Audit Report of
Support to Implementation of a National Unified Registry and Outreach Program for Targeting Social Assistance Project
World Bank Grant No. TF 015887.
Ministry of Planning International Cooperation
Amman - Jordan
for the year ended 31 December 2015
TABLE OF CONTENTS

I. Auditor Report
II. Statement of Cash Receipts & Payments by Category
III. Notes to the Financial Statement
IV. Management Letter
INDEPENDENT AUDITOR REPORT

To Ministry of Planning & International Cooperation
Amman, Jordan

We have audited the accompanying special purpose project financial statement comprising of
the statement of Cash Receipts and Payments of Support to Implementation of a National
Unified Registry and Outreach Program for Targeting Social Assistance Project (World
Bank Grant No. TF 015887) for the year ended 31 December 2015, and the explanatory
notes for the period.

Management of the project is responsible for the preparation and fair presentation of this
statement in accordance with international public sector accounting standards, and for such
internal controls as management determines is necessary to enable the preparation of
financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on this financial statement based on our audit. We
conducted our audit in accordance with International Standards on Auditing. Those Standards
require that we plan and perform the audit to obtain reasonable assurance about whether the
financial statements are free of material misstatement and about whether Support to
Implementation of a National Unified Registry and Outreach Program for Targeting
Social Assistance Project has complied with the laws, regulations, guidelines and provisions
governed by the Grant agreement. An audit includes examining, on a test basis, evidence
supporting the amounts and disclosures in the financial statement. An audit also includes
assessing the accounting principles used, as well as evaluating the overall financial statement
presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion:
(a) The special purpose project financial statement presents fairly, in all material respects, the
cash receipts and payments of the Project for the year ended 31 December 2015 in
accordance with the International Public Sector Accounting Standards, under the cash basis
of accounting;
(b) Internal control over financial reporting involved in the preparation of replenishments,
direct payments and reimbursement can be relied upon to support the related withdrawals
(c) The project was in all material respects in compliance with laws, regulations, guidelines
and provisions governed by the Grant agreement

Other matters
- The 2014 financial statement was audited by another auditor who expressed an
unqualified opinion on 29 June 2015
- This report is intended solely for the information and use of World Bank, the
Government of Jordan and the related project management

Mohammad Qazzaz
License # 712
5 May 2016
Support to Implementation of a National Unified Registry and Outreach Program for Targeting Social Assistance Project
World Bank Grant No. TF 015887
Statement of Cash Receipts & Expenses for the year ended 31 December 2015

<table>
<thead>
<tr>
<th>Financing</th>
<th>Year 2015</th>
<th>2015 Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MoF</td>
<td>MoPIC</td>
</tr>
<tr>
<td>Initial Deposit</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Advances Transferred from WB during the period</td>
<td>0</td>
<td>824,503</td>
</tr>
<tr>
<td>Direct Transfers from WB to Contractors</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Financing</strong></td>
<td><strong>0</strong></td>
<td><strong>824,503</strong></td>
</tr>
</tbody>
</table>

| Expenditures                                   |           |                 |
| Category (1) Goods, Non Consulting Services, Consultants' Services, Operating Costs & Training under Part A | 36,365    | 0 | 36,365 | 36,370 | 0 | 36,370 |
| Category (2) Goods, Non Consulting Services, Consultants' Services, Operating Costs & Training under Part B | 0 | 415,878 | 415,878 | 0 | 833,423 | 833,423 |
| **Total Expenditures**                         | **36,365** | **415,878** | **452,243** | **36,370** | **833,423** | **869,793** |

Net Fund (Surplus/Deficit)                      | 263,630   | 691,080 | 954,710 |

* The attached disclosures are integral part of this statement
Support to Implementation of a National Unified Registry and Outreach Program for Targeting Social Assistance Project World Bank Grant No. TF 015887
Ministry of Planning and International Cooperation & Income and Sales Tax Department
Amman - Jordan

Notes to the Financial Statements as of 31 December 2015

1. General Background

Grant Amount: USD 9,500,000
Agreement Date: 23 November 2013
Closing Date: 30 December 2017

The Government of Jordan (GOJ) received a grant from the World Bank (WB) to implement a program entitled "Support to Implementation of a National Unified registry and Outreach Program for Targeting Social Assistance (P143193). The project development objective is to improve the targeting of social safety net programs and developing an efficient outreach mechanism. The project's direct beneficiaries will be the poor households. The indirect beneficiaries will be: (i) Ministry of Planning and International Cooperation (MOPIC) (ii) Ministry of Finance (MOF) and Income Sales and Tax Department (ISTD); (iii) Government of Jordan (GOJ) ministries concerned with building the registry and serving as referral to the integrated outreach worker program. The components will be implemented across Jordan.

The project main components:

Component 1: Building and Using the National Unified Registry (NUR) for Targeting; and Component 2: Piloting Integrated Outreach Worker Program (IOWP).

The activities under both components are designed to reinforce linkages between the two components while achieving a common objective of better targeting of poor and helping them graduate from poverty. Simply identifying the poor and providing them with cash assistance is insufficient to keep families out of poverty. Guided by other countries with similar socio-economic context and who have adopted "graduation policies" to help activate the poor to enter into the labor market, Jordan is planning to adopt a similar approach calling it the "Integrated Outreach Worker Program" (IOWP). The recently launched Poverty Reduction Strategy (PRS) for 2013-2017 includes IOWP as an integral part of its action plan. This is not a policy in Jordan yet. It is an approach to be piloted under this project.

While the component 1 (NUR) focus on building the national unified registry (NUR) database of all potential beneficiaries of subsidy compensation program and other social/poverty reduction programs, component 2 (IOWP) support reaching out and working directly with the poorest beneficiaries (households) through outreach workers to (i) validate the target population of the NUR and decrease error of inclusion; (ii) verify the access of poorest households to the compensation program; and (ii) link them to the relevant social and labor market programs that will meet their unique and multiple demands to help graduate out of poverty. Along with revamped targeted cash transfer program (and other anti-poverty programs detailed in the PRS), the Government will pilot the IOWP to enhance the effectiveness of its social assistance. By employing the outreach workers and through its validation process, the poverty impact of the subsidy compensation program could be improved. IOWP will be piloted in 3 governorates in Jordan reaching about 22,400
households. MOPIC and the ISTD are responsible for the overall coordination and management of the project. MOPIC is also responsible for all fiduciary aspects of the project. In order to facilitate project implementation, MOPIC is establishing a Project Management Unit (PMU) staffed with professionals to facilitate the implementation of the project.

In 2016 based on the World Bank recommendation; the Government of Jordan submitted to the World Bank a reconstruction request to move component #1 from Income & Sales Tax Department to Ministry of Planning and International Cooperation.

2. Summary of Significant Accounting Policies

Basis of Accounting & Reporting:
The project management followed and maintained its accounts under Cash Basis of Accounting in recording the transactions; accordingly recognizes funds when received and expenditures when occurred. As for reporting of this grant project management reports the project operations in accordance with International Public Sector Accounting Standards, under the cash basis of accounting. Project management maintains the accounts in JOD and USD while reports all transactions in USD.

Translation of currencies:
Functional currency for the project operations is Jordanian Dinars (JOD) and translated into United States Dollars (USD) at the prevailing exchange rate of JOD 1 = USD 1.41

3. Designated Accounts

As per the grant agreement; the project has 2 designated accounts opened by MOPIC with the Central Bank of Jordan

- MOPIC operates a Designated Account Number 3200/3660/1 in USD with an initial deposit from the World Bank of USD 700,000
- MOF/ISTD operates the second Designated Account Number 3199/3660/1 in USD with an initial deposit from the World Bank of USD 300,000

Initial Deposit:
2 Initial Deposit from the World Bank of USD 700,000 and 300,000 were transferred to the Designated Accounts 3200/3660/1 and 3199/3660/1 respectively in 2014.

WB Replenishments:
During the period the World Bank replenished the Designated Account 3200/3660/1 with 2 replenishments with the total of USD 824,503. No replenishments occurred for the Designated Account 3199/3660/1 in 2015
Disbursements:
The 2 Designated Accounts summary of transactions during the period is illustrated below in USD:

<table>
<thead>
<tr>
<th></th>
<th>DA 3199/3660/1</th>
<th>DA 3200/3660/1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>299,995.00</td>
<td>282,455.41</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Bank Replenishments in 2015</td>
<td>0.00</td>
<td>824,502.89</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for Expenditures in 2015</td>
<td>(36,364.82)</td>
<td>(415,878.44)</td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
<td><strong>263,630.18</strong></td>
<td><strong>691,079.86</strong></td>
</tr>
</tbody>
</table>
"Report on Accounting Procedures & Internal Control"

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Support to Implementation of a National Unified Registry and Outreach Program for Targeting Social Assistance Project

Amman, Jordan

In accordance with international standards on auditing, we performed a study and evaluation of existing internal controls for the purpose of providing a basis for reliance thereon in determining the nature, timing and extent of the audit tests applied in connection with our audit of the project financial statement, the study was not designed for the purpose of making detailed recommendations.

Nothing comes to our attention during the course of conducting the annual audit exercise that requires us to report on with regard to the project internal controls.

This is intended solely for the use of project management and the World Bank and is not intended for any other purpose.

Finally we wish to express our appreciation for the courtesies and cooperation extended to our representatives during the course of their work.

Very truly yours

Mohammad Qazzaz

8 May 2016
Report on Accounting Procedures, Internal Control Structure:

As per our review we noted no material findings