



Jordan

Population ¹	9,779,173
Area (km ²) ¹	89,320
GDP per capita (USD) ¹	4,168.64
TPES (Mtoe) ²	8.98
Energy intensity (toe/10 ³ 2010 USD) ²	0.29
CO ₂ emissions - energy (MtCO ₂) ²	23.90

Sources:

1. The World Bank 2017

2. ©IEA 2018, www.iea.org/statistics

Jordan's overall risk level against the assessed areas is **low**.

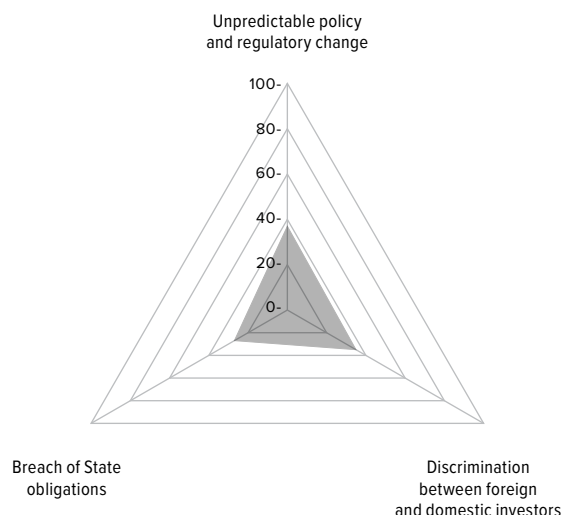
Breach of state obligations is the lowest risk and its level has dropped compared to 2018. It is followed by *discrimination between foreign and domestic investors*, which has also reduced vis-à-vis last year. The level of *unpredictable policy and regulatory change* has gone down but it is again the highest risk area.

Jordan has a good performance on two of the EIRA indicators, and a moderate performance on the remaining two indicators. *Rule of law* has the highest score with 73 points. On *management of decision-making processes*, the score has improved by 3 points and now stands at 67. The country has maintained a moderate score of 56 on *regulatory environment and investment conditions* and 49 on *foresight of policy and regulatory change*.

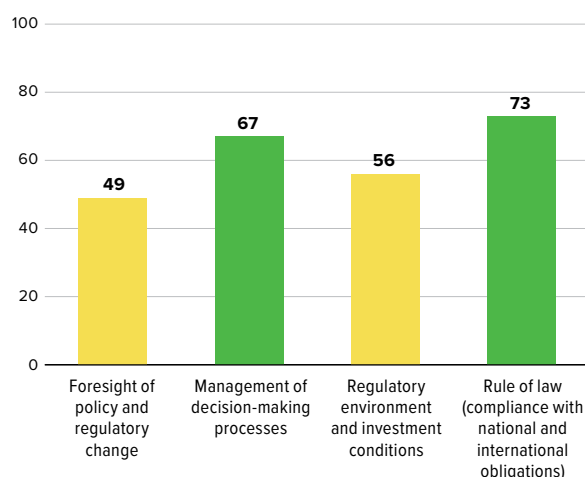
On a more detailed level, Jordan's overall sub-indicator performance is good. The highest-scoring sub-indicators are again *management and settlement of investor-State disputes* (80) and *institutional governance* (75). Next is *respect for property rights* which has improved from 58 to 67 points. It now has the same score as *regulatory effectiveness* (67). The performance on *transparency* has improved by 5 points and stands at 58. It is followed by *communication of vision and policies* (54) and *restrictions on FDI* (45) which have the same score as last year. *Robustness of policy goals and commitments* continues to be the lowest-scoring indicator with a moderate score of 44.

Jordan provides attractive conditions for investors and is working in the right direction. Attention should be given to increasing the robustness of its policy goals and commitments.

RISK LEVEL



INDICATOR PERFORMANCE

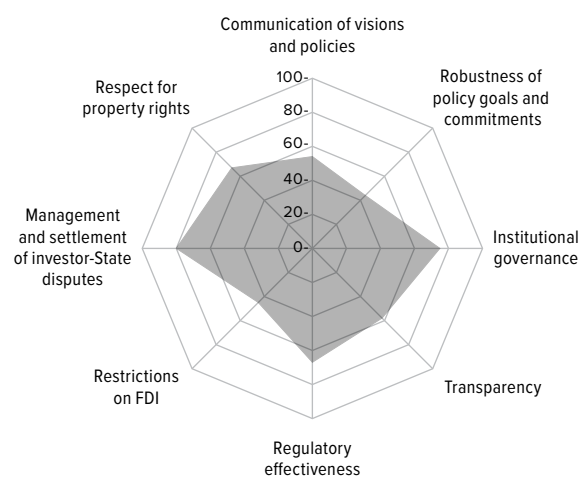


YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019
Unpredictable policy and regulatory change	39	37
Discrimination between foreign and domestic investors	37	35
Breach of State obligations	31	27

INDICATORS	2018	2019
Foresight of policy and regulatory change	49	49
Management of decision-making processes	64	67
Regulatory environment and investment conditions	56	56
Rule of law	69	73

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The Updated Master Strategy of Energy Sector in Jordan for the period 2007-2020 and its revised version, the National Energy Strategy 2015-2025, set the priorities for the energy sector's development.

The Government is currently drafting a long-term strategy for the energy sector.

Jordan ratified the Paris Agreement in 2016 and submitted its first NDC.

STRENGTHS

Measures have been taken to meet the country's key energy priorities, particularly the diversification of resources and the reduction of electricity costs. Various strategic wind and solar projects have commenced operation or are currently in the development phase. Efforts are also underway to increase the share of oil shale in the energy mix of the country. It is anticipated that power generation from oil shale will commence by next year. Moreover, the Greater Amman Municipality has announced plans to make Amman a carbon-neutral city by 2050.

The Ministry of Energy and Mineral Resources (MEMR) continues to ably monitor the overall implementation of the country's energy strategy. Statistics on the progress made, vis-à-vis the performance indicators, are collected by the Department of Statistics and the Energy and Mineral Regulatory Commission (EMRC). Annual reports, as well as data on the energy indicators, were published by the relevant authorities in 2018 and are publicly accessible on the Energy Information System website of the MEMR.

AREAS FOR IMPROVEMENT

As highlighted in EIRA 2018, by setting long-term objectives and targets for the energy sector, the Government and potential investors will have greater visibility and understanding of the country's future needs as well as its development path. A defined and forward-looking plan will also help avoid the risk of abrupt policy adjustments at a later stage. Therefore, the Government should continue its ongoing efforts towards finalising the country's long-term energy strategy.

Given the steady growth and popularity of renewable energy in the country, a clear roadmap is needed for guiding investments in this sub-sector. For this purpose, the Government should expedite the adoption of the Jordan National Renewable Energy Action Plan. Steps should also be taken to manage the transition to new technologies and the resulting trade-offs. Incentive schemes for renewables should be designed bearing in mind future implications as the sector matures. Periodic evaluation of the incentive framework should be undertaken to ensure the industry evolves predictably and progressively.

Management of decision-making processes

QUICK FACTS

The MEMR is responsible for formulating and implementing policies related to all energy sub-sectors.

The Jordan Investment Commission develops the investment policies of the country and provides one-stop shop services.

Law no. 47/2007 on Guarantee of Access to Information establishes the procedure for obtaining information from public authorities.

STRENGTHS

During the EIRA assessment year, proactive steps were taken to adopt legislative bills on the energy sector. For instance, the Natural Resources Bill was signed into law in 2018. Its purpose is to identify high potential areas for exploiting petrol, oil shale, coal and minerals and in turn promote investment in these areas. Moreover, the Government is presently updating and introducing new amendments to the Law on Guarantee of Access to Information. These are intended to improve public sector accountability and bring it in line with international standards.

The Government recently launched the Fourth National Action Plan 2018-2020 Under the Open Government Partnership Initiative. The Plan assesses the progress made until now and sets milestone activities with verifiable deliverables for the coming years. The Legislation and Opinion Bureau website has been updated to reflect all the draft legislation introduced in 2018. Similarly, the online version of the Official Gazette lists and provides copies of the laws adopted and published in the year. Efforts have also been made to increase transparency and efficiency in procurement processes.

AREAS FOR IMPROVEMENT

In line with last year's recommendation, more extensive public discussions should be undertaken for a participatory decision-making process. While consultation took place on some legislative bills during the 2019 EIRA assessment year, this was limited to specific stakeholders. An institutionalised mechanism will give everyone an equal and timely opportunity to provide their input on the draft laws and regulations.

A translation unit within the Legislation and Opinion Bureau should be established. In 2018, significant laws affecting energy investors were adopted, but the official copies were available only in Arabic. Translations of documents in foreign languages will assist in providing accurate information to non-Jordanian investors about the legal and regulatory framework of the country as well as guide them on how to conduct business locally. It is also important to highlight that while all the draft laws and regulations are publicly available, the online resources are down at times and may be difficult to access.

Regulatory environment and investment conditions

QUICK FACTS

The EMRC is the national regulator for all the energy sub-sectors, except natural gas which is under the MEMR.

Law no. 30/2014 on Investment and relevant bylaws set out the conditions for local and foreign investments.

Bylaw no. 77 of 2016 for Regulating Non-Jordanian Investments lists the economic activities that non-Jordanian investors are allowed to undertake. It also identifies the activities in which their participation is prohibited. The Bylaw was amended in May 2019.

STRENGTHS

The EMRC continues to exercise a degree of independence in its operations. Some tariff-related decisions, as well as its annual report for the previous year, are available on its website. In 2018, the Petroleum Derivatives Law was enacted to clarify the roles of the EMRC and the MEMR in petroleum derivatives activities. The law sets out the operations for which approval must be obtained from the EMRC. It provides energy investors clearer guidelines on the requirements for obtaining licences and permits to undertake the relevant activities.

Jordan continues to accord a favourable investment climate to foreign energy investors. Measures were taken to strengthen the rights of shareholders in corporate decisions and to guarantee them adequate protection under the current legal regime. Processes related to taxation, procurement, and access to courts have been made electronic to facilitate the ease of doing business in Jordan.

AREAS FOR IMPROVEMENT

The budgetary autonomy of the EMRC should be guaranteed. For instance, it should be granted the freedom and discretion to utilise any yearly surplus realised from its activities. Moreover, the EMRC should have the exclusive right to prepare its annual budget without the possibility of modifications by the Government. At present, the proposed budget is submitted to the Ministry of Finance for review and amendment before being presented to the Parliament.

The Government may consider easing some of the existing restrictions on FDI. This is particularly relevant to domestic content requirements, which are applied on a case-by-case basis rather than under a defined legal framework. Without a clear strategy or goal, such interventions may create a mismatch between the supply and final demand. They may also lead to distortion of competition or other economic factors. It is, therefore, important to ensure that content targets are realistic, progressive and achievable. They should be based on a clear policy objective that is developed in cohesion with the broader vision of the country. In addition to re-evaluating the local content regime, the Government may also consider setting a fast-track process for investment screening by the Companies Control Department of the Ministry of Industry and Trade.

Rule of law

QUICK FACTS

The Energy Charter Treaty entered into force for Jordan on 11 December 2018.

Jordan ratified the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1979.

The Constitution of Jordan grants protection against the expropriation of property.

In 2016 the Government replaced the Ombudsman Bureau and the Anti-Corruption Commission with the Integrity and Anti-corruption Commission.

STRENGTHS

Measures have been taken to implement judicial reforms. An online system has been introduced for users to pay court fees electronically. Amicable dispute resolution, including mediation, is encouraged by the Government. There have been no retroactive changes to laws in the last five years. The domestic courts enforce foreign judgments except for reasons stated in the law. Foreign investors are granted the right to third-party arbitration within the country or abroad under the Law no. 31/2001 on Arbitration.

Jordan continues to uphold the property rights of investors. The accession of Jordan to the Energy Charter Treaty is a significant development. It reinforces the Government's commitment towards attracting energy investments and fortifying protection to investors. There have been no incidents of contractual breach or renegotiation to the detriment of energy investors. Commendably, the Government continues its approach of reaching an amicable settlement with investors and not escalating disputes. BITs signed by Jordan define "investment" to include intellectual ownership. The expropriation clauses in these BITs do not contain any carve-outs restricting protection to intellectual property.

AREAS FOR IMPROVEMENT

As mentioned in EIRA 2018, the mandate of the Integrity and Anti-corruption Commission is quite broad. Therefore, in line with best practices, the establishment of a dedicated foreign investment ombudsman may be considered. The ombudsman could deal with deadlocks on matters of taxation, customs, labour, construction, licensing and land. It may also be given mediation functions to facilitate time- and cost-effective settlement of disputes.

While there are legal provisions in place guaranteeing protection against expropriation, these can be developed further. For instance, more clarity can be given on what activities may be considered of "public interest" in case of compulsory acquisition of property. Moreover, the domestic law could include a timeline for effecting compensation and an explanation for the intended use of the acquired property. For clarity, it may be explicitly mentioned that any act of expropriation will be non-discriminatory.