



COVID-19 G2P Cash-Transfer Payments Country Brief: JORDAN

Existing Social Assistance Programs and COVID-19 Cash Transfer Response Measures

EXISTING CASH TRANSFER PROGRAMS

The largest cash transfer program in Jordan, operated by the National Aid Fund (NAF), regularly benefited approximately 100,000 households by the end of 2018 (almost 10% of the population). NAF is an independent institution that is led by a board of directors chaired by the Minister of Social Development, with an annual budget of US \$141 million². NAF provides cash transfers in the range of US \$28 to \$254 to 16 different categories of vulnerable groups. The groups targeted include elders, orphans, widows, families that fall under the national poverty line, and families where the head of the family is unable to work due to severe disability.

To further alleviate poverty impacts resulting from the economic reform programs, the government approved in May 2018 a plan to expand and improve the NAF cash transfer program. This program, “Takaful”, was launched in May 2019 aiming to increase the number of households covered by the program by 85,000 over a 3-year period (2019 to 2021) with an additional budget of US \$141 million. In 2019, the program also provided additional complementary services to the beneficiaries including referral to health insurance, school meals, transportation allowances, and energy saving support.

To increase transparency, efficiency, and timeliness of the provided support, the G2P cash transfer systems administered by NAF have started to be digitized. All of the new 85,000 Takaful beneficiary families will be receiving their cash transfer digitally (either through e-wallets or Basic Bank Accounts (BBA), and the existing 100,000 households from the old caseload will be converted to digital payment gradually by 2021.

¹ This case study has been developed by Harish Natarajan, Guillermo Galicia and Ragheb Budeiri with contributions from Anastasiya Denisova, Ghada Waheed Ismail and Alexi Sluchynskyy. The G2P emergency cash transfer program in Jordan is evolving in real time. This note includes information as of May 6, 2020.

² Exchange rate of US\$1 = JOD 0.71 valid June 23, 2020.



By April 2020, close to 50,000 families had been enrolled under Takaful (in two phases of approximately 25,000 each). All 50,000 households are currently receiving their payments digitally either through e-wallet or a BBA (with both options available before COVID-19 and e-wallet only offered during lockdown). The program provides enrollment sessions to all the beneficiaries to educate them about BBAs and e-wallets, the pros and cons of each one, and impart basic financial literacy.

The digitization of NAF payments has received strong support from the Central Bank of Jordan (CBJ) and Jordan Payment and Clearing Company (JoPACC). CBJ's support included clear communication to banks and e-wallet companies on their role in the process and opportunity for close collaboration between NAF and the financial sector.

EMERGENCY CASH TRANSFER PROGRAM

Jordan declared a State of Emergency on March 17th, 2020 through the activation of the defense law, which immediately had an economic effect on vulnerable groups, particularly on daily wage workers. As a response to COVID-19, the government issued the Defense Order no. 9, which provides cash transfers to informal workers whose jobs have been curbed by the COVID-19 crisis. The initiative will reach approximately 200,000 households and deliver an estimated US \$192 US per month to households with three or more members, and US \$99 to households with two members or less.

Application, enrollment, and payment for this emergency program are completely digitized building on the systems developed under Takaful and swift policy adjustments undertaken by the Central Bank of Jordan (CBJ) and Jordan Payment and Clearing Company (JoPACC) in light of COVID-19.

For the Takaful program, NAF has accelerated digital enrollment and e-wallet opening and substantially benefited from CBJ's relaxed KYC instructions to accommodate the faster opening of e-wallets during the lockdown. Enrollment sessions were also converted to the virtual and on the phone format. Due to the increased need for face-to-face interaction, opening a BBA was not an option during the lockdown.

Lastly, regarding the old cash transfer program, the army accompanied by NAF employees delivered the aid to beneficiaries at their homes.

Registration and Eligibility Determination

Jordan is in the process of developing its Social Registry, the National Unified Registry (NUR), based on the expansion of the National Aid Fund (NAF) database for vulnerable population and the Takaful program

The emergency aid is directed to daily wage workers affected by the COVID-19 crisis and uses the same mechanisms implemented for the Takaful program. Workers apply through a webpage (<https://reg.takmeely.jo/>) and are required to provide information including: prior participation as beneficiary in the Bread Subsidy Compensation program, national ID number, national ID card number, and an e-wallet mobile phone. By April 18th, more than 290,000 heads of family had applied to the emergency cash transfer.

NAF verifies applicant information and updates the existing beneficiary information automatically using data exchange enabled by NUR³, which includes data from multiple government entities, including: NAF, the Social Security Corporation, the Civil Status and Passports Department, the Driver and Vehicle

³ The Jordanian National Unified Registry (NUR) was established under a WB project. Its first implementation phase finalized in January 2020.



Licensing Department, the Income and Sales Tax Department, the Stock Exchange, the Land Registry and the Ministry of Finance- Retirement Administration.

Payments Arrangements

The payment arrangement for the emergency program builds on the mechanism already used in Takaful. The arrangement also leverages the close cooperation with the Jordan Payments and Clearance Company (JoPACC), the simplified KYC requirements issued by CBJ, the ability to open an e-wallet account completely online, and the full interoperability between all e-wallet companies in Jordan.

The payment arrangement is based on the delivery of cash transfers through e-money accounts also referred to e-wallets, which can be opened with any of the seven licensed payment service providers (PSPs). To facilitate this process the Central Bank of Jordan relaxed its current regulations for PSPs by allowing remote e-wallet opening, which can be carried out through simplified Know-Your-Customer requirements. The Central Bank also instructed PSPs to achieve full interoperability through the central JoMoPay switch (the mobile clearing platform operated by JoPACC).

Once NAF has identified beneficiaries, they compile and send the list to JoPACC to verify if any of the beneficiaries have an active e-wallet in the JoMoPay system. Once beneficiaries with e-wallets have been identified, they are sent an SMS to confirm if they want to use the existing e-wallet to receive the cash transfer.

Beneficiaries without e-wallets are also contacted through an interactive SMS and are requested to choose among the listed PSPs to open an e-wallet. Upon selection, NAF sends each PSP a list of the beneficiaries that have selected them, and PSPs must assist beneficiaries in the process to open their e-wallet.

Beneficiaries can use e-wallets to transfer money and to cash-out from any nearby agents as well as few bank's ATMs that offer mobile wallet cash-out service. Authorities have made efforts to increase the cash-in cash-out (CICO) network and increased access points. The wallet to agent ratio went from 450:1 to 229:1. Authorities have set additional incentives to increase adoption of digital payments, such incentives include increasing the transaction limits for e-wallets up to US \$7,052 and reducing interchange fees for e-wallet transactions. Also, the Central Bank of Jordan launched a challenge fund for PSPs, which intends to increase adoption of digital payments at merchants. JoPACC is also in the process of allowing the interoperability of eCommerce platforms with e-wallets and QR acceptance.

The PSPs in collaboration with NAF, JoPACC, the Central Bank of Jordan and different international social protection agencies, such as the WFP and UNICEF, provide training sessions, material and communication channels for beneficiaries. Through these channels, beneficiaries can receive information and guidance on how to open and use e-wallets.