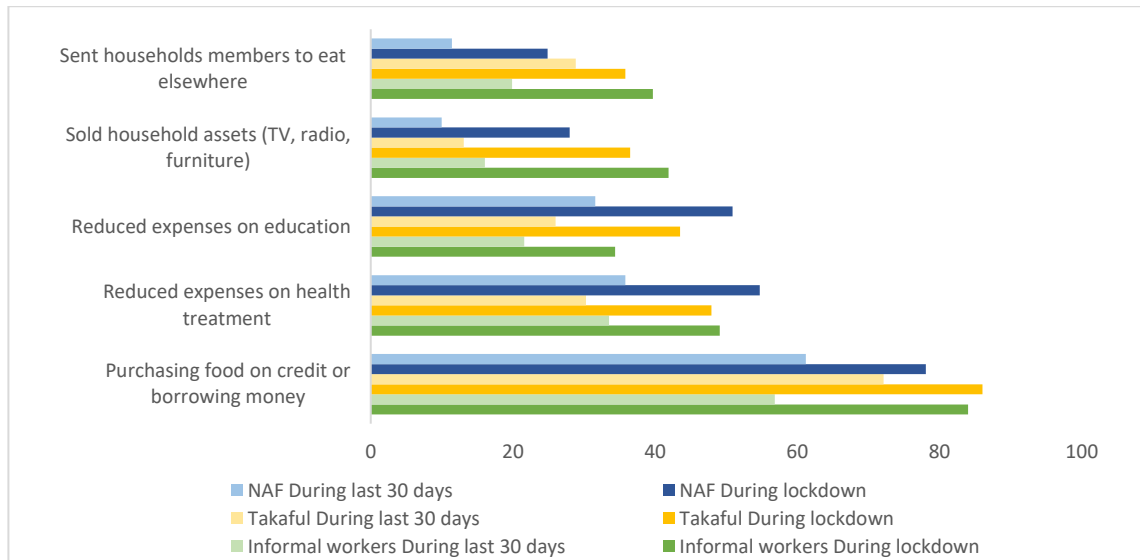


Source: WB-UNICEF High Frequency Survey of Jordanians. Round 1



57. **In times of economic stress, households may adopt coping strategies to meet basic needs that can result in negative future consequences, for example by limiting investments in children’s education. By providing some income support through the pandemic, project interventions can help to mitigate these impacts.** Households needed cash to meet basic needs through the pandemic. The four most reported coping strategies used by beneficiary households in the HFSJ were purchasing food on credit or borrowing money, cutting expenses on health and education, and selling assets (Figure 6). For instance, during the initial lockdown, close to 80 percent of households across beneficiary groups reported purchasing food on credit or borrowing money, and about half of households reported reducing expenses in healthcare. Households across the beneficiary groups reported to have used close to three coping strategies during the lockdown. By March 2021, the use of coping strategies fell to close to two for all groups. The emergency cash support would have provided some temporary relief.<sup>23</sup> As a result, families will be less likely to fall into poverty and their children’s human capital (health, nutrition, and education) is more likely to be preserved contributing to their future wellbeing. The reduction in income losses can also yield positive spillovers in the broader economy. Wage subsidies in times of crisis can stimulate aggregate demand due to the multiplier effect as individuals spend a higher portion of this extra income.

Figure 6. Use of coping strategies by beneficiary households during lockdown and in the previous 30 days (5 most reported strategies).



Source: WB-UNICEF High Frequency Survey of Jordanians. Round 1

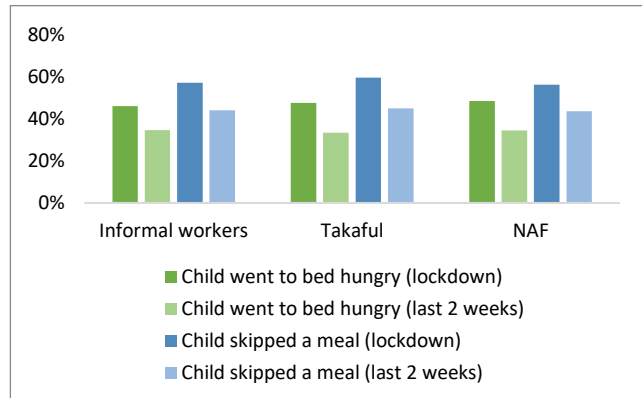
58. **Despite some improvement, a large share of respondents across beneficiary groups still reports food insecurity.** While food insecurity measures, such as children skipping a meal or going to bed hungry have come down from the height of the initial lockdown period, they are still at high levels (Figure ). For instance, 46 percent of informal worker households benefitting from emergency CTs reported in the HFSJ that children went to bed hungry during the lockdown, and 57 percent reported that children had skipped a meal. By March 2021, these figures had come down to 35 and 44 percent of households in each of the groups respectively. In addition, the Food

<sup>23</sup> The evidence from the survey cannot be interpreted as causal evidence of the impact of the cash support on the use of coping strategies, as many other factors could have also contributed to this decrease.



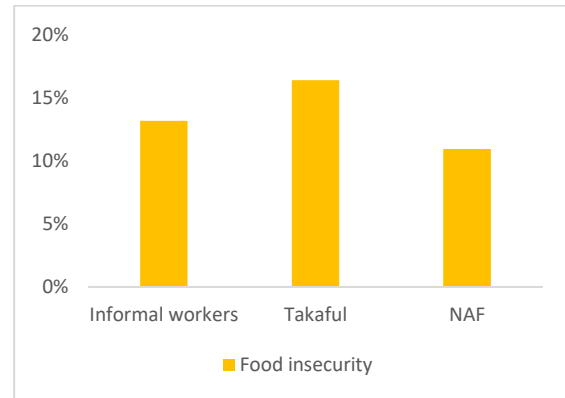
Consumption Score for the week preceding the interview indicates that across beneficiary groups between 10 and 16 percent households were food insecure in March 2021 (Figure ). Despite improvement, these numbers suggest that many households were still struggling to make ends meet.

Figure 7. Children (under 18 years old) food consumption during lockdown and in the previous two weeks



Source: WB-UNICEF High Frequency Survey of Jordanians. Round 1

Figure 8. Food consumption score in the previous week



Source: WB-UNICEF High Frequency Survey of Jordanians. Round 1

59. **Despite a positive economic outlook, uncertainty remains, and the pandemic left many households vulnerable to poverty. Continued support would help to protect households from further shocks.** World Bank forecast analysis projects real GDP to grow by 1.4 percent in 2021,<sup>24</sup> but the path of recovery is uncertain and likely to be uneven. As the figures on food security and the use of coping strategies described above suggest, despite improvements, many households have not fully recovered from the economic impacts of the COVID-19 crisis. Further, they are still feeling the stress from the prolonged pandemic and the uncertainty about the recovery path. In March 2021, over half of the household heads across beneficiary groups still reported feelings of depression and close to 80 percent reported feeling anxious most days (Figure ). Such levels of stress in the household can be detrimental for other areas of wellbeing, for instance, posing a risk for increased GVB and violence towards children. Income support in the form of CTs has been shown to reduce stress and depression (Haushofer and Shapiro, 2016).<sup>25</sup> Additional economic support can thus help to reduce levels of GVB by decreasing household poverty and poverty-related stress and reducing intra-household conflict.

<sup>24</sup> Jordan Economic Monitor, Spring 2021.

<sup>25</sup> Haushofer, J. and Shapiro, J. (2016). The Short-term Impact of Unconditional Cash Transfers to the Poor: Experimental Evidence from Kenya, *The Quarterly Journal of Economics*, Volume 131, Issue 4, pp. 1973–2042.



Figure 9. Depression and anxiety feelings



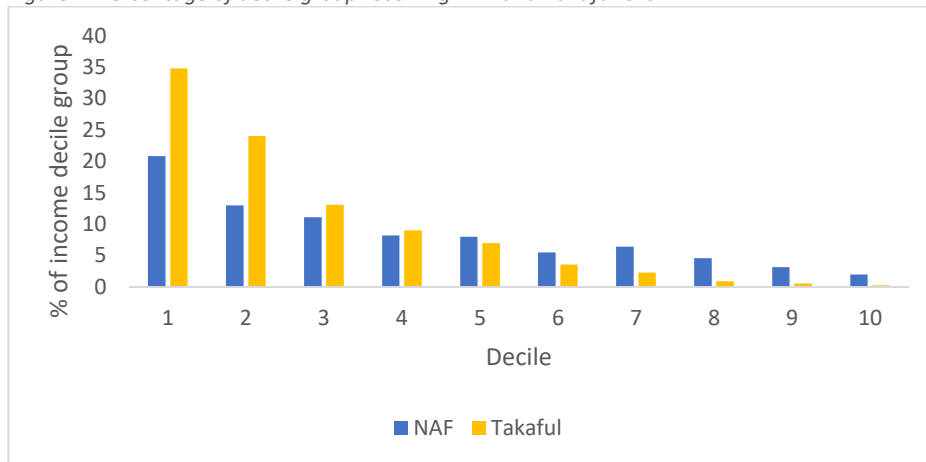
Source: WB-UNICEF High Frequency Survey of Jordanians. Round 1

60. **Regular CTs are the most cost-effective fiscal intervention and have significant impacts on poverty reduction. The expansion in the number of households supported by Takaful-1 will further aid in the mitigation of the increase in poverty induced by the pandemic while helping to build a strong shock-responsive social protection system.** The expansion of Takaful-1 to 85,000 households in 2021 has increased the coverage of NAF CTs from 8 percent to 18 percent of the total population. Takaful has also increased the coverage of the poor more than proportionally to the increase in the number of beneficiary households. This is because its targeting methodology does a far better job at identifying the poor than the methodology used for NAF’s regular monthly CTs (Figure 1). A recent Bank analysis also shows that Takaful-1 has the largest impact on poverty and inequality (a reduction of 0.7 percentage points) of any program in the GOJ budget (Rodriguez and Wai-Poi, 2021<sup>26</sup>), and is the most cost-effective program at doing so. Further improvements in targeting of CTs will strengthen these impacts. For instance, the migration of qualifying beneficiaries of NAF cash transfers would further reduce poverty and inequality by 0.4 percentage points at no additional cost. Under current government plans, regular Takaful CTs will be further expanded in 2022 to cover 30 to 40 percent more beneficiary households. Given the prolonged impacts of the pandemic on household welfare, as well as the cost-effectiveness and strong targeting of the poor through this intervention, this expansion of the social safety net will not only bring relief to households in this later stage of the pandemic, but it will also continue to help to build a more efficient and responsive social protection system in Jordan.

<sup>26</sup> Rodriguez, L. and Wai-Poi, M. (2021). *Fiscal Policy, Poverty and Inequality in Jordan: The Role of Taxes and Public Spending-Policy Summary*. Washington D.C., World Bank.



Figure 1. Percentage of decile group receiving NAF and Takaful CTs



Source: HEIS 2017/18 and World Bank calculations.  
Note: Deciles ranked from poorest (1) to richest (10)

61. **Wage subsidies under Istadama help mitigate the impact on employment losses, critical for reducing income losses, development, and quick economic recovery.** World Bank data shows that the labor demand shocks in Jordan brought about by the temporary closures, disruptions to input supply, and decreases in sales, led to significant private sector formal job losses (Hatayama et al. 2021). The analysis estimates approximately a 1.2 percent of jobs lost in the private sector for each week of closure. Further, for each 1 percentage point of lost sales, there was an average 0.4 percent adjustment in formal workers. However, analysis also suggests that wage subsidies implemented through December 2020- January 2021 managed to a certain extent, to decrease these job losses. Istadama to date has benefited 109,165 (15 percent of the private sector workforce registered with SSC) and around 7,500 firms. Around 47 percent of the program beneficiaries are women.

62. **The revisions of categories and corresponding benefit levels under Istadama, which account for the economic recovery of some firms, increase workers’ income and program efficiency.** Category 3 - Ta’afi - begins to gradually ease support to firms that are recovering and able to pay a higher share of wages, with the program paying 30 percent instead of 37.5 or 50 percent of wages. Workers are now also paid their wages in full, improving household income. At the same time, categories 1 and 2 – ‘Istadama Plus’ and ‘Istadama Basic’ – continue to support firms that are still struggling with the effects of the crisis, with workers under category 1 – ‘Istadama Plus’ receiving 85 percent of their wages. The revision of Istadama categories led to 7,547 companies under previous categories of Istadama (those not authorized to operate and severely affected) to transition to either category 1 – Istadama Plus (469 firms), category 2 – Istadama Basic (1,973 firms), category 3 – Ta’afi (4,300 firms), or to exit the program since their financial statements show that they have fully recovered (805 firms). This translates into around half of the beneficiaries being paid 100 percent of their wages. Further, the discontinuation of Ta’afi category in January 2022 and inclusion of flexibility into the program (Istadama flexible approach), whereby firms can apply on a monthly basis to the program based on their financial status, led to the exit of firms which are not in dire need for support in any given month.



## **B. Financial Management**

63. In line with the guidelines as stated in the Financial Management (FM) Practices Manual issued by the Financial Management Sector Board effective on March 1, 2010, a FM assessment was conducted for the parent project and AF. The performance of the FM arrangements of the parent project and AF have been rated Moderately Satisfactory based on the outcomes of the last implementation support mission. The same FM arrangements will be replicated for the proposed AF2. The FM assessment for NAF, MOPIC and SSC, which were carried out during the parent project and the AF, are deemed adequate for AF2. The assessment evaluated the institutional capacity of NAF, MOPIC and SSC, to implement FM and disbursement arrangements under World Bank guidelines and found it to be Satisfactory.

64. The proposed AF2 will only include additional funding on existing components, namely Component 1.2 – Takaful-1 by US\$320.88 million and Component 4 – Istidama - by approximately US\$28.245 million, and the extension of the project closing date by an additional year to December 31, 2024. There are no changes to the implementation arrangements, disbursement arrangements and implementing agencies. Similar to the parent project and AF, the implementing agencies will include both NAF and MOPIC in partnership with the SSC. Multiple additions and changes have been made to the PBCs, including changes to PBC 1.3 and the additions of PBC 1.4, PBC 3.4, PBC 4.1, PBC 4.2, PBC 5.1 and PBC 5.2. The additional PBCs will be subject to the same verification procedures and arrangements detailed in the FM arrangements of the parent project and AF, to be considered when eligible expenditures or cash payments are reimbursed under the Project.

65. Fiduciary reporting requirements will be replicated from the Parent Project and AF. NAF, MOPIC, and the SSC will ensure that an adequate computerized financial system is in place and employs qualified financial staff, including both a full time Finance Officer who was already hired, to be complemented by the recruitment of a Project Finance Manager at NAF, which is currently underway. Semi-annual interim financial reports (IFRs) will continue to be submitted using excel sheets, in a timely manner, and CTs under Takaful-2, 3 and Component 4 “Istidama” will be subject to a verification review by a VA to confirm accuracy of payments, eligibility, and confirmation of receipt of funds. These verification procedures will be extended to cover AF2 for Component 4 – “Istidama”, and its extended period of implementation until June 30, 2022. Submission of IVE report for the period ending December 31, 2021, by the Borrower to the World Bank, will be included as a disbursement condition under Category 6 in the Loan Agreement of the proposed AF2. The frequency of submission of verification reports will be as follows:

- The first verification report will cover the period from March 1, 2020, to December 31, 2021, and will be due within three months of the end of the year. The finalization and clearance of this report will be considered a disbursement condition to proceed with the fund’s disbursement under AF2.
- A second verification report will cover the period from January 1, 2022, to June 30, 2022, and will be due within three months of the end of the period.

66. The verification of PBCs under Subcomponent 1.2 - Takaful-1 including the new PBCs under AF2 will continue to be covered by the Audit Bureau and other parties using the same arrangement as in the Parent Project and AF. The financial statements of NAF, MOPIC, and SSC will continue to be audited by the Jordan Audit Bureau and the financial statements of the Project will continue to be audited by a qualified and reputable private audit firm





registered with the Jordan Association of Certified Public Accountants. The audit period will be extended to cover the new closing date of the project which is December 31, 2024.

67. AF2 will continue utilizing the same disbursement arrangements and guidelines as stipulated in the parent project and AF Disbursement and Financial Information Letter, in accordance with the World Bank’s disbursements guidelines. AF2 will continue using “reporting-based disbursement” with semiannual IFRs that include cash forecasts covering two quarters. AF2 will also continue utilizing the existing US Dollar Designated Account (DA) opened at the Central Bank of Jordan, ensuring that each financing source (i.e., parent, AF, AF2) is accounted for separately.

68. Disbursements under Subcomponent 1.2 and Component 4 will continue to utilize the same disbursement reimbursement mechanism “reporting-based disbursement” through reimbursements made directly to the treasury account of NAF and its budget for Subcomponent 1.2, and to the treasury account of the Ministry of Finance and its budget for Component 4. Other disbursement arrangements including using withdrawal applications and E-disbursement will be replicated from the Parent project and AF.

69. Other FM and disbursement arrangements will be the same as the arrangements applicable under the parent project and AF.

**C. Procurement**

70. Procurement under this project will be carried out in accordance with the “World Bank Procurement Regulations for Borrowers under IPF,” dated November 2020. The World Bank “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016, shall apply to the project. A Project Procurement Strategy for Development was prepared for the parent project. It did not require updating under the proposed AF2, given that no changes to the project’s procurement arrangements are envisioned. The project will continue to use the Systematic Tracking of Exchanges of Procurement.

**D. Legal Operational Policies**

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

**E. Environmental and Social**

71. From an environmental safeguards’ standpoint, the project does not support the procurement of any materials, equipment nor does it involve rehabilitation or construction activities or civil works - and therefore, none of the interventions under this project result in any negative environmental impacts. Therefore, no environmental impact assessment nor mitigations are required to be implemented under the proposed AF2.

72. The Social Risks of the proposed AF2 are deemed Substantial, like the parent project and first AF. AF2 provides additional funds and duration, as well as the evolution of existing Government of Jordan social safety net programs



such as the consolidation of all cash transfer programs under Takaful - 1. There are no new activities envisioned under AF2. The main social risks are contextual in nature and relate to the large-scale socio-economic impacts of the COVID-19 pandemic and the risks related to potential exclusion of vulnerable and disadvantaged groups or individuals that are inherent in cash transfer projects. Other social risks of the project relate to beneficiaries (such as the disabled, population with low human capital or illiterate, or with limited digital literacy) may face challenges in accessing project benefits. Other potential social risks include: (i) social tensions between beneficiaries and non-beneficiaries in the same community if targeting is not sufficiently transparent; (ii) 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 GBV as part of the broader context of inter-partner violence in Jordan.

73. The targeted beneficiaries of the project include the working poor, relatively poor, informal, and formal workers, and female headed households. Targeted beneficiary households for Component 1 are currently selected using the Takaful-1 targeting methodology. Simulations have found Takaful-1 targeting methodology to be significantly more accurate in including the poor and excluding the non-poor than that for NAF's regular monthly CT program and the formula will be further enhanced based on the recommendations of the targeting evaluation being conducted by the Bank. The enhanced methodology will be used to select eligible households under Takaful-1 in 2022 and to recertify all NAF beneficiaries. A robust communication plan will be developed and adopted by the borrower (ESCP requirement) for the migration of the old caseload to Takaful-1, and the harmonization of CT processes supported by AF2. Targeting of firms in Istdama is based on objective criteria related to the impact of the crisis on firms.

74. There are a number of mitigants to social risks that continue to be incorporated into the project design, namely: the project supports similar and existing programs at NAF and SSC; the use of existing national systems and databases that are continuously updated; existing payment delivery mechanisms (including e-wallets, digital cash transfers to bank accounts and via their paychecks in the case of Component 4) that minimize the need for human interactions); and an existing beneficiary database. In 2020, a Gender Working Group comprised of GBV and social protection experts from donor partners and a Jordanian women's organization, was established to continually inform NAF's approach on CT projects from a gender perspective. A Gender Assessment supported by the Bank will further assess gender inclusion in CT programs and processes.

75. Both NAF and SSC have existing and functional grievance mechanisms. Covering the period November 2020 to October 2021, around 83,000 cases were received through NAF GRM, including queries, of which 98.7 percent have been resolved. Complaints were largely found to be related to program eligibility (70 percent), with peaks in March 2021, following the merit results announcement in February 2021.

76. The project has substantively met its ESCP commitments to date and is gaining experience with implementing the ESF requirements. The PMU is currently functional, and the Social Officer for the Project has been recruited and is assumed his functions in January 2022. The social focal point in SSC remains in place, supporting the Social Officer. The SEP, LMP, and RSA covering parent project and its AF have been approved, consulted upon, and disclosed. The PMU has also adopted a Code of Conduct covering sexual harassment in the workplace and has rolled out GBV



training to project workers. All ESF instruments (SEP, RSA, LMP, ESCP) have been further updated for the proposed AF2 and have been cleared by the Bank prior to appraisal.

## **WORLD BANK GRIEVANCE REDRESS**

77. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org)

**VI SUMMARY TABLE OF CHANGES**

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓

**VII DETAILED CHANGE(S)****COMPONENTS**

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Cash support to poor and vulnerable households affected by COVID-19	494.57	Revised	Cash support to poor and vulnerable households affected by COVID-19	815.45
Project Management, Monitoring and Evaluation	3.00	No Change	Project Management, Monitoring and Evaluation	0.00
Contingent Emergency Response Component (CERC)	0.00	No Change	Contingent Emergency Response Component (CERC)	0.00



Support to workers in firms affected by COVID-19	165.00	Revised	Support to workers in firms affected by COVID-19	193.24
<b>TOTAL</b>	<b>662.57</b>			<b>1,008.69</b>

**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-91390	Effective	30-Jun-2022	31-Dec-2023	31-Dec-2024	30-Apr-2025
IBRD-92820	Effective	31-Dec-2023	31-Dec-2023	31-Dec-2024	30-Apr-2025
TF-B3363	Effective	30-Jun-2022	30-Jun-2022	31-Dec-2022	30-Apr-2023

**Expected Disbursements (in US\$)**

Fiscal Year	Annual	Cumulative
2020	0.00	0.00
2021	70,000,000.00	70,000,000.00
2022	469,000,000.00	539,000,000.00
2023	240,000,000.00	779,000,000.00
2024	200,000,000.00	979,000,000.00
2025	35,170,000.00	1,014,170,000.00

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate
Fiduciary	● Moderate	● Substantial
Environment and Social	● Substantial	● Substantial



Stakeholders	● Moderate	● Moderate
Other	● Substantial	● Substantial
Overall	● Substantial	● Substantial

**LEGAL COVENANTS – Jordan Emergency Cash Transfer COVID-19 Response Second Additional Financing (P177815)**

**Sections and Description**

Schedule 2. Section I. D.1. Not later than thirty (30) days after the Effective Date, the Borrower shall cause NAF to amend the POM, on the terms satisfactory to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following: (a) administration and coordination, monitoring and evaluation, financial management, procurement and accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures; (b) a grievance mechanism; (c) personal data collection and processing in accordance with the applicable national guidelines; (d) eligibility criteria and procedures in selecting Beneficiaries for receiving Cash Transfers, including schedules and modalities for delivering Cash Transfers; (e) detailed arrangements for verification of achievement of the PBCs (including the Verification Protocol); (f) roles and responsibilities for project implementation; and (g) such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Bank.

Schedule 2. Section I. D.2. Not later than thirty (30) days after the Effective Date, the Borrower shall cause SSC to amend Istdama Program Guidelines on the terms satisfactory to the Bank and thereafter carry out Part 4 of the Project pursuant to the Istdama Program Guidelines, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following: (a) a grievance mechanism; (b) personal data collection and processing in accordance with the applicable national guidelines; (c) eligibility criteria and procedures in selecting eligible private sector firms and eligible employees for receiving Istdama Benefits; and (d) such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Bank.

Schedule 2. Section I. G.1. Not later than sixty (60) days after the Effective Date, the Borrower, through MOPIC, shall appoint a Verification Agent to carry out, under the terms satisfactory to the Bank, a verification review of Project implementation, including, inter alia, (a) accuracy of Safety Net Transfer payments under Part 1.1 of the Project; (b) eligibility of Beneficiaries; (c) confirmation of receipt of funds by Beneficiaries; and (d) calculation, processing and payment of Istdama Benefits under Part 4.

Schedule 2. Section I. G. 3. The Borrower shall, through NAF, not later than thirty (30) days after the verification of compliance with the PBCs has been completed, prepare and furnish to the Borrower and the Bank, a report on the results of said verification process of such scope and in such detail as the Bank shall reasonably request, and recommend corresponding payments to be made, as applicable, under Category (2).

Schedule 2. Section I. G. 4. The Borrower shall submit to the Bank, on a quarterly basis, Verification Agent’s verification review report satisfactory to the Bank, related to the use of the proceeds of the Safety Net Transfers and Istdama benefits. The final independent verification report shall be furnished to the Bank not later than three (3) months after the end of last withdrawal of the proceeds of the Loan allocated to Safety Net Transfers under Categories (3) and (6) of the table set forth in Section IV.A.1 of Schedule 2 to this Agreement.



Schedule 2. Section I. I. 1. The Borrower shall cause NAF, through the PMU, to prepare and furnish to the Bank, not later than January 31 of each year, starting 2023, an Annual Work Plan and Budget containing all activities proposed to be included in the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts, sources of financing and eligible costs.

Schedule 2. Section II. 1. The Borrower shall cause NAF to furnish to the Bank each Project Report not later than 45 days after the end of a calendar quarter, covering the calendar quarter.

**Conditions**

Type	Financing source	Description
Effectiveness		Article V. 5.01 (a) the Borrower has entered into an amended Subsidiary Agreement with NAF under terms satisfactory to the Bank.
Effectiveness		Article V. 5.01 (b) the Borrower has entered into an amended Cooperation Agreement with SSC under terms satisfactory to the Bank.
Disbursement		Schedule 2. Section III.B. 1 (a) For payments made prior to the date of the Loan Agreement, except withdrawals up to an aggregate amount not to exceed \$28,245,000 may be made for payments made on or after January 1, 2022 but prior to the Signature Date, under Category (6) of the Project and provided the disbursement condition under paragraph (c) of the Loan Agreement is fulfilled.
Disbursement		Schedule 2. Section III.B. 1 (b) For payments under Category (2) unless the Bank has (i) received satisfactory evidence, to be verified by the Audit Bureau that (i) payments for Eligible Expenditures Program have been made in accordance and in compliance with the procedures set forth in the POM; and (ii) the PBCs set forth in Schedule 4 to this Agreement for which payment is requested have been met and verified in accordance with the Verification Protocol and the POM and (iii) GM has been enhanced to include gender based violence referral pathways in a manner satisfactory to the Bank.
Disbursement		Schedule 2. Section III.B. 1 (c) Under Category (6) unless and until (i) the allocation under Category (6) of the Original Loan Agreement and Additional Financing has been fully disbursed and (ii) the Borrower has submitted the verification reports referred to in Section I.G of Schedule 2 to the Loan Agreement for Part 1.1 and Part 4



		of the Project covering the period from March 1, 2020 to December 31, 2021..
Type Disbursement	Financing source	<p>Description</p> <p>Schedule 2. Section III.B. 1 (d) For Emergency Expenditures under Category (4), unless and until the Bank is satisfied that all of the following conditions have been met in respect of said expenditures:</p> <ul style="list-style-type: none"><li>i. the Borrower has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Bank a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and the Bank has agreed with such determination, accepted said request and notified the Borrower thereof;</li><li>ii. the Borrower has prepared and disclosed all environmental/social documents, (including ESCP) required for said activities, and the Borrower has ensured that any actions which are required to be taken under said documents have been implemented, all in accordance with the provisions of Sections I.H.(2)(b) of this Schedule;</li><li>iii. the entities in charge of coordinating and implementing the Contingent Emergency Response Part, has provided sufficient evidence satisfactory to the Bank that it has adequate staff and resources for the purposes of said activities; and</li><li>iv. the Borrower has adopted the CERCM, in form and substance acceptable to the Bank, and the provisions of the CERCM remain relevant or have been updated in accordance with the provisions of Section I.H of this Schedule so as to be appropriate for the inclusion and implementation of the activities under the Contingent Emergency Response Part.</li></ul>





VIII. RESULTS FRAMEWORK AND MONITORING

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Results Framework

COUNTRY: Jordan

Jordan Emergency Cash Transfer COVID-19 Response Second Additional Financing

Project Development Objective(s)

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

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	End Target
<b>Cash support to poor and vulnerable households affected by the COVID-19 pandemic in Jordan (Action: This Objective has been Revised)</b>			
Number of households receiving cash support through the project (Number)		0.00	400,000.00
<b>Action: This indicator has been Revised</b>			
Number of individuals (Number)		0.00	2,000,000.00
<b>Action: This indicator has been Revised</b>			
Percentage of female-headed households (Percentage)		0.00	10.00



Indicator Name	PBC	Baseline	End Target
<i>Action: This indicator has been Revised</i>			
<b>Support to workers in firms affected by COVID-19</b>			
Number of individuals receiving wage subsidies through the project (Number)		0.00	110,000.00
<i>Action: This indicator has been Revised</i>			
Percentage of females (Percentage)		0.00	50.00

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	End Target
<b>Component 1: Cash support to poor and vulnerable households affected by COVID-19</b>			
Number of households receiving temporary cash transfers (Number)		0.00	132,000.00
<i>Action: This indicator has been Revised</i>			
Number of individual beneficiaries (Number)		0.00	660,000.00
<i>Action: This indicator has been Revised</i>			
Percentage of female beneficiaries (Percentage)		0.00	50.00



Indicator Name	PBC	Baseline	End Target
<i>Action: This indicator has been Revised</i>			
Number of households receiving cash transfers under the Takaful program (Number)	PBC 1, 1	45,000.00	170,000.00
<i>Action: This indicator has been Revised</i>			
Number of individuals (Number)		0.00	850,000.00
<i>Action: This indicator has been Revised</i>			
Percentage of females (Percentage)		50.00	50.00
<i>Action: This indicator has been Revised</i>			
<b>Component 2: Project Management, Monitoring and Evaluation (Action: This Component has been Revised)</b>			
Number of new participating institutions connected to NUR (Number)		15.00	20.00
<i>Action: This indicator has been Revised</i>			
Percentage of beneficiary households receiving payments digitally (Percentage)		20.00	100.00
<i>Action: This indicator has been Revised</i>			
Percentage of females receiving payments digitally (Percentage)		4.00	9.00
<i>Action: This indicator has been Revised</i>			
Number of NAF staff benefiting from training and capacity building programs provided through the project (Number)		0.00	50.00



Indicator Name	PBC	Baseline	End Target
<i>Action: This indicator has been Revised</i>			
Number of NAF MIS modules improved through the project (Number)		0.00	3.00
<i>Action: This indicator has been Revised</i>			
Percentage of grievances, complaints and inquiries addressed within timeframe that is specified and publicly communicated by the project. (Percentage)		20.00	80.00
<i>Action: This indicator has been Revised</i>			
Percentage of beneficiaries who expressed satisfaction with the project interventions, including on delivery and communication modalities (Percentage)		0.00	90.00
<i>Action: This indicator has been Revised</i>			
NAF's NUR is modified to obtain real-time information on the geographic location of weather-related shocks to enable NAF to automatically generate list of poor and vulnerable families. (Yes/No)		No	Yes
<i>Action: This indicator has been Revised</i>			
Number of social services that use NUR as the only intake channel for applicants (Number) (Number)		0.00	5.00
<i>Action: This indicator is New</i>			
<b>Component 4: Support to workers in firms affected by COVID-19</b>			
Number of individuals receiving wage subsidies through the project (Number)		0.00	110,000.00



Indicator Name	PBC	Baseline	End Target
<i>Action: This indicator has been Revised</i>			
Percentage of Females (Percentage)		0.00	50.00
Number of firms supported by Istadama program (Number)		0.00	7,500.00
<i>Action: This indicator has been Revised</i>			

**Monitoring & Evaluation Plan: PDO Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of households receiving cash support through the project	Aggregated number of beneficiary households for component 1 of the Project	Quarterly	NAF MIS	Program MIS; Payment module (payroll to be generated)	NAF
Number of individuals		Quarterly	NAF MIS	Number of individuals in the targeted households	NAF
Percentage of female-headed households					
Number of individuals receiving wage subsidies through the project	Number of individuals receiving wage subsidies from SSC	Quarterly	SSC MIS	Reports generated from SSC MIS	MOPIC - SSC
Percentage of females	Percentage of females	Quarterly	SSC MIS	Reports from SSC MIS	MOPIC - SSC

**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of households receiving temporary cash transfers	Number of households receiving temporary cash transfers	Quarterly	NAF MIS	MIS Payment module	NAF
Number of individual beneficiaries		Quarterly	NAF MIS	Number of individuals in all households targeted	NAF
Percentage of female beneficiaries	Percentage of female individual beneficiaries	Quarterly	NAF MIS	Reports generated from NAF MIS	NAF
Number of households receiving cash transfers under the Takaful program		Quarterly	NAF MIS	MIS beneficiaries list and payment lists	NAF
Number of individuals					
Percentage of females					
Number of new participating institutions connected to NUR		Annually	NAF NUR progress report	Number of database connected to NUR platform	NAF
Percentage of beneficiary households receiving payments digitally	This indicator covers Takaful 1, 2, and 3 as well as the old caseload of NAF under the Regular Monthly Cash Transfer program which is currently being transformed into digital	Quarterly	NAF MIS	MIS Payment module	NAF



	payment.				
Percentage of females receiving payments digitally	Percentage of female who receives their payment digitally out of the number of all beneficiaries from the NAF program	Quarterly	NAF MIS	Reports generated from NAF MIS	NAF
Number of NAF staff benefiting from training and capacity building programs provided through the project		Quarterly	Project progress reports	Number of staff received training programs	NAF
Number of NAF MIS modules improved through the project		Annually	NAF MIS	Reviewing the improved/adjusted Business Processes for three modules in the NAF MIS	NAF
Percentage of grievances, complaints and inquiries addressed within timeframe that is specified and publicly communicated by the project.		Quarterly	NAF and SSC MIS	percentage of addressed complaints = number of collected / number of addressed	NAF and SSC
Percentage of beneficiaries who expressed satisfaction with the project interventions, including on delivery and communication modalities	The project will leverage the contract with the IVE to collect data about beneficiaries satisfaction and will prepare time-bound annual action plans to address feedback from beneficiaries that have been solicited through the surveys	Annual	IVE reports	Telephonic surveys by the IVE	MOPIC/NAF



NAF's NUR is modified to obtain real-time information on the geographic location of weather-related shocks to enable NAF to automatically generate list of poor and vulnerable families.	NAF's MIS will be improved to allow NAF to obtain real-time information on the geographic location of weather-related shocks to enable NAF to automatically generate the list of poor and vulnerable families living in affected areas.	One time	NAF MIS	NAF will submit a report about this change	NAF
Number of social services that use NUR as the only intake channel for applicants (Number)					
Number of individuals receiving wage subsidies through the project	Number of individuals receiving wage subsidies through the project	Quarterly	SSC MIS	Reports generated from SSC MIS	MOPIC - SSC
Percentage of Females	Percentage of females	Quarterly	SSC MIS	Reports generated form SSC MIS	MOPIC - SSC
Number of firms supported by Istadama program	Number of firms supported by Istadama program	Quarterly	SSC MIS	Reports generated from SSC	MOPIC - SSC





**Performance-Based Conditions Matrix**

Performance-Based Conditions Matrix				
PBC 1	Number of households receiving cash transfers under the Takaful program			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Number	192,000,000.00	0.00
Baseline	45,000.00			
2020			32,000,000.00	from the baseline of 0, \$8,000,000 for each 11,000 by the end of 2020
2021			80,000,000.00	from the baseline of 0, \$2,250,000 for each 10,650 households paid in each quarter of 2021, up to \$80,000,000
2022			80,000,000.00	from the baseline of 0, \$2,250,000 for each 10,650 households paid in each quarter of 2022, up to \$80,000,000
2023			0.00	
2024			0.00	

**Action: This PBC has been Revised. See below.**

PBC 1	Number of households receiving cash transfers under the Takaful program			
Type of PBC	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Number	397,000,000.00	18.14
Baseline	45,000.00			



2020			32,000,000.00	from the baseline of 0, \$8,000,000 for each 11,000 by the end of 2020
2021			75,000,000.00	from the baseline of 0, \$2,250,000 for each 10,650 households paid in each quarter of 2021, up to \$75,000,000
2022			120,000,000.00	from the baseline of 0, \$2,250,000 for each 12,000 households paid in each quarter of 2021, up to \$120,000,000
2023			170,000,000.00	from the baseline of 0, \$2,250,000 for each 17,000 households paid in each quarter of 2021, up to \$170,000,000
2024			0.00	
<b>PBC 2</b>	<b>Improvements in Takaful</b>			
<b>Type of PBC</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Outcome	Yes	Yes/No	99,275,000.00	0.00
Baseline	No			
2020	No		0.00	0.00
2021	Yes		80,000,000.00	PBC#2.1: \$10m; PBC #2.2: \$50m; PBC #2.3: \$20m
2022	Yes		19,275,000.00	PBC#2.4: \$19.275m
2023			0.00	



2024			0.00	
<b>PBC 3</b>	Migration of Beneficiaries into Takaful Cash Transfer Program			
<b>Type of PBC</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Outcome	Yes	Yes/No	96,330,000.00	0.00
Baseline	No			
2020	Yes		5,000,000.00	PBC #3.1: From the baseline of 0, \$5,000,000 for every 14,000 Beneficiaries whose payments are digitized, up to \$10,000,000
2021	Yes		16,330,000.00	PBC#3.1: \$5m; PBC#3.2: \$11.330
2022	Yes		75,000,000.00	#3.3:from the baseline of 0, \$7.5m for each 10% qualifying (for Takaful) households of the regular CTP enrolled in Takaful upto \$75m
2023			0.00	
2024			0.00	
<b>Action: This PBC has been Revised. See below.</b>				



<b>PBC 3</b>				
<i>Migration of Beneficiaries into Takaful Cash Transfer Program</i>				
<b>Type of PBC</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
<i>Outcome</i>	<i>Yes</i>	<i>Yes/No</i>	<i>120,210,000.00</i>	<i>13.58</i>
<i>Baseline</i>	<i>No</i>			
<i>2020</i>	<i>Yes</i>		<i>5,000,000.00</i>	<i>PBC #3.1: From the baseline of 0, \$5,000,000 for every 14,000 Beneficiaries whose payments are digitized, up to \$10,000,000</i>
<i>2021</i>	<i>Yes</i>		<i>16,330,000.00</i>	<i>PBC#3.1: \$5m; PBC#3.2: \$11.330</i>
<i>2022</i>	<i>Yes</i>		<i>75,000,000.00</i>	<i>#3.3:from the baseline of 0, \$7.5m for each 10% qualifying (for Takaful) households of the regular CTP enrolled in Takaful upto \$75m</i>
<i>2023</i>	<i>Yes</i>		<i>23,880,000.00</i>	<i>PBC#3.4: NAF Board of Directors approves a time-bound plan to phase out the regular monthly CT program.</i>
<i>2024</i>			<i>0.00</i>	
<b>PBC 4</b>				
<b>PBC 4: Operationalization of the National Unified Registry (NUR)</b>				
<b>Type of PBC</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
<i>Intermediate Outcome</i>	<i>Yes</i>	<i>Number</i>	<i>59,000,000.00</i>	<i>0.00</i>
<i>Baseline</i>	<i>0.00</i>			



2020			0.00	
2021			0.00	
2022			15,000,000.00	PBC # 4.1: GOJ endorses the executive plan to launch NUR as single gateway for applicants seeking social assistance.
2023	5.00		30,000,000.00	PBC # 4.2: from the baseline of 0, \$6,000,000 for each social service that uses NUR front-end as the only intake channel
2024			14,000,000.00	PBC #4.3: NAF develops a module in its MIS to automatically generate list of poor families affected by climate-related shocks

Action: This PBC is New

<b>PBC 5</b>	<b>PBC 5: Implementation of the Economic Empowerment Program</b>			
<b>Type of PBC</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Intermediate Outcome	Yes	Number	33,000,000.00	0.00
Baseline	0.00			
2020			0.00	
2021			0.00	
2022			15,000,000.00	PBC #5.1: NAF endorses the revised



			instruction for NAF’s Training and Employment Unit to implement EEP.
2023	5,000.00	18,000,000.00	PBC #5.2: from the baseline of 0, \$6m for each 1,000 beneficiary member of NAF targeted for employment support
2024		0.00	
<i>Action: This PBC is New</i>			

**Verification Protocol Table: Performance-Based Conditions**

<b>PBC1</b>	Number of households receiving cash transfers under the Takaful program
<b>Description</b>	
<b>Data source/ Agency</b>	NAF MIS
<b>Verification Entity</b>	Jordan Audit Bureau - validated by the World Bank.
<b>Procedure</b>	PBC#1.1, PBC# 1.2, and PBC# 1.3: NAF generates list of beneficiaries enrolled and paid in Takaful program from the MIS. NAF will cause the Audit Bureau to prepare and furnish to the Borrower and the Bank, a report on the results of the verification process of such scope and in such detail as the Bank shall reasonably request, and recommend corresponding payments to be made, as applicable.
<b>PBC1</b>	Number of households receiving cash transfers under the Takaful program



<b>Description</b>	PBC 1.1: 44,000 eligible households are enrolled in Takaful-1 Cash Transfer Program and paid in 2020 PBC 1.2: 85,000 eligible households are enrolled in Takaful-1 Cash Transfer Program and paid in 2021 PBC 1.3: 120,000 eligible households are enrolled in Takaful-1 CT Program and paid in 2022 Excluding households included in PBC 3.3, namely households that are moved into Takaful-1 from the regular monthly cash transfer program in 2022. PBC 1.4: 170,000 eligible households are enrolled in Takaful-1 CT Program and paid in 2023; Including households that are moved into Takaful-1 from the regular monthly cash transfer program in 2022.
<b>Data source/ Agency</b>	NAF MIS
<b>Verification Entity</b>	Jordan Audit Bureau - validated by the World Bank.
<b>Procedure</b>	PBC#1.1, PBC# 1.2, PBC# 1.3, and PBC# 1.4: NAF generates list of beneficiaries enrolled and paid in Takaful program from the MIS. NAF will cause the Audit Bureau to prepare and furnish to the Borrower and the Bank, a report on the results of the verification process of such scope and in such detail as the Bank shall reasonably request, and recommend corresponding payments to be made, as applicable.
<b>PBC2</b>	Improvements in Takaful
<b>Description</b>	PBC # 2.1: NAF develops and adopts a revised Takaful targeting methodology based on the findings from the evaluation study and approved it by its the Board of Directors. PBC # 2.2: NAF implements the revised Takaful Targeting methodology. PBC # 2.3: NAF develops and adopts a plan for the recertification of Takaful beneficiaries. PBC # 2.4: NAF implements the recertification of Takaful beneficiaries
<b>Data source/ Agency</b>	NAF
<b>Verification Entity</b>	Implementing entity with validation by the World Bank.



<b>Procedure</b>	<p>PBC #2.1: NAF provides the Bank with the revised targeting formula that is satisfactory to the Bank team based on the findings of the targeting evaluation. This will be validated by the World Bank.</p> <p>PBC #2.2: NAF applies the revised targeting formula in the MIS for the following rounds of Takaful. This will be validated by the World Bank.</p> <p>PBC #2.3: NAF provides the World Bank with the recertification plan of Takaful beneficiaries. This will be validated by the World Bank.</p> <p>PBC #2.4: NAF submits a report on the data collection and enrollment of beneficiaries following the recertification plan guidelines. The report will be reviewed and accepted by the World Bank.</p>
<b>PBC3</b>	Migration of Beneficiaries into Takaful Cash Transfer Program
<b>Description</b>	<p>PBC #3.1: NAF digitizes payments to Beneficiaries under Regular Monthly Cash Transfer Program</p> <p>PBC # 3.2: NAF Board of Director issues decision to discontinue new enrollment under the Regular Monthly Cash Transfer Program.</p> <p>PBC # 3.3: NAF enrolls in the Takaful CT Program beneficiaries of the regular monthly CT programs that qualify for the Takaful</p>
<b>Data source/ Agency</b>	<p>PBC #3.1: NAF MIS</p> <p>PBC #3.2: NAF</p> <p>PBC #3.3: NAF MIS</p>
<b>Verification Entity</b>	Implementing entity with validation by the World Bank.
<b>Procedure</b>	<p>PBC #3.1: NAF provides the Bank with the list of beneficiaries of the monthly cash transfers who were enrolled and paid through the digitized payments. This will be validated by the World Bank.</p> <p>PBC #3.2: NAF provides the World Bank with a copy of the decision made by Board of Directors:</p> <p>PBC #3.3: NAF provides the Bank with the list of beneficiaries who were recertified and migrated from the Regular Cash Transfer Program to Takaful or exited from the Regular Cash Transfer program.</p>





<b>PBC3</b>	Migration of Beneficiaries into Takaful Cash Transfer Program
<b>Description</b>	<p>PBC #3.1: NAF digitizes payments to Beneficiaries under Regular Monthly Cash Transfer Program</p> <p>PBC # 3.2: NAF Board of Director issues decision to discontinue new enrollment under the Regular Monthly Cash Transfer Program.</p> <p>PBC # 3.3: NAF enrolls in the Takaful CT Program beneficiaries of the regular monthly CT programs that qualify for the Takaful</p> <p>PBC # 3.4: NAF Board of Directors approves a time-bound plan to phase out the regular monthly CT program.</p>
<b>Data source/ Agency</b>	<p>PBC #3.1: NAF MIS</p> <p>PBC #3.2: NAF</p> <p>PBC #3.3: NAF MIS</p> <p>PBC #3.4: NAF</p>
<b>Verification Entity</b>	Implementing entity submits the evidence with validation by the World Bank.
<b>Procedure</b>	<p>PBC #3.1: NAF provides the Bank with the list of beneficiaries of the monthly cash transfers who were enrolled and paid through the digitized payments. This will be validated by the World Bank.</p> <p>PBC #3.2: NAF provides the World Bank with a copy of the decision made by Board of Directors:</p> <p>PBC #3.3: NAF provides the Bank with the list of beneficiaries who were recertified and migrated from the Regular Cash Transfer Program to Takaful or exited from the Regular Cash Transfer program. This will be validated by the World Bank</p> <p>PBC #3.4: NAF provides the World Bank with the approved plan and a copy of the decision made by Board of Directors.</p>
<b>PBC4</b>	PBC 4: Operationalization of the National Unified Registry (NUR)
<b>Description</b>	<p>PBC 4.1: GOJ endorses the executive plan to launch NUR as single gateway for applicants seeking social assistance.</p> <p>PBC 4.2: The GOJ uses NUR front-end as the only intake channel for the citizen to apply for five government social services. (incremental).</p> <p>PBC 4.3: NAF develops a module in the NAF MIS that connects to the NUR to enable NAF to automatically generate list of poor families affected by the climate-related shocks.</p>



<b>Data source/ Agency</b>	PBC 4.1: NAF PBC 4.2: NUR platform PBC 4.3: NAF MIS
<b>Verification Entity</b>	Implementing entity with validation by the World Bank.
<b>Procedure</b>	PBC # 4.1: The Borrower provides the endorsed executive plan to launch NUR as single gateway for applicants seeking social assistance. PBC #4.2: Borrower provides a list of social services that use NUR front-end as the intake channel for citizen’s application and a related report. PBC #4.3: Borrower provides a report that the system has been developed.
<b>PBC5</b>	PBC 5: Implementation of the Economic Empowerment Program
<b>Description</b>	PBC 5.1. NAF endorses the revised instruction for NAF’s Training and Employment Unit to implement EEP BC 5.2: 3,000 of Takaful-1 beneficiaries targeted for employment support, based on the criteria set in the EEP, are included in the target population for national employment programs under Sajjil and apply for support. (incremental).
<b>Data source/ Agency</b>	PBC 5.1: NAF shares the revised instruction endorsed. PBC 5.2: NAF MIS and Sajjil Platform of the Ministry of Labor
<b>Verification Entity</b>	Implementing entity with validation by the World Bank.
<b>Procedure</b>	PBC #5.1: NAF Board of Directors has revised instructions for NAF’s Training and Employment Unit to implement EEP. PBC #5.2: NAF provides the list of beneficiaries benefiting from the Economic Empowerment Program from the Sajjil platform at the Ministry of Labor.

