



Jordan

Population ¹	9,956,011
Area (km ²) ¹	89,320
GDP per capita (USD) ¹	4,312.18
TES (Mtoe) ²	9.11
Energy intensity (toe/10 ³ 2015 USD) ²	0.23
CO ₂ emissions - energy (MtCO ₂) ³	23.0

Data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2021⁴

Target industry	Number of projects and deals	Project CapEx and deal value (million EUR) by source country
Electric power generation, transmission and distribution	1 new project 2 institutional buy-out deals	Republic of Korea: 1 RE project of 170.3 mEUR Values of 2 RE deals (United Kingdom & Saudi Arabia) are N/A

Sources:

1. The World Bank 2018
2. ©IEA (2021), World Energy Balances (<https://www.iea.org/data-and-statistics>). All rights reserved.
3. ©IEA (2021), CO₂ Emissions from Fuel Combustion (<https://www.iea.org/data-and-statistics>). All rights reserved.
4. Orbis Crossborder Investment (2021), Bureau Van Dijk. Jordan is the destination country of the investment. Data represents the period 1 April 2015 - 1 April 2021 (accessed on 1 July 2021). For more information see Annex II of this report.

RE: Electricity generation from renewable resources

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

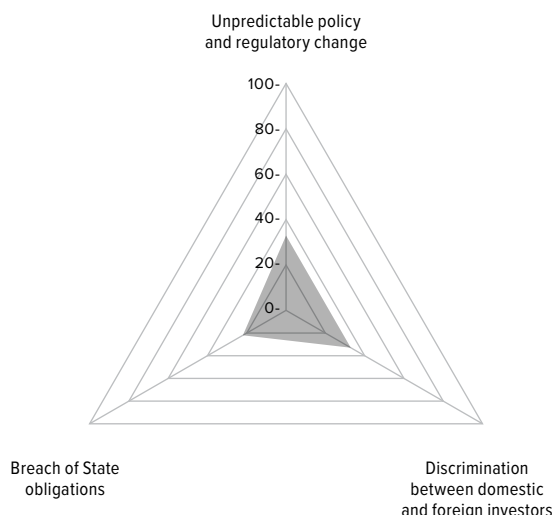
Of the three risks assessed in EIRA, *breach of State obligations* is lower compared to *discrimination between domestic and foreign investors* and *unpredictable policy and regulatory change*.

Jordan’s performance is good on two indicators, and it is moderate on two indicators. *Rule of law* is the highest-scoring indicator at 78 this year. On *management of decision-making processes* Jordan’s score has increased from 68 to 70, while on *regulatory environment and investment conditions* it has the same score as in EIRA 2020 (56). Its score on *foresight of policy and regulatory change* has gone up from 51 to 55.

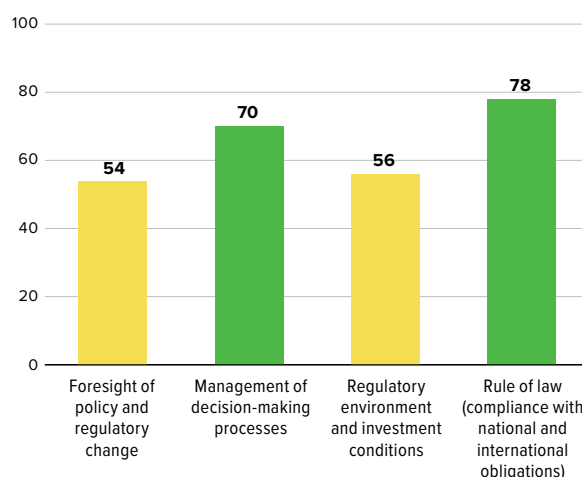
On a more detailed level, Jordan’s overall sub-indicator performance is good. On the highest-scoring sub-indicator, *management and settlement of investor-State disputes*, its score has improved from 80 to 90 compared to EIRA 2020. Following this is *institutional governance* at 75. Next are the sub-indicators *respect for property rights* and *regulatory effectiveness*, both at 67. Its score on *transparency* has improved, from 62 to 65. Next is the sub-indicator *communication of vision and policies*, on which its score has gone up from 57 to 61. Its score on *robustness of policy goals and commitments* has also improved from 44 to 48. This year, the lowest-scoring sub-indicator is *restrictions on FDI* at 45.

While Jordan has the relevant policies and measures in place, there is potential for improvement. Attention should be given to lowering the existing restrictions on FDI.

RISK LEVEL



INDICATOR PERFORMANCE

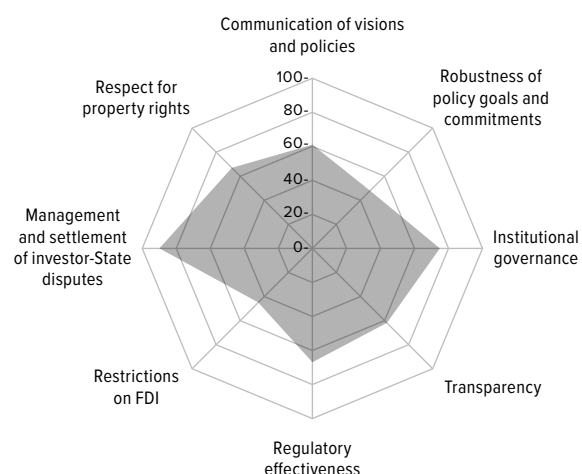


YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019	2020	2021
Unpredictable policy and regulatory change	39	37	36	33
Discrimination between domestic and foreign investors	37	35	35	32
Breach of State obligations	31	27	27	22

INDICATORS	2018	2019	2020	2021
Foresight of policy and regulatory change	49	49	51	54
Management of decision-making processes	64	67	68	70
Regulatory environment and investment conditions	56	56	56	56
Rule of law	69	73	73	78

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

In July 2020, the Ministry of Energy and Mineral Resources (MEMR) adopted the Energy Strategy 2020-2030.

The Green Growth National Action Plan 2021-2025 (GG-NAP) was published in July 2020.

STRENGTHS

Jordan's Energy Strategy 2020-2030 aims to ensure a sustainable energy supply for the country, diversify the national energy mix, increase reliance on local energy sources and reduce electricity costs. In 2020, the share of renewables in the total generated electricity reached 20%. The new Energy Strategy sets a target of 31% renewables in the total power generation capacity and 14% of the energy mix by 2030. It also aims to improve energy efficiency by 9% by 2030 from the base year 2018 and increase energy efficiency in the water sector by 15% by 2025. The GG-NAP uses a cost-benefit analysis to identify the challenges and opportunities in implementing projects within six green growth sectors, including energy. It breaks down the national green growth objectives into 16 sub-objectives for the energy sector.

The MEMR has published the latest statistics on the country's total electricity capacity and annual generation by resource type, the electricity consumption by sector, as well as the yearly electricity loss reduction. The Government has adopted two new action plans that describe the measures to implement the energy priorities and a process to monitor and evaluate the progress made. The Executive Action Plan to implement the Energy Strategy 2020-2030 describes the actions necessary to achieve the country's energy priorities, the timeframe for their completion and the lead implementation authority. The GG-NAP's monitoring and evaluation process involves several donor-funded actions, each with specific logic models and corresponding performance indicators. These indicators are aligned with the overall results framework for the GG-NAP.

AREAS FOR IMPROVEMENT

The Government has taken a commendable step forward by adopting a long-term energy strategy with new targets. To promote renewable power generation and improve energy efficiency, it may now consider lifting at the earliest the suspension on new applications for renewable energy projects exceeding 1 MW. It may also develop a renewable peak load strategy to accommodate higher shares of renewables and a least-cost strategy to expand the grid infrastructure. The Government should set disaggregated renewable energy targets for the industry, agriculture and transport sectors in the upcoming national renewable action plan. Similarly, it should develop disaggregated energy-efficiency targets for end-use sectors in an updated national energy efficiency action plan since the last one expired in December 2020.

Management of decision-making processes

QUICK FACTS

The MEMR frames and implements energy policies and laws.

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

STRENGTHS

The MEMR took a collaborative approach in preparing the Energy Strategy 2020-2030. It received support from the second Renewable Energy and Energy Efficiency Programme in reviewing past strategies, achievements, and lessons learned. The MEMR involved public and private sectors while preparing its strategic plans, such as the GG-NAP. It worked in partnership with national stakeholders and the Global Green Growth Institute to identify 12 priority actions in the energy sector. The private sector, civil society actors, and Government agencies – such as the Great Amman Municipality, the Ministry of Public Works and Housing, municipal authorities, and many more – are included in the GG-NAP as action implementation leads and support.

In June 2020, the Government approved a draft law amending the Integrity and Anti-Corruption Law no. 13 of 2016. The amendment enhances the financial and institutional independence of the Integrity and Anti-Corruption Commission. The Commission can now conduct investigations related to money laundering crimes. It can make settlements with the perpetrators of these crimes if they return the money per the Economic Crimes Law provisions. The new amendments also address the abuse of power exercised in obtaining public offices, public services, bids, contracts, or any other undue advantage from the Government. The Council of Ministers has also approved amendments to the Audit Bureau's Law, aiming to enhance its financial and administrative independence. In December 2020, the Integrity and Anti-Corruption Commission published its annual report for the year 2019. Per the report, the Commission dealt with 2,572 complaints and issued 145 recommendations to 8 municipalities to improve public services and address national integrity standards breaches.

AREAS FOR IMPROVEMENT

The Government should replicate the GG-NAP's collaborative policy-making approach while developing other strategies and plans. For instance, the MEMR's high-level committee, comprising the Ministry of Transport, the Energy and Mineral Regulatory Commission (EMRC) and the Land Transport Regulatory Commission, should prepare an e-mobility strategy and a supporting action plan to promote energy-efficient technologies in the transport industry.

The Government should finalise, at the earliest, the revised version of the Law on Guarantee of Access to Information of 2007.

Regulatory environment and investment conditions

QUICK FACTS

The EMRC is the national regulator for all energy activities. The National Electric Power Company (NEPCO) is the sole buyer of electricity, which it sells to the distribution network operators.

The Regulation for Organising Non-Jordanian Investments No. 77 of 2016 lists the economic activities that non-Jordanians investors can undertake.

STRENGTHS

The Government is currently reforming the electricity sector to reduce the high debt of NEPCO. With financial support from the European Bank for Reconstruction and Development, NEPCO aims to ensure full payment discipline towards renewable and conventional power producers which it could not maintain due to the sluggish electricity demand during the COVID-19 pandemic. Following these efforts, NEPCO has reached an agreement with all renewable energy independent power producers to repay its arrears during the first half of 2021. This decision is meant to reassure investors that the Government remains committed to upholding its contractual and financial obligations. The Government is developing a plan to outline the reforms that will gradually allow the phase-out of electricity cross-subsidies granted to households. The plan will identify the companies that will achieve the highest growth and create jobs due to the reduced electricity prices.

The Government has prioritised investment in green growth projects through the GG-NAP. The GG-NAP identifies 12 priority actions to achieve green growth through the energy sector. The estimated implementation cost of these actions is USD 85,300,000, from a mix of the public, private sector and donor support. The GG-NAP provisions USD 10,000,000 to develop and implement a National Energy Storage Action Plan and Investment Pipeline. Moreover, it provides an estimated USD 15,000,000 to increase public investment in energy sector research and development. The Government has also taken measures to streamline company registration procedures for investors. In 2020, the Companies Control Department (CCD) at the Ministry of Industry, Trade and Supply launched an electronic company's registration portal to submit initial registration requests. Investors can submit the company's data on capital, economic activities, partners and company representatives, thereby allowing the CCD to perform an automatic audit of the request.

AREAS FOR IMPROVEMENT

The Government is encouraged to implement a symmetrical tariff adjustment mechanism that meets the requirements set under the Extended Fund Facility of the International Monetary Fund. It should already conduct technical studies to protect low income and vulnerable households from the high electricity costs resulting from cost-reflective tariffs and the elimination of cross-subsidies for commercial consumers.

Rule of law

QUICK FACTS

The ECT entered into force for Jordan on 11 December 2018.

The Constitution of Jordan from 1952 grants protection against the expropriation of property.

STRENGTHS

The Government has developed dispute prevention policies and institutional mechanisms to settle differences between public authorities and investors. In 2019, the Jordan Investment Commission (JIC) set up a Grievance Committee under the Investor Grievance Bylaw (No. 163 of 2019). The Regulation allows Jordanian and foreign investors to submit grievances against public authorities to the Grievance Committee for a review. Since this conflict resolution mechanism applies to the "pre-dispute" phase, an investor cannot submit a grievance application if it filed an appeal before the competent court or initiated alternative dispute resolution proceedings. However, a grievance application does not affect their right to institute court or arbitration proceedings. On 23 January 2020, the JIC published the Grievance Hearing Instructions (No. 1 of 2020), which sets out the procedures and mechanisms to deal with investor grievances under the Bylaw. The Instructions describe the rules for application submission, documentation, referral to the Grievance Committee and the hearing procedure. Pursuant to the Instructions, which required the JIC to computerise the grievance system within a year from their entry into force in 2020, grievance applications may now be submitted through the Online Grievance Application Form available on the JIC's website.

Jordan continues to uphold the property rights of investors. The Law on Property Ownership 2019 obliges the expropriating public authority to compensate the property owner within 30 days from (1) the date the domestic court issues its final decision on the compensation amount or (2) the date agreed by the parties, or (3) the date the agreement between the parties was certified. The property owner is entitled to an interest of 5% per year until the compensation is paid. The Unfair Competition and Trademark Infringement Law provides for unrestricted technology transfer. It states that any legal or contractual provision which restricts competition adversely affects trade or restricts the transfer of technology shall be considered void.

AREAS FOR IMPROVEMENT

The Government may amend the Investment Law 2014 and the Law on Property Ownership 2019 to identify and list the "public interest" activities for which public authorities can expropriate private property and assets. Moreover, there should be a legally binding timeline for paying compensation and an explanation of the acquired property's intended use. For clarity, there must be explicit mention that any act of expropriation will be non-discriminatory.

IMPLEMENTATION STATUS



Jordan

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2021
Indicator 1		
	Adopt the national energy strategy for 2020-2030 at the earliest.	Fully implemented. In July 2020, the Ministry of Energy and Mineral Resources (MEMR) adopted the Energy Strategy 2020-2030.
2018	Periodically evaluate the energy sector's incentive framework to ensure it evolves predictably and progressively.	Work ongoing. The MEMR is conducting a technical study on the capacity of the national grid to absorb more variable renewable energy.
	Ensure that the policy implementation authorities differ from those evaluating the progress made towards achieving the policy.	Pending
2020	Update the National Energy Efficiency Plan 2017-2020 since the last one expired in December 2020.	Pending
	Set disaggregated renewable energy targets for the industry, agriculture, heating/cooling, and transport sectors.	Improvement suggested in 2021. Status will be updated in 2022.
2021	Develop a renewable peak load strategy and a least-cost strategy.	Improvement suggested in 2021. Status will be updated in 2022.
	Develop disaggregated energy-efficiency targets for end-use sectors.	Improvement suggested in 2021. Status will be updated in 2022.
Indicator 2		
2018	Introduce institutionalised stakeholder engagement mechanisms for consultation on draft laws and regulations.	Partially implemented. The new Energy Strategy 2020-2030 and the Green Growth National Action Plan 2021-2025 were widely discussed. However, consultations on changes to tariffs and tariff methodology need to be institutionalised.
	Establish a unit within the Legislative and Opinion Bureau to prepare official translations of laws and policies in foreign languages.	Partially implemented. The Legislative and Opinion Bureau has launched an updated user-friendly website but the translations of draft and enacted laws are unofficial.
2020	Continue to support the decentralisation and electoral reform.	Work ongoing. A draft local administration law was tabled at the Jordanian Parliament in early 2020. It proposes the merger of the 2015 Decentralisation and Municipalities Laws.
	Adopt, after public consultation, amendments to the Access to Information Law no. 47 of 2007.	Pending
2021	Develop an e-mobility strategy for the MEMR and the Ministry of Transport. Ensure coordinated action by the MEMR, NEPCO and the distribution companies to optimise network management.	Improvement suggested in 2021. Status will be updated in 2022.
Indicator 3		
2018	Appoint an independent auditor to perform controls over the Energy and Mineral Regulatory Commission's (EMRC) annual accounts.	Pending
	Relax/fast-track investment screening procedures of the Companies Control Department (CCD) at the Ministry of Industry, Trade and Supply.	Partially implemented. In 2020, the CCD launched an electronic portal through which investors can submit a company's registration request and data, allowing the CCD to perform an automatic audit of the request.
2020	Implement a new tariff adjustment mechanism that is symmetrical. Conduct technical studies on how to protect low income and vulnerable households from the removal of cross-subsidies.	Work ongoing. The Government is developing an action plan to gradually phase-out electricity cross-subsidies granted to households.
	Remove the suspension on new applications for renewable energy projects with capacity exceeding 1 MW.	Pending
Indicator 4		
2018	Establish a foreign investment ombudsman authority or similar institution to settle issues arising in the course of projects.	Fully implemented. In 2019, the Jordan Investment Commission set up a Grievance Committee. On 23 January 2020, it published the Grievance Hearing Instructions that set the procedures to deal with investor grievances.
	Amend the domestic laws to include a timeline for paying compensation upon expropriation, and to mention explicitly that an act of expropriation will be non-discriminatory.	Pending