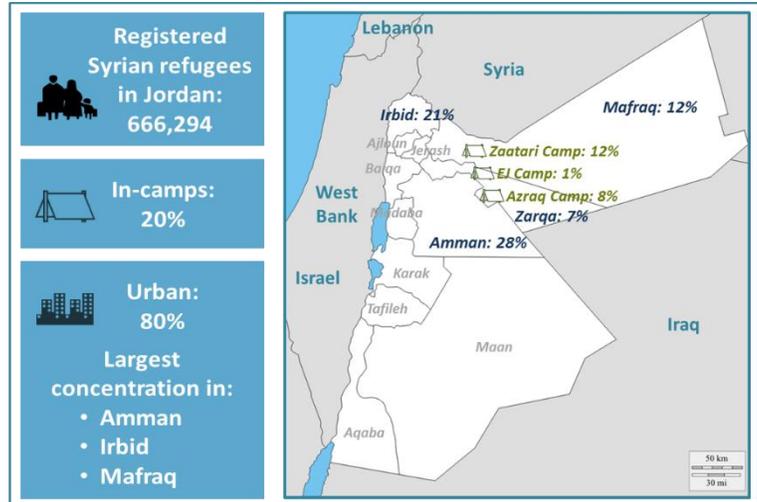


### I. Context

Jordan plays a central role in the global refugee crisis, hosting more than 666,000 Syrian refugees who have fled their country since the Syrian civil war began seven years ago.<sup>1</sup> With 80% of refugees living outside of refugee camps, the crisis has affected not only the refugees, but also the Jordanian communities that host them.

#### Government and Humanitarian Agencies: Emphasis on Resilience and Cash

As the Syrian civil war continues, the impact on refugees and host communities is increasingly prolonged. In response, government and humanitarian agencies (“agencies”) in Jordan have emphasized not only short-term aid, but also longer-term objectives to promote social cohesion and resilience of Jordan’s vulnerable populations.<sup>2</sup>



Against this backdrop, agencies are going beyond emergency response and incorporating development and resilience objectives into their cash transfer programs (CTPs) for refugees and vulnerable Jordanians. These agencies increasingly use cash transfers as the main modality to deliver assistance, viewing cash as a means to provide recipients with the dignity of choice, promote economic activity in local markets, and improve the efficiency of their programs. The international community has also developed *Eight Principles for Digital Payments in Humanitarian Response* (the Barcelona Principles), which guide an approach to CTPs that prioritizes emergency needs while also building a sustainable financial infrastructure and advancing financial inclusion and resilience.

#### Central Bank of Jordan: Commitment to Financial Inclusion via DFS

At the same time, the Central Bank of Jordan (CBJ) has committed to accelerating financial inclusion in the country and promotion of digital financial services (DFS) is central to the CBJ’s financial inclusion strategy. Specifically, the CBJ is spearheading the Jordan Mobile Payment (JoMoPay) initiative, which includes the establishment and management of the national mobile payment switch and creation of a supportive regulatory environment for DFS.

With these mandates, the interests of both the government and humanitarian agencies and the CBJ converge, as formal financial services serve as an important tool for refugees and vulnerable Jordanians to build financial resilience and maximize economic opportunities.

### II. Problem Statement

In reviewing the CTP landscape, the state of the mobile money industry, and the financial needs of refugees and vulnerable Jordanians, the problem statement has three dimensions:

<b>Government and humanitarian agencies</b>	Government and humanitarian agencies have adopted various disbursement systems for their CTPs, which are designed to meet the requirements of their individual programs. Although some of these delivery mechanisms are partially digital, the focus is mainly on one component of the payment process – disbursement. None of the existing systems provides a means to safely store, spend, transact, and build a financial identity.
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<sup>1</sup> Registered with the UNHCR as of June 2018; UNHCR Jordan Factsheet

<sup>2</sup> Priorities to promote resilience of refugees and vulnerable Jordanians include supporting income generating activities and employment opportunities, vocational training, and the establishment of micro, small and medium enterprises.

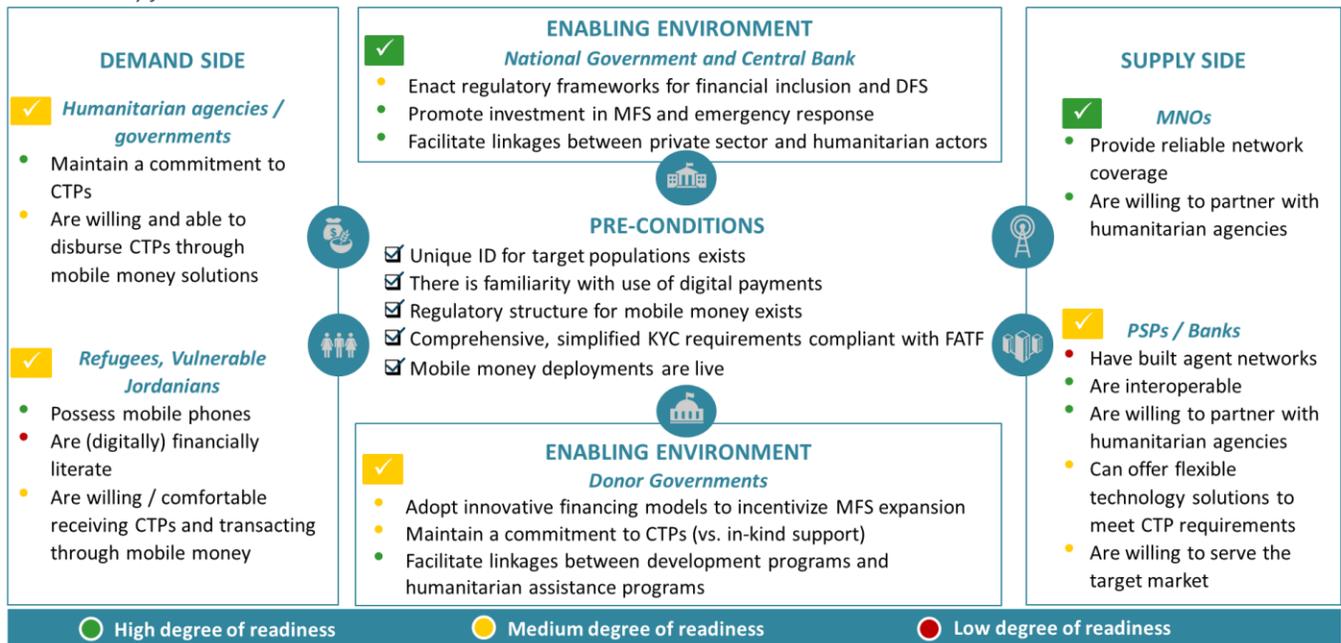
<b>Mobile money industry</b>	The Jordanian market has all the right ingredients for DFS / mobile money to take-off, including a permissive regulatory environment, an interoperable national platform, and licensed PSPs with a demonstrated interest to see DFS / mobile money succeed. However, the industry has had a slow start for reasons including the lack of experience of the private sector in mobile money deployments, slow roll-out of agent networks, and limited bandwidth and capacity at the CBJ to devote the full range of time and resources needed to maximize the implementation and impact of the JoMoPay and DFS initiative.
<b>Refugees and vulnerable Jordanians</b>	Among refugees and low-income Jordanians, use of formal financial services is low, but use of informal financial services (e.g. savings groups, informal store credit) is common. However, informal services do not meet the target market's full set of needs; there is demand for services that reduce transaction costs and increase access to funds to smooth cash flow / consumption. Current CTP delivery mechanisms, many of which rely on ATM and POS networks, also present challenges for recipients in terms of accessibility and customer experience.

### III. The Opportunity and Readiness Assessment

Considering the situation above, there is an opportunity to catalyze the development of a robust DFS ecosystem that supports the efficient delivery of CTPs, brings refugees and low-income Jordanians into the formal financial system, and provides them with the tools to become more resilient and economically empowered. Specifically, the use of locally-available DFS / mobile money systems for CTPs, which are inclusive, digitized end-to-end, and provide recipients with an individual financial services account, would help to accelerate account uptake and usage and push the DFS market forward.

However, to use DFS / mobile money for CTPs and for other use cases (e.g. remittances, merchant payments, credit, savings) at scale, several barriers must be addressed, as highlighted by the low and medium readiness factors in the assessment framework below.

Mobile Money for CTPs in Jordan - Readiness Assessment



## IV. The Solution: Mobile Money for Resilience

To promote the growth of the financial ecosystem in a way that meets the needs of refugees and Jordanians, the CBJ has launched the Mobile Money for Resilience (MM4R) Initiative with initial support from the Bill & Melinda Gates Foundation. The initiative aims to improve the quality of life of refugees and Jordanians by expanding access to finance, developing the DFS ecosystem, and improving the effectiveness of CTPs.

### MM4R Mission

Improve the quality of life of refugees, vulnerable Jordanians, and host communities in Jordan and empower them to become more resilient

### MM4R Objectives

- Promote financial inclusion of refugees and vulnerable Jordanians (consumers and businesses), providing them with the tools and resources needed to take control of their financial lives and become more empowered
- Catalyze the development of the DFS / mobile money ecosystem in Jordan, building sustainable financial infrastructure and customer-centric solutions for broad-based financial inclusion and economic growth
- Improve the effectiveness of humanitarian and government agencies' CTPs, applying an approach that prioritizes humanitarian response while contributing to social and economic development objectives

### MM4R Theory of Change

The MM4R Initiative provides a pathway to resilience as follows:

- Use of mobile money for CTPs accelerates uptake and usage of mobile money
- Increased mobile money usage builds a financial identity for refugees and Jordanians
- A financial identity grants refugees and Jordanians access to more advanced financial services
- Access to finance provides tools to safely store funds, borrow to grow businesses or manage shocks, and receive remittances from more people and longer distances, resulting in more resilient households and businesses

With this mission, objectives, and theory of change, MM4R puts the Barcelona Principles into action, with the Jordanian context serving as a model to test approaches, glean insights, and apply learnings to other markets.

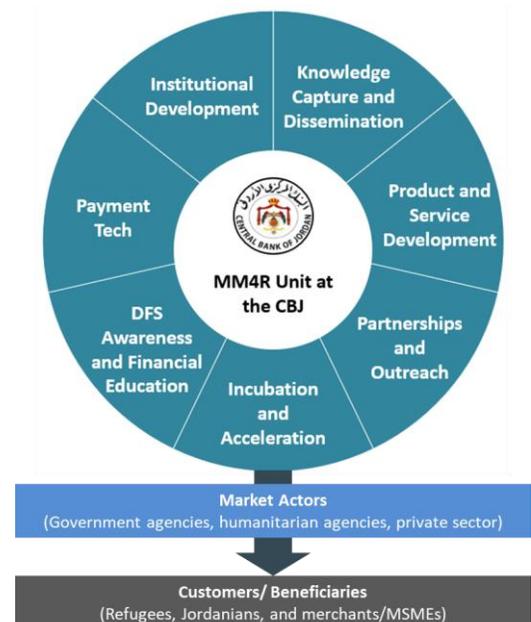
### MM4R Implementation

As illustrated in the schematic to the right, the initiative is managed by an MM4R Unit at the CBJ. The MM4R Unit is responsible for seven functions (as described further below), which aim to address the barriers highlighted in the readiness assessment.

The MM4R Unit works closely with key stakeholders, including government agencies, UN / humanitarian agencies and NGOs, and private sector players, to achieve MM4R objectives.

With this structure, the CBJ maintains ownership and leadership over the MM4R Initiative, staffing the MM4R Unit and executing program activities with external advisory support, as needed. The rationale for embedding the MM4R Unit in the CBJ is to promote the sustainability of the initiative, building the institutional foundation for the initiative to grow and expand over time. MM4R also complements existing initiatives of the CBJ and provides resources to strengthen its capacity to continue developing the DFS ecosystem and advancing digital financial inclusion over the long-run.

MM4R Initiative Schematic: Actors and Functions



The seven primary functions of the MM4R Unit are detailed in the table below.

MM4R Unit Functions	Activities
Incubation and Acceleration	<ul style="list-style-type: none"> <li>• Design pilots / scale-up programs to use mobile money for CTPs and to stimulate broader adoption, usage and acceptance of wallets</li> <li>• Develop and facilitate partnerships between private sector actors and government / humanitarian agencies</li> <li>• Manage pilots / programs</li> <li>• Establish and track KPIs</li> </ul>
Products and Services Development	<ul style="list-style-type: none"> <li>• Work with agencies and private sector actors to develop and promote products for various customer segments and use cases (e.g. credit, savings, insurance, remittances, merchant payments)</li> </ul>
Payment Tech	<ul style="list-style-type: none"> <li>• Test payment tech innovations (e.g. blockchain, regtech, credit process innovations)</li> </ul>
DFS Awareness and Financial Education	<ul style="list-style-type: none"> <li>• Promote awareness of DFS / mobile among consumers, government / humanitarian agencies, and private sector</li> <li>• Enhance the financial capability of refugees and low-income Jordanians</li> </ul>
Partnerships and Outreach	<ul style="list-style-type: none"> <li>• Lead outreach to and management of partnerships with government / humanitarian agencies and donors (for additional co-funding of MM4R initiatives)</li> </ul>
Institutional Development	<ul style="list-style-type: none"> <li>• Enhance capacity of the CBJ (people, systems, processes)</li> <li>• Strengthen the capacity of private sectors and agencies using DFS, including management of grants, technical assistance, and investments</li> </ul>
Knowledge Capture and Dissemination	<ul style="list-style-type: none"> <li>• Oversee quantitative and qualitative surveys and impact assessments</li> <li>• Develop white papers and blogs, and facilitate industry workshops</li> <li>• Establish a sustainable institution, such as a DFS Academy, focused on promoting best practices and lessons learned for application in Jordan and globally</li> </ul>

## V. Key Stakeholders

To achieve the objectives of the initiative, the MM4R Unit collaborates with actors across the humanitarian / government CTP and the DFS / mobile money ecosystem, including but not limited to:

Types of organizations	Examples
Humanitarian organizations that implement CTPs	<ul style="list-style-type: none"> <li>• UN agencies</li> <li>• International and local NGOs and foundations</li> </ul>
Government agencies	<ul style="list-style-type: none"> <li>• National Aid Fund (agency that implements the national social safety net program)</li> <li>• Agencies that seek to digitize government payment streams (e.g. salaries, health, education, subsidies, person-to-government payments)</li> </ul>
Private companies	<ul style="list-style-type: none"> <li>• Companies that seek to digitize payment streams (e.g. payments to suppliers, salaries, payments for goods and services)</li> </ul>
DFS / mobile money ecosystem actors	<ul style="list-style-type: none"> <li>• Banks</li> <li>• Payment services providers (PSPs)</li> <li>• Microfinance institutions</li> <li>• Fintechs / technology providers</li> </ul>
Donors	<ul style="list-style-type: none"> <li>• Local and international donors</li> </ul>

## VI. Tools for Implementation

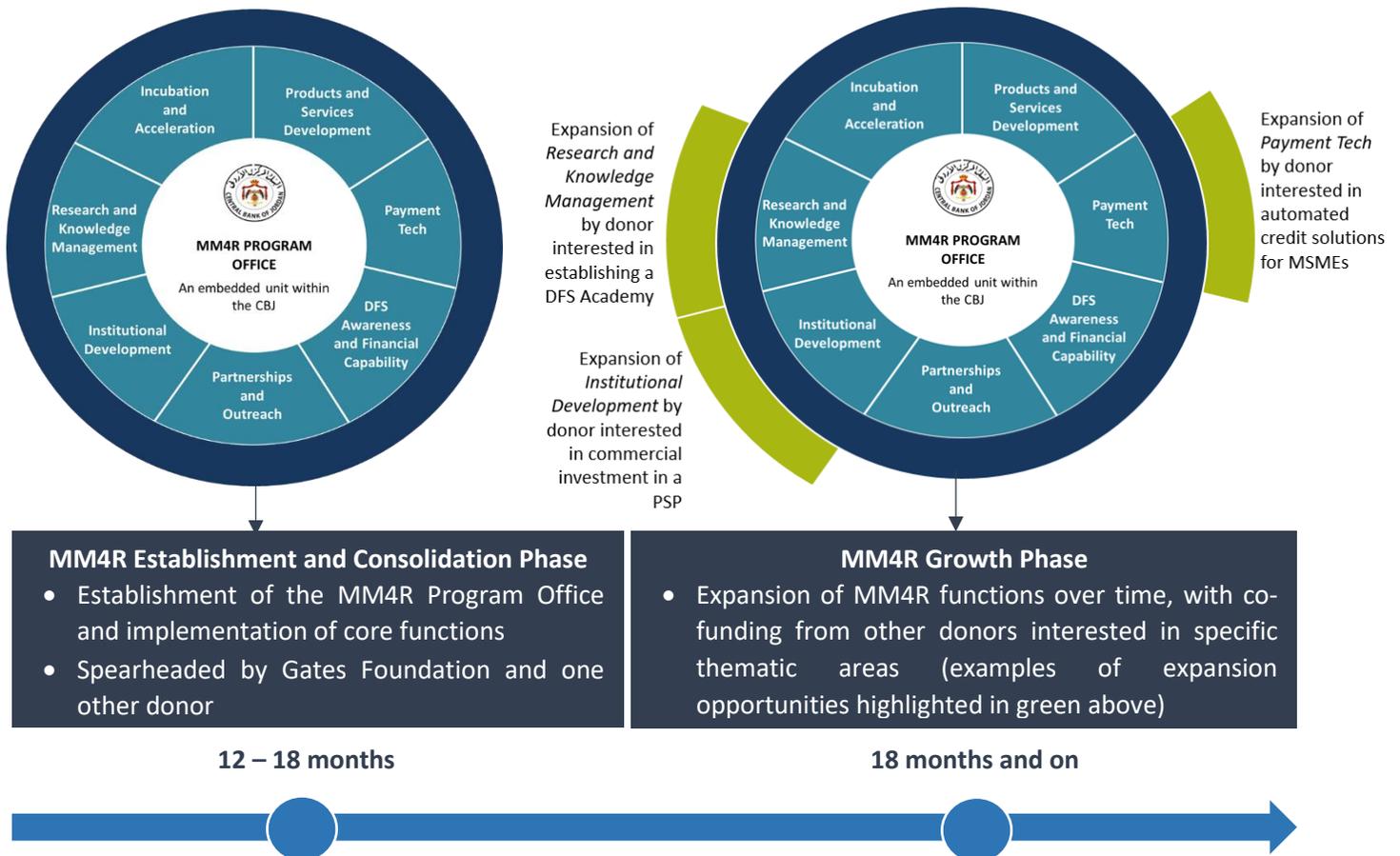
The tools for implementation of the MM4R Initiative include:



## VII. Phased Approach and Timeline to the Roll-out of the MM4R Initiative

The establishment, development, and roll-out of the MM4R Initiative will take place in a phased approach, as illustrated below.

*Phased Roll-out of the MM4R Initiative*



## VIII. Expected Results

Expected results of the MM4R Initiative include:

Indicator	Definition
<b>Number of individuals / businesses reached through MM4R activities</b>	Refugees and Jordanian adults reached due to MM4R activities, as measured by factors such as: <ul style="list-style-type: none"> <li>Reached through activities to promote account uptake and usage through CTPs / other use cases, and/or</li> <li>Account registration, and/or</li> <li>Outreach from financial capability campaigns</li> </ul> Of this larger population, a smaller proportion will transition to be fully financially included, as described below.
<b>Number of individuals / businesses who are financially-included</b>	Refugees and Jordanian adults who have access to formal financial services accounts and benefit from a range of products and services, as measured by factors such as: <ul style="list-style-type: none"> <li>Account holders with active usage</li> </ul>
<b>Number of individuals / businesses more resilient</b>	Refugees and Jordanians (including men, women, and children) who experience improved quality of life and are more resilient, as measured by factors such as: <ul style="list-style-type: none"> <li>Access to formal financial services (e.g. credit, savings, insurance)</li> <li>Increased income and purchasing power</li> <li>Enhanced integration of refugees into host communities and improved contribution to local economies</li> </ul>
<b>Number of distribution / touch points</b>	Distribution / touch points (e.g. agents and/or merchant MSMEs) established and expanded through MM4R, which contributes to the sustainable development of the Jordanian financial infrastructure

The expected results for the MM4R Initiative depend on funding secured for the initiative. The establishment and initial implementation of MM4R is supported with a three-year USD 3 million grant from Bill and Melinda Gates Foundation (BMGF). In addition to the investment from BMGF, the Unit will continue to attract funding from additional donors to maximize the impact of the program. Targets for a three-year program with additional funding (totaling \$5.3M and \$10M) are also included in the table below.

Results Indicator	2018 - 2021	2018 - 2021	2018 - 2021
	Targets with USD 3M (BMGF Grant)	Targets with USD 5.3M	Targets with USD 10M
Number of individuals / businesses reached through MM4R	178,000	330,000	1,000,000
Number of individuals / businesses who are financially-included	62,000	110,000	300,000
Number of individuals / businesses more resilient <sup>3</sup>	310,000	550,000	1,500,000
Number of DFS distribution / touch points	1,120	2,000	6,000
Percent of adult population financially-included <sup>4</sup>	29%	34%	50%

<sup>3</sup> Calculated by taking the number of individuals financially-included, multiplied by the average household size in Jordan (5 members per household)

<sup>4</sup> Adult population calculated using figures from World Bank DataBank and UNHCR

## IX. MM4R Outputs, Outcomes, and Indicators

The outputs, outcomes, and indicators for the MM4R Initiative are detailed in the table below.

No.	Output / Outcome	Indicators
1	Increased financial inclusion and economic empowerment of refugees and vulnerable Jordanians	Number of registered digital accounts (active)
		Percent of adult refugees and Jordanians served by banks or microfinance institutions
2	Improved effectiveness of government and humanitarian agencies' CTPs, prioritizing emergency response while also building a bridge to sustainable social, economic, and financial inclusion development goals	Percent of refugees and Jordanians (CTP beneficiaries) reporting increased purchasing power
		Value of costs to humanitarian / government agencies for CTP disbursement
		Percent of businesses (CTP beneficiaries) reporting increased income
3	Enhanced institutional and collective capacity for effective humanitarian / private sector engagement	Number of partnerships between private sector and government / humanitarian agencies developed
4	Increased uptake and usage of DFS / mobile money among refugees and vulnerable Jordanians	Number of registered digital accounts (total)
		Value of digital account transactions
		Volume of digital account transactions
		Average digital account balances
		Percent of CTP recipients receiving funds through digital accounts
		Number of new DFS products and services available to refugees and Jordanians
		Number of new distribution / touch points (agents, POS) established through MM4R
5	Enhanced use of emerging technology to facilitate financial inclusion	Number of emerging technologies tested / piloted
6	Improved capacity of the CBJ to oversee and promote DFS for refugees and Jordanians	Number of CBJ staff members trained in areas relevant to DFS and mobile money
7	Strengthened regulatory environment for inclusive fintech	Strengthened regulatory environment for inclusive fintech
8	Improved financial literacy and awareness of DFS by refugees and Jordanians	Number of individuals or businesses receiving financial education / awareness training
9	Improved knowledge / awareness of DFS among government and humanitarian agencies and private sector providers	Improved knowledge / awareness of DFS among government and humanitarian agencies and private sector providers
		Number of government / humanitarian and private sector providers trained through the DFS Academy (to be established)
10	Increased knowledge generated and disseminated (in Jordan and globally) on best practices and lessons learned from the MM4R experience	Number of publications produced to generate and share knowledge and insights from the MM4R Initiative
		Number of publications produced to generate and share knowledge and insights from the MM4R Initiative