INVESTMENT MOTIVATION SURVEY

SUMMARY REPORT

May 2016

Abstract

A survey of 302 domestic and foreign investors in Jordan, of medium and large size, across different sectors and geographic locations (including Development Zones and the Aqaba Special Economic Zone), conducted through face-to-face interviews in 2016, which provides data to policy makers and other stakeholders on the main factors motivating investment in Jordan, the key issues of investment climate (particularly investment incentives), and employment (including hiring Syrian refugees).

Acknowledgments

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Executive Summary

As part of an ongoing commitment from the World Bank Group (WBG) to the Government of Jordan (GoJ) to implement effective investment policies to attract and retain private investment and create jobs for Jordanians and Syrian refugees, the WBG's Trade and Competitiveness Global Practice conducted the Jordan Investor Motivation Survey, hereinafter 'the survey', from January to July 2016. In collaboration with the GoJ, the main objectives of the survey were to:

(i) understand the motivating factors and future expectations of investors in Jordan;
(ii) indicate the types of incentives received by investors, the main beneficiaries, and the role of these incentives in influencing investment locational decisions and selected activities and/or behaviors;
(iii) investigate investor motivations at the sub-national level, including the role of incentives;
(iv) offer insights on investors' willingness to hire Syrian refugees, the gender composition of the workforce, the presence of foreign labor and the level of skills; and
(v) understand differences in motivations (efficiency-seeking, domestic market-seeking, and natural resource-seeking)[1], incentives and employment among investors in key sectors.

The survey sample included 302 active domestic and foreign investors, both medium and large sized, operating within different economic sectors in Jordan and located across several municipalities, both inside and outside the Development Zones, Industrial Estates, and Aqaba Special Economic Zone[2]. Companies were randomly selected to build a representative sample, of incentive recipients, from a unique database of 6,680 companies. The field work was conducted between February and July 2016 via face-to-face interviews, using standard WBG investor motivation survey (IMS) methodology. The survey follows a 2009 IMS that included 62 domestic and foreign investors operating in similar sectors and located primarily outside the Zones.

Key Findings

Three overarching themes - including investor motivations, investment incentives and employment - were assessed in the survey. Following an analysis of each theme, below, this report provides a list of recommendations for the Government to consider in addressing issues within each thematic area.

Investor motivations:

The survey highlights that, while investors of different types and economic sectors tend to be motivated by different factors, certain drivers are common to all investors. These primarily include security and safety; regulatory predictability and the soundness of the overall investment climate. In light of the current political turmoil affecting the Middle East and North Africa (MENA), Jordan remains one of the few stable countries in the region where investors can do business. Further to this, the need for a conducive investment climate and predictable business regulation were highlighted as additional motivating factors for investors across all sectors. Resultantly, the survey indicates the importance of sound investment climate fundamentals to attract and retain investors, which cannot be offset by lower cost factors, including incentives.

[1] Please refer to Annex 8 for a definition of investment by motivations.
[2] It is important to note that the Free Zones were not included in the JIMS.

In line with evidence based literature, the survey also points to the greater importance of incentives for efficiency-seeking investors and, to a lesser extent, domestic market-seekers, in their decisions to invest in Jordan. Further, the survey confirms that natural resources and raw materials remains the most important driver for attracting and retaining natural resource-seeking investors. While the survey demonstrates that Jordan is competing with other locations in the region to attract investment, it is important to note that competition is fiercer for attracting efficiency-seeking investors. This can be explained by the fact that efficiency-seekers, who are export-oriented by definition, tend to select alternative investment locations based on the competitiveness of production and capital cost factors. Egypt, the United Arab Emirates (UAE) and Turkey are these top alternative destinations for efficiency-seekers, with competitive production factors and overall business environment in these locations helping explain this. For domestic market-seekers, the Kingdom of Saudi Arabia (KSA) and the UAE were the top alternative locations, attributed to the large market size (especially KSA), high incomes and consumer behaviors.

Taking into account sub-national considerations, most investors (75.8%) did not consider alternative locations within Jordan. Nevertheless, efficiency-seeking investors considered alternative sub-national locations the most (30.6%), compared to domestic market- (20.1%) and natural resource-seekers (14.3%). This confirms that this type of investor weighs several alternative options before investing, and is the most difficult to attract.

The survey also shows that a minority of investors are planning additional investment in Jordan, while the majority are expecting to maintain their current size, with few planning to leave or shut down operations. Contextual factors might help to explain these expectations on low investment, including political turmoil in the region leading to the closure of Iraq and Syria trade routes, lower commodity prices and fall in global demand for Jordan's export products. However, it is important to consider other issues which may be hindering re-investment, such as operational issues and investor grievances. The fact that only a small majority of investors encouraged their peers to invest in the country, and that among them were mostly domestic market-seekers, might point to some obstacles faced by businesses. Current investors can represent a great source of investment[3], and it is, therefore, key for the GoJ to facilitate re-investments by current investors and ensure issues are being addressed.

Investment incentives:

The Jordan incentives inventory shows that Jordan provides investors to most economic sectors through different legislation[4]. However, there is currently no systematic approach to assess the direct cost and benefit of incentives provided to investors. In 2012, a USAID project estimated tax expenditures to be at least 1,556 million Jordan Dinar (JD), approximately 7% of GDP[5]. Further, the survey highlights that fiscal incentives account for the quasi totality of incentives received by surveyed companies between 2011 and 2015 (95% of the total number and 93% of the self-reported/estimated value). Customs duty incentives account for the highest number (54%) and self-reported/estimated value (67%). Incentives were received by investors in all economic sectors surveyed, however, it is not clear whether these are in line with the Government's national

[3] For instance, in 2015, re-invested earnings accounted for almost half (49%) of total FDI received by developing countries and 43% of total FDI to developed economies.[3]

[4] https://jic.gov.jo/portal/Home/Inventory

[5] https://jordankmportal.com/resources/evaluating-tax-expenditures-in-jordan-2013

priorities[6]. The sectors that received the highest number of incentives between 2011 and 15 were[7]: food, beverages and tobacco (17% of the total number of incentives received); chemicals and pharmaceuticals (15%); textile, wearing apparel and leather (14%); computer, electronic products, electrical equipment, machinery, equipment, metal products (13%); other non-metallic mineral products (8%); rubber and plastics (8%); and paper, furniture and wood products (8%).

Overall, the survey presents varying responses on the overall importance of incentives in influencing investment locational decisions. Almost half of the respondents (48%) answered that they would not have invested in Jordan without the incentives (*marginal investors*), with the remainder (52%) stating they would have invested in Jordan even without the incentives (*non-marginal investors*). In contrast, respondents in the 2009 IMS evidenced marginal investors constituting only 30%. This could be explained by the changes in incentives policy implemented in Jordan since 2009, or by the increased importance of cost factors, as well as by the composition of the sample. Among types of investors, the survey confirms results for the literature. Efficiency-seekers reported the highest share of marginal investors (52%), while incentives played a moderate/more limited role for domestic market-seekers (46%). Only a small share of natural resource-seekers would not have invested without the incentives (28.6%). Investors in the following sectors had a higher-than-average share of marginal investors: other manufacturing (80%); computer, electronic products, electrical equipment, machinery (59%); food, beverages and tobacco (56.6%); textile, wearing apparel and leather (53.5%); printing and reproduction of media (53.3%); and rubber and plastics (52.9%).

Taking into account sub-national considerations, a small majority of companies (53.7%) reported that they would have invested in the same location within Jordan even without the location-specific incentives they received (*non-marginal investors*)[8]. In Jordan, in fact, investors can enjoy greater economic benefits if located in certain geographic areas (particularly the Zones[9]).

Finally, among the activities/behaviors assessed in the survey[10], the top three for which incentives played the most important role were: buying new machineries/equipment (75.1% are *marginal investors* reporting that the incentive they received influenced this activity); exporting (57.1%); and retaining existing workers (56.2%). However, more rigorous research should be conducted to understand the effectiveness of incentives in attracting investment in specific sectors and achieving selected objectives relatively to their costs.

Employment:

The majority of investors (61.3%) indicated they would be willing to hire Syrian refugees if work permits were granted to them. Efficiency-seeking[11] investors are the most willing to hire Syrian refugees (66.1%) among

[6] These include the sectors designated by the Jordan 2025 strategy[6] and the Jordan Investment Promotion Strategy

[7] The number of incentives was computed as the summation of incentive instruments reportedly received by companies in 2011-15. The sectoral shares are calculated as the proportion of incentives received by firms in the sector out of the total sample. It is important to note here that 100% of interviewed companies in each sector received incentives in 2011-15.

[8] It is important to note that the segment of the sample relevant for this question is only that of investors located inside the Zones who received location-specific incentives.

[9] For more information on incentives in Jordan please refer to the Annex: Inventory of Investment Incentives in Jordan.

[10] The investor activities/behaviors analyzed included: re-investing; starting up a business; buying new machineries/equipment; hiring new workers; retaining existing workers; exporting; and investing in green technologies.

[11] Natural resource-seeking investors include companies the following sectors: mining of metal ores; other mining & quarrying; extraction of crude petroleum and natural gas. Domestic market-seeking investors include companies in all

types of investor by motivation. The sectors with higher-than-average willingness to hire Syrian refugees were:[12] paper, furniture and wood products (80.8%); computer, electronic products, electrical equipment, machinery, metal products (66.7%); printing and reproduction of recorded media (66.7%); other non-metallic mineral products (65.2%); other services (66.7%); and food, beverages, and tobacco (62.3%). The cost of the work permit would be an issue to hire a Syrian refugee for the minority of investors (44%). The sectors for which the cost of the work permit would be more of an issue to hire Syrian refugees were: construction (87.5% of investors in the sector); mining and quarrying (85.7%); food, beverages and tobacco (60.4%); and computer, electronics, and machinery (53.8%).

Promoting private sector engagement is key to succeed in gender equality[13]. The survey provides some initial indications on the sectors with a higher proportion of female workers. Overall, companies interviewed have a higher share of female employees (53.7% of total employees) than male (46.3%). This can be partially explained by the sectoral composition of the sample. The sector with the largest proportion of female workers is textile, wearing apparel and leather (71.1% of the workforce) (which is also highly represented in the sample), followed by ICT (52.6%), and other services (43.9%). Efficiency-seeking investors have the highest proportion of female workers (62.4%). The proportion of female workers is much higher for companies inside the Development Zones and Industrial Estates (62.8%).

Overall, foreign workers represent 59.3% of the workforce of companies in the sample, and domestic workers 40.7%. Textile, wearing apparel and leather has the highest proportion of foreign workers (75.7%), and it is also the sector with more jobs in the sample. In the remaining sectors, the proportion of foreign workers is much lower, reaching a maximum of 33.5% in other manufacturing and 33.7% in rubber and plastics products, and a minimum of 2.2% in ICT and other services. Investors in the Development Zones and Industrial Estates have a much higher proportion of foreign workers (68.8%) compared to investors outside the Zones (17.8%). South Asian workers represent 87.6% of the foreign workforce of investors in the sample. They come from countries including Bangladesh (53.4% of foreign workers); Sri Lanka (22.6%); Nepal (7.8%); and Pakistan (2.8%). The other foreign workers come from Middle Eastern countries such as: Egypt (7.2% of foreign workers); and Syria (2.2%). South Asian workers from Bangladesh, Nepal, Sri Lanka and Pakistan work mostly in the textile sector. Egyptian workers are employed predominantly in food and beverages and rubber and plastics, and Syrian workers are employed mostly in food and beverages, rubber and plastics, and textile.

The survey confirms that some of the sectors providing the largest number of jobs in the sample (i.e. textile and wearing apparel) create mostly low- and mid-low-skilled jobs, particularly for foreigners[14]. Over two thirds (68.1%) of the workforce falls within the low-skilled and mid-low-skilled categories (32.4% and 35.7% respectively). Existing laws and regulations are the key obstacle for hiring foreign skilled workers, followed

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service and manufacturing sectors that are non-export-oriented (with less than 50.1% of sales originating from exports). Efficiency-seeking investors include companies in all manufacturing and services sectors that are export oriented (with more than 50% of sales originating from exports).

[12] The sector with higher response was other manufacturing (100%). However, this sub-group comprises residual manufacturing sectors and its overall size is quite small. Therefore, the responses for other manufacturing should be analyzed deeper at the sub-sector level.

[13] http://blogs.worldbank.org/psd/private-sector-engagement-key-success-gender-equity

[14] In order to estimate the skill-level of the workforce, four ranges of monthly salaries were used as proxy (set in collaboration with the GoJ): below 190 JOD: low-skilled; 190-250JOD: mid-low-skilled; 251-500 JOD: mid-high-skilled; over 501 JOD: high skilled.

by the lack of availability. For hiring Jordanian skilled workers, lack of availability is the main obstacle, followed by the cost of salaries.

Recommendations

The survey identified priority actions and/or recommendations, with headline findings including:

Investor motivations:

1. Jordan Investment Commission (JIC) focuses on attracting private investment in priority sectors aligned with national development strategies, including Jordan 2025 and the Jordan Investment Promotion Strategy. Particular focus should be on attracting efficiency-seeking investment (and investment targeting the regional market) in manufacturing and services sectors with higher potential for job creation, exports and linkages with the domestic private sector.
2. JIC, and particularly its Investment Promotion Department, should benchmark with key competitors in priority sectors to understand comparative areas of strengths and weaknesses. This should be followed with developing a value proposition that leverages Jordan's competitive advantages.
3. Leverage Jordan's security and stability as key strengths to attract and retain private investment, which have been identified as key motivating factors by investors across the board. Alongside, continue efforts to improve the fundamentals of Jordan's investment climate, including sustaining doing business and business regulatory reforms.
4. In the short term, JIC implements an effective aftercare function to help identify and address investors' concerns, understand why many existing businesses are not planning additional investments and are not referring Jordan as an investment destination, and ultimately facilitate investment retention and expansion. Contextual factors might help explain part of the less optimistic expectations on investment, as well as on the workforce by companies.
5. Efforts should be made to enhance regulatory predictability, which has been identified as a key motivating factor by investors across the board. Examples of interventions in this space include: notice and comments systems; feedback loop mechanisms; grievance management systems; enhancing regulatory transparency and access to information for investors; promoting consultations with relevant stakeholders; etc.

Investment incentives:

1. Government consider revising its incentives policy in order to target the type of investors and economic sectors that are more responsive to incentives, in order to avoid wasting public resources. This would imply limiting the use of incentives to natural resource-seeking investors and better target efficiency-seekers, with particular focus on those sectors with higher returns on investment for the Government and incentive impact.
    a. Government should assess whether the incentives provided are coherent with the priority sectors designated in its strategic documents, including Jordan 2025 and the Jordan Investment Promotion Strategy.
2. In the short term, more rigorous research is conducted to understand the actual impact/effectiveness of incentives in attracting and retaining investment in specific sectors and achieving selected objectives (i.e. creating jobs, exports, etc.), relatively to their costs (i.e. fiscal revenue foregone). This could be undertaken using different methodologies, including return on investment from incentives in selected sectors. This type of analysis should be undertaken

periodically and its evidence inform incentive policy making, including how to rationalize incentives based on national development objectives, avoiding wasting public resources.

3. JIC, and particularly its Research Department, should take the leading role in assessing the effectiveness of incentives, being JIC the agency devoted to attract and retain investment in Jordan. The JIC should collaborate with other agencies to collect the data required for the analysis.[15]
4. JIC establishes a system to monitor and evaluate the costs and benefits of incentives received by investors in different sectors.
5. Taking into account sub-national considerations, the Government should examine the impact of the different incentives regimes currently in place in the different types of Zones, versus the non-Zone locations, to attract and retain investment in specific sectors in targeted sub-national destinations.

Employment:

1. Analyze the sectors with higher potential for employing Syrian refugees and the related issue of work permits, with particular regard to the sectors operating within the EU Trade deal and relaxation of rules of origin[16]. In sectors with an already important presence of Syrian workers, promoting investment and facilitating the hiring of refugees could be one of the alternatives to absorb Syrian workers.
2. Promoting investment in sectors hiring more females could help increase gender equality. Textile and ICT, for instance, are also among the priority sectors identified by the Government as strategic. Nevertheless, more research should be conducted to understand the barriers to female employment in specific sectors, particularly those that are traditionally associated with higher female employment. Incentives could be used, for example, to stimulate businesses to hire female workers in the existence of specific market failures such as access to finance, or to cover the cost of child care / transportation. In addition, promoting the opening of satellite factories closer to households would reduce commuting for workers, that is reportedly a key obstacle to female employment.
3. The Government should conduct an assessment of the impediments/market failures to skills upgrading of the domestic workforce to identify the most suitable policy instruments.
    a. Review existing laws and regulations to hire foreign high-skilled workers which are reportedly an obstacle for businesses.
    b. Conduct an assessment of the factors contributing to low levels of Jordanian employees in those identified priority sectors for investment attraction.

[15] These include: the Income and Sales Tax Department (ISTD) (to provide data on tax returns/declarations); the Customs Department (to provide data on customs duty transactions related to imports and exports of products); the Company Controller Department (to provide data on active companies registered in Jordan and their paid capital); the Social Security Corporation (to provide data on labor); and the Department of Statistics (to provide data on establishments, including the census).

[16] For more information about the EU Trade deal: http://europa.eu/rapid/press-release_IP-16-2570_en.htm

Introduction

Over the past decade, Jordan has been suffering from diminished private investment. Foreign Direct Investment (FDI) inflows went from an annual average of USD 2.7 billion (equal to 15.5% of Gross Domestic Product) between 2005 and 2009 to USD 1.63 billion between 2010 and 2015 (5.15%)[17]. Gross fixed capital formation, that measures investment, went from 30.6% in 2005 to 22.9% of GDP in 2015[18]. In addition, Jordan has been facing one of the most dramatic humanitarian crisis since World War II, with the large inflow of Syrian refugees, whose registered number reached 659,828 in May 2017, while unofficial numbers report more than one million refugees[19]. This added to the existing need of creating jobs for locals, and particularly females (with total 11.4% unemployment in 2015, reaching 19.5% among females and 47.6% among female youth)[20].

In its continued efforts to help the Government of Jordan (GoJ) implement effective investment policies to attract and retain private investment and create jobs for Jordanians and Syrian refugees, the World Bank Group Trade & Competitiveness Global Practice conducted the Jordan Investor Motivation Survey from January to July 2016, in collaboration with the GoJ, the Ministry of Planning and International Cooperation (MOPIC) and the Jordan Investment Commission (JIC).

The objectives of the survey were: (a) understanding the motivating factors of investors in Jordan and their future expectations; (b) providing an indication of the types of incentives received by investors, the main beneficiaries, and the role of incentives in influencing investment locational decisions and selected activities/behaviors; (c) investigating investor motivations at the sub-national level including the role of incentives influencing sub-national locational decisions; (d) offering insights on investors' willingness to hire Syrian refugees, the gender composition of the workforce, the presence of foreign labor, and the level of skills; and (e) understanding differences in motivations, incentives, and employment among investors in key sectors and driven by different motivations (efficiency-seeking, domestic market-seeking, and natural resource-seeking investors[21].

The survey sample included 302 active domestic and foreign investors operating in different economic sectors and located across several Municipalities in Jordan, both inside (the Development Zones, Industrial Estates, and Aqaba Special Economic Zone[22]) and outside the Zones. Companies were randomly selected to build a representative sample (of incentive recipients) from a unique database (of 6,680 companies), which combined investors registered in the Development Zones; companies in the Aqaba Special Economic Zone; investors receiving incentives from the Jordan Investment Commission between 2011 and 2015; and recipients of incentives from the Jordan Enterprise Development Corporation (including the Governorate Development Fund and the Jordan Innovation Center program) in the same time-frame. The field work was conducted between February and July 2016 via face-to-face interviews by Dajani Consulting, in collaboration with the WBG and the GoJ, using standard WBG IMS methodology. This followed a pilot conducted in February 2016.

The survey follows a 2009 Investor Motivation Survey (IMS) implemented by the WBG, which included 62 domestic and foreign investors located primarily outside the Zones, and with the main objectives to

[17] UNCTAD, World Investment Report 2016, Jordan Country Fact Sheet.
[18] World Bank Group, World Development Indicators.
[19] http://data.unhcr.org/syrianrefugees/regional.php
[20] World Bank Group, World Development Indicators.
[21] Please refer to Annex 1 for a definition of investment by motivations.
[22] It is important to note that the Free Zones were not included in the JIMS.

understand: (a) investor motivations; (b) the role of incentives in influencing investment locational decisions and the cost of obtaining the incentives; and (c) the quality of information available for investment decisions.

While providing empirical evidence to the existing literature on investor motivations, investment incentives and employment in Jordan - via a sectoral and investment-type focus – the survey faced some limitations and caveats. Such limitation included; the lack of an existing database covering all registered investors benefiting from incentives both inside and outside Zones; the exclusion of Free Zones from the sample; the reliance on companies' self-reported data; and other typical survey limitations (i.e. potential interviewer bias, lack of causality, etc.). Therefore, the findings should be interpreted with these considerations, and provide and indication of areas where more robust research is required to effectively address investor motivations, investment incentives and employment.

This report summarizes the main findings from the survey. Throughout the report, the results are analyzed at the aggregate-level, as well as taking into account sectors, type of investment by motivation, Zone-location, and nationality, when meaningful. The report is structured in the following sections:

- **Chapter 1** discusses: the key factors influencing locational decisions for investors in Jordan; the main alternative destinations considered; the extent to which companies are encouraging their peers to invest in Jordan; and future investment expectations.
- **Chapter 2** addresses: the types of incentives received by investors between 2011 and 2015; the relative importance of incentives (compared to other factors) in influencing investor locational decisions and investor activities/behaviors (i.e. hiring new/retaining existing workers, buying new machineries/equipment, investing in green technology, exporting and starting-up a firm).
- **Chapter 3** examines: investors' willingness to hire Syrian refugees and the cost of work permits; the gender composition of the workforce; the foreign composition of the workforce, including countries of origin; the skill level of the workforce and the reported obstacles to hiring (domestic and foreign) skilled workers.
- **Chapter 4** looks at: the drivers of investment locational decisions; and the role of incentives in influencing investment decisions within Jordan.
- The last section provides **conclusions and policy recommendations** to the GoJ based on the findings of the survey, including potential areas for further research and investment climate reforms.

The survey was conducted in the context of the Jordan Competitiveness & Investment Partnership (JCIP), a multi-year (2013-2017) technical assistance project funded by the Middle East and North Africa (MENA) Transition Fund and delivered jointly by the World Bank Group Trade & Competitiveness Global Practice and the Organization for Economic Cooperation and Development (OECD). The JCIP's main objective is to support the Government of Jordan in investment climate reforms strengthening the implementation capacity of selected institutions responsible for investment policy, promotion and services (mainly the Jordan Investment Commission), with focus on investment promotion, investment incentives, business regulations for investment entry and the energy efficiency sector (Jordan Standards and Measuring Organization, JSMO). The JCIP is part of a broader WBG's effort to assist the GoJ to implement Trade & Competitiveness reforms, including, among others, the USD 300 million Creating Economic Opportunities for Jordanians and Syrian Refugees Program-for-Results lending operation.

Chapter 1: Understanding Investor Motivations

Over the past decade, Jordan has been suffering from diminished private investment. Foreign Direct Investment (FDI) inflows went from an annual average of USD 2.7 billion between 2005 to 2009, equal to 15.5% of Gross Domestic Product (GDP), to USD 1.63 billion between 2010 and 2015, equal to 5.15% of GDP[23]. Gross fixed capital formation, which measures investment, went from 30.6% of GDP in 2005 to 22.9% of GDP in 2015[24]. In order to achieve the objective of attracting and retaining investment, in spite of current contextual factors such as regional turmoil, it is important for the Government to understand what drives the locational decisions of investors, what their expectations are, and what issues they face. This is particularly important in light of some of the country's development challenges, including tackling the Syrian refugee crisis and creating jobs for both Jordanians and refugees. This Chapter presents the key JIMS's findings on;

- factors influencing locational decisions for investors in Jordan;
- alternative destinations considered;
- the extent to which companies are encouraging their peers to invest in Jordan; and
- future investment expectations.

The results are analyzed at the aggregate-level, as well as taking into account sectors, type of investment by motivation, Zone-location, and nationality, when meaningful. Comparisons with the 2009 survey are made where possible.

BOX: Types of Investment by Motivation

Different types of investment are motivated by different factors and characterized by distinct benefits, opportunities and challenges for the host economy**.** A useful typology identifies four types of investment based on investor motivations:[25]

- **Natural resource seeking-investment:** This type of investment occurs when the investor seeks to access resources that are location-specific (e.g. diamonds, petroleum, natural gas, coal and other mining and mineral resources, as well as renewable energy sources). While this type of investment can generate significant exports and fiscal revenues, more benefits are secured for the host country if value added processing occurs domestically and if a competitive ecosystem of local suppliers of various goods and services used in extractives can be sustainably created.
- **Domestic market-seeking investment:** This type of investment is motivated by the potential to deliver goods and services to customers within the host country or the regional market. It is almost entirely dependent on the size and characteristics of the market. It can be an important source of jobs, through the creation of higher-skilled and better-paying jobs associated with the service sector. This type of FDI is an important means to industrialize a country, since it has the potential to develop linkages with the local economy, upgrade the quality of local suppliers, create competition, increase productivity, and lower prices to consumers.
- **Efficiency-seeking investment:** This investment occurs when investors seek to increase the cost efficiency of production by taking advantage of factors that improve firm-level competitiveness. These include, among other variables, lower labour costs or higher labour productivity, easier or cheaper access to land, easier or even preferential access to export markets, access to key inputs and components, and more efficient international production and supply patterns. This type of investment has the most transformative potential. Efficiency-seeking investment is always export-oriented.

[23] UNCTAD, World Investment Report 2016, Jordan Country Fact Sheet.

[24] World Bank Group, World Development Indicators.

[25] Dunning, J. 2015. "The eclectic paradigm as an envelope for economic and business theories of MNE activity". International Business Review; Fruman, C. 2015. "Why does efficiency-seeking FDI matter?" World Bank.

- **Strategic-asset seeking investment:** This type of investment is used to acquire immobile strategic assets, business information, proprietary technologies and brands. Such investment entails acquisition of companies which possess desired strategic assets and own corporate networks of affiliates.

For the purpose of this report the first three types of investment are the most relevant.

What drives investment locational decisions?

The survey asked companies to openly list the top three most critical factors that influenced their investment location decision, and to rate a list of 21 factors on a scale from one to five[26].

Most critical factors openly listed by investors: The top three factors (openly) listed by investors as the most critical in influencing their decision to invest in Jordan are;

i. security and political stability;
ii. investment incentives; and
iii. predictability of business regulations[27].

These three factors were listed by almost all sectors. Other critical factors include: nationalistic reasons (relevant for domestic investors); domestic market potential and geographic location (mentioned by investors in food, beverages and tobacco; computer, electronic products and electronics; and transportation); and availability of workforce (mentioned by investors in textile, wearing apparel and leather; information and communications technology (ICT); printing and reproduction of recorded media; and other manufacturing). The same aggregate results emerged in the 2009 survey.

Factors rated as the most critical/important for investing in Jordan: Investors rated the following factors as the most critical or important in their decision to invest in Jordan (from a list of 21 factors);

i. security and safety (88.3% of investors);
ii. investment incentives (particularly: customs duty (70.5%) and tax incentives (64.2%); and.
iii. predictability of business regulations (63%)[28].

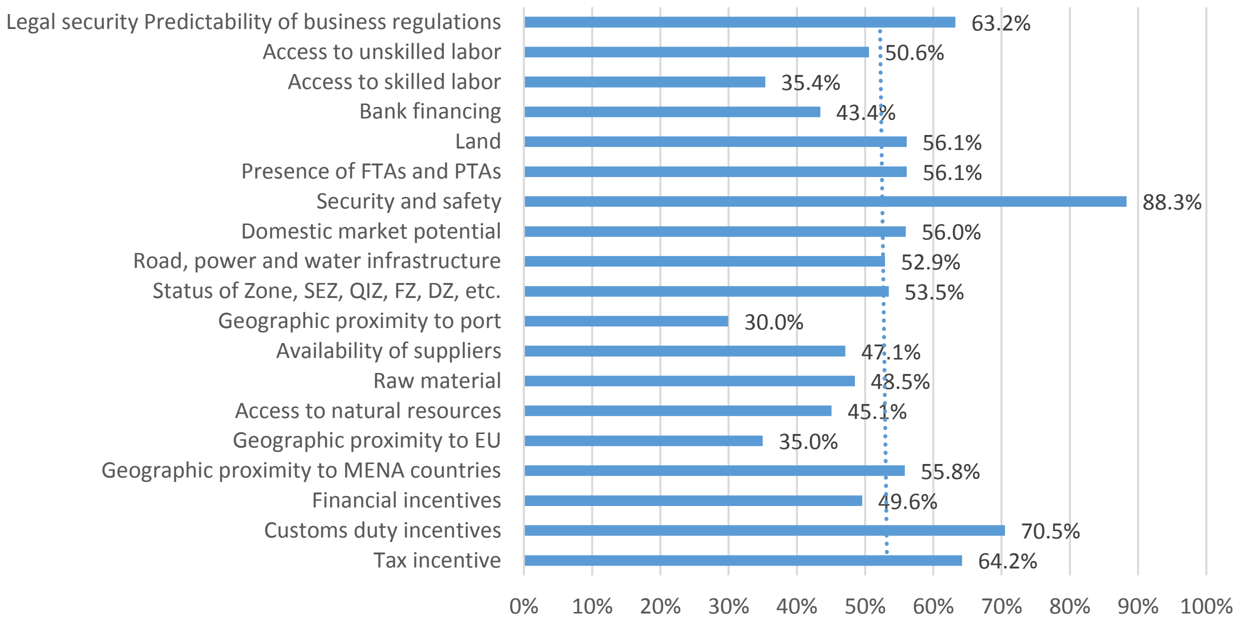
Other critical or important business factors according to investors include: presence of Free Trade Agreements or Preferential Trade Agreements (56.1%); the availability of land (56.1%); the domestic market potential (56%); and the geographic proximity to other MENA countries (55.8%). In the 2009 survey, which excluded security and safety, and predictability of business regulations from the question, the most critical factors were the domestic market potential; incentives; access to land; and access to raw materials.

[26] The question asked investors to rate each factor on a scale from 1 to 5 in their decision to invest in Jordan. Importance scale: 5 = critical factor; 4 = important factor; 3 = positive factor; 2 = irrelevant factor; 1 = negative factor; 0 = not applicable.

[27] It is important to note here that this indicates that investors considered such factors as the most important in their decision to invest. However, it does not imply that Jordan provides a competitive/attractive business environment, predictable business regulations, or effective incentives, according to investors.

[28] As above, it is important to note here that this indicates that investors considered such factors as the most important in their decision to invest. However, it does not imply that Jordan provides a competitive/attractive business environment, predictable business regulations, or effective incentives, according to investors.

Factors rated by investors as important or critical in the decision to invest in Jordan (% of investors)



Source: World Bank Group, "Jordan Investor Motivation Survey (JIMS)", 2016

When taking into account the **type of investment by motivation**[29], security and safety is the most important/critical factor for all three types of investors.

- For *efficiency-seeking investors*, investment incentives are the second most critical/important factor, after security and safety. Customs duty incentives were rated as critical or important by 78.9% of efficiency-seeking investors, tax incentives by 78.2%, and Zone-status by 71.7%. The other most important factors for these investors include regulatory predictability (64.5%) and presence of Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) (67.3%).
- For *domestic market-seeking investors*, the most important/critical factors include, in addition to security and safety, domestic market potential (62.3%); investment incentives factors, in particular customs duty incentives (66.7%); and regulatory predictability (62.8%).
- For *natural resource-seeking investors*, the most important/critical factors, after security and safety, are access to raw materials (71.4%); access to natural resources (71.4%); and proximity to other Middle East and North Africa (MENA) countries (66.7%).

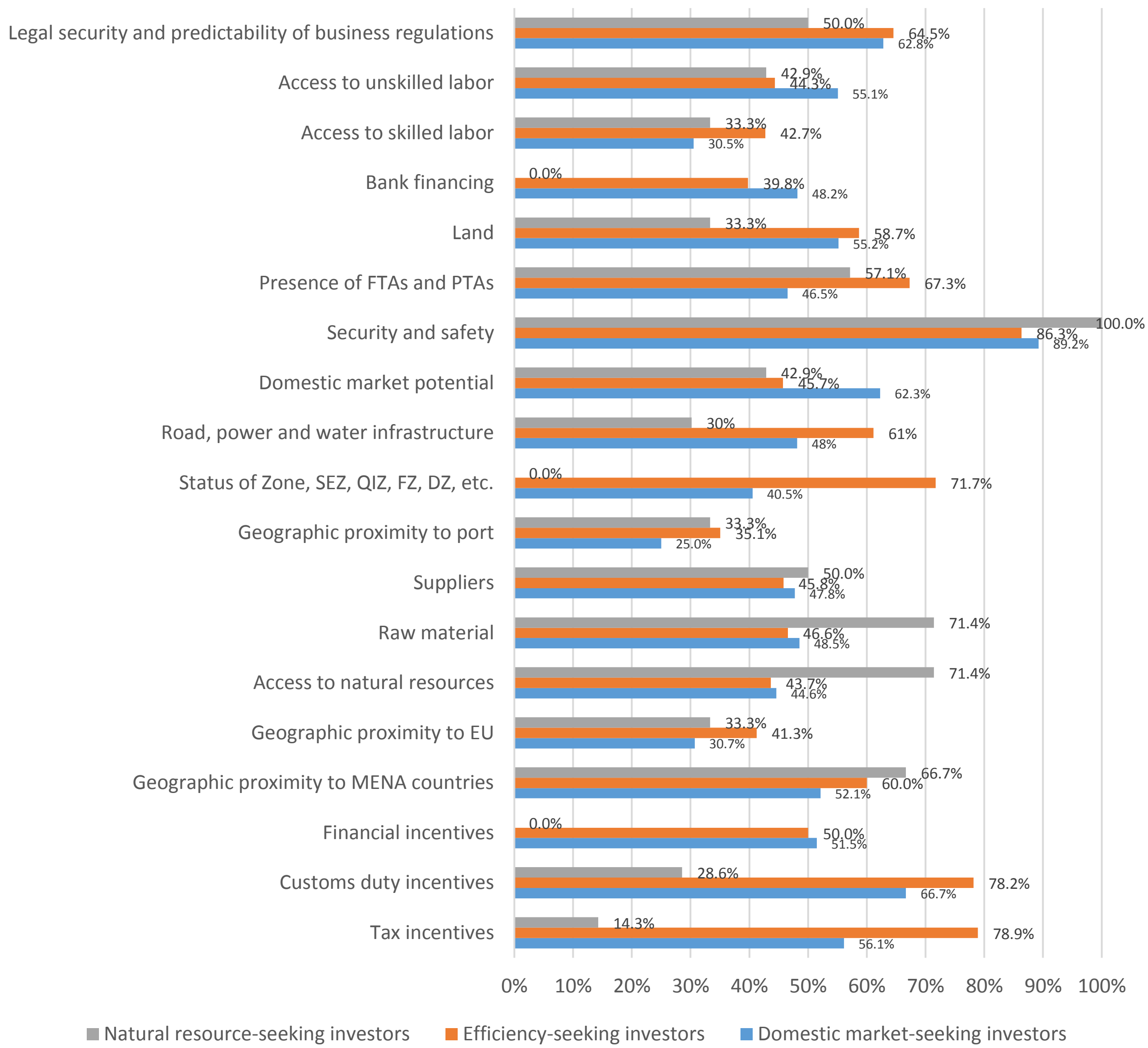
[29] Natural resource-seeking investors include companies the following sectors: mining of metal ores; other mining & quarrying; extraction of crude petroleum and natural gas. Domestic market-seeking investors include companies in all service and manufacturing sectors that are non-export oriented (with less than 50.1% of sales originating from exports). Efficiency-seeking investors include companies in all manufacturing and services sectors that are export oriented (with more than 50% of sales originating from exports).

Sectoral differences also emerge in the relative importance of individual factors driving investor's locational decision. For instance, among the factors rated as most important/critical in the overall sample, tax incentives were more critical/important for: other manufacturing[30] (100% of investors in the sector rated them as either important or critical in their decision to invest in Jordan); other services[31] (100%); manufacture of other non-metallic products (85.7%); textile and wearing apparel (85.4%); rubber and plastics (75%); and chemicals (70%). Customs duty incentives were more critical/important for: textile and wearing apparel (86%); other non-metallic mineral products (82.6%); other manufacturing (80%); and ICT (80%). Regulatory predictability was more important/critical for: paper, furniture and wood products (76%); other manufacturing (75%); printing and reproduction of recorded media (75%); and rubber and plastics (69%). Security and safety was important/critical for all sectors, with small variations. The domestic market potential was more important/critical for: paper, furniture and wood products (84.6%); other services (75%); and other non-metallic mineral products (68%). Access to natural resources and access to raw materials was more important/critical for investors in mining and quarrying (71.4% for both). Access to high skilled labor was more important/critical for other services (75%), where access to unskilled labor was more important/critical for: ICT (80%); paper, furniture and wood products (66.7%); and chemicals and pharmaceuticals (61.3%). It is important to note that some of the differing responses can be attributed to the small size of certain sub-groups.

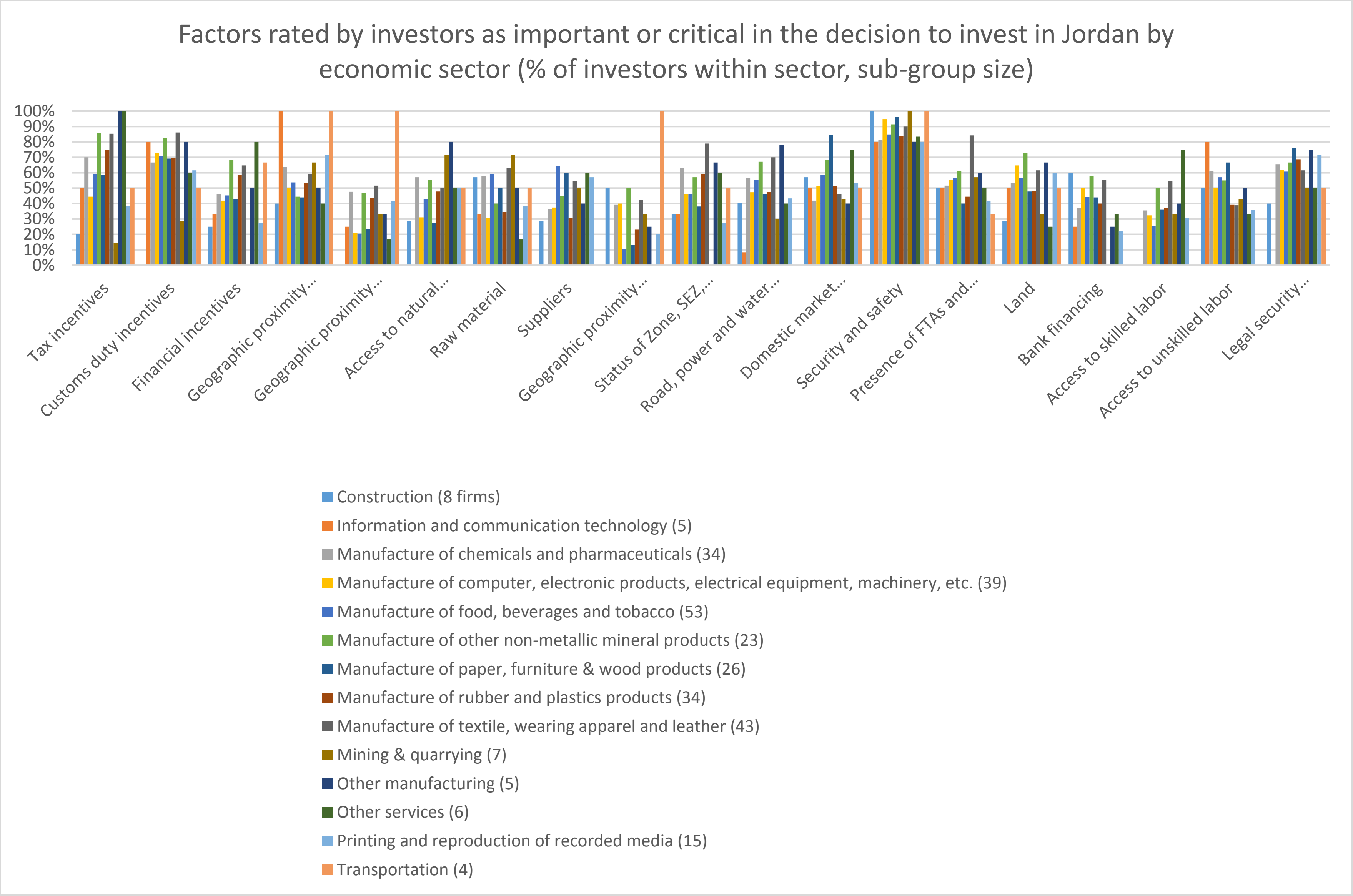
[30] Other manufacturing includes: manufacture of coke & refined petroleum products; manufacture of basic metals; repair and installation of machinery and equipment.

[31] Other services include: wholesale & retail trade, accommodation and food services activities, financial and insurance activities, electricity, gas, steam and air conditioning supply, water collection treatment and supply.

Factors rated by investors as important or critical in the decision to invest in Jordan by type of investment (% of investors within investmnet types)



Source: World Bank Group, “Jordan Investor Motivation Survey (JIMS)”, 2016



Source: World Bank Group, “Jordan Investor Motivation Survey (JIMS)”, 2016

Preliminary conclusions and policy implications:

The JIMS shows how investors of different types and sectors tend to be motivated by different factors, while certain drivers tend to be common to all investors (i.e. security and safety and the predictability of business regulations). First, Jordan should continue to leverage its security and political stability as key strengths in its efforts for attracting and retaining investors. These remain key drivers for investors across sectors and types, both domestic and foreign. Second, efforts should be made to ensure predictability of business regulations. This is in fact one of the most important factors for both domestic and foreign investors across all sectors and types of investment. Third, as discussed in Chapter 2 below, further research should be made to investigate the role of investment incentives as a policy tool for attracting and retaining different types of investors and specific sectors.

In line with evidence from the literature, the survey seems to point to a larger importance of incentives (particularly related to tax and customs duty) for efficiency-seekers, with some sectoral highlights. This is followed by domestic market-seekers, who also valued the domestic market potential in addition to the above mentioned factors. The survey confirms that natural resources and raw materials are the most important factors for attracting and retaining natural resource-seeking investors.

Alternative investment locations

Investing in alternative country locations: The great majority of investors (73.8%) did not consider investing in other countries. A similar result emerged also in the 2009 survey, with less than one third of investors who had considered investing other countries. No significant difference emerges between foreign and domestic investors.

Investors in the following sectors were the ones to consider more alternative country locations: transportation (75% of respondents in the sector); printing and reproduction of recording media (53.3%); ICT (40%); construction (37.5%); and rubber and plastics products (35.3%). Efficiency-seeking investors considered alternative countries (32.2% of efficiency-seeking investors) more than domestic-market seeking (23%) and natural resource-seeking (0%) investors.

Top three alternative country locations: The top three countries for investors considering alternative locations were the Kingdom of Saudi Arabia (KSA) (22% of all respondents), Egypt (14.2%) and the United Arab Emirates (UAE) (10.6%). Turkey was also mentioned by several investors. When considering investment type and sectors, the following key messages emerge:

i. *KSA* was the top alternative location for investors in: printing and reproduction of recorded media (30% of respondents in the sector); computer, electronic products, electrical equipment, machinery (30%); non-metallic mineral products (25%); and food, beverages and tobacco (16.7%). These investors were predominantly domestic market-seeking investors. The key factors mentioned for considering the KSA include the domestic market size, and high purchasing power of the local population; investment incentives; and the quality of physical infrastructure and facilities.
ii. *Egypt* was the top alternative location for investors in: textile, apparel and leather (30.8% of investors in the sector); food, beverages and tobacco (16.7%); and rubber and plastics products

(26.3%). These were mostly efficiency-seekers that mentioned incentives, cheap labor, lower cost of utilities and trade logistics as the main reasons for considering Egypt.

UAE was the top alternative location for investors in: ICT (33.3%); and textile, apparel and leather (30.8%). These included both efficiency and domestic market-seeking investors. Incentives, investment laws and regulations, and ease of Doing Business were the main reasons for considering the UAE.

iii. *Turkey* was mentioned by investors in: textile, food and beverages, and reproduction of recorded media. These were predominantly efficiency-seeking investors who mentioned domestic market size, investment incentives, physical infrastructure, and skilled labor force as the main reasons for considering Turkey.

Preliminary conclusions and policy implications:

The survey confirms that efficiency-seeking investors tend to evaluate alternative locations before undertaking an investment decision more than other types of investors, followed by domestic market-seekers. These type of investors are in fact the most ‘footloose’ and most difficult to attract and/or retain, as they are driven by the competitiveness of production factors along the value chain. KSA, Egypt, UAE and Turkey are the top alternative destinations for investors in Jordan, with the latter three cited by efficiency-seekers and KSA and UAE by domestic market-seekers, with sectoral differences. Depending on the type of investment and priority sector, Jordan’s competitive advantage should be evaluated versus the competing locations. In addition, the investment climate factors cited by investors as motivations for considering such locations should also be further investigated to provide lessons learned for Jordan.

Encouraging others to invest in Jordan and expectations on future investment

Investor referrals: A small majority of investors encouraged others to invest in Jordan (52.6%). This was slightly less than in 2009 (54%). No major differences emerged between Zone- and non-Zone investors, exporters and non-exporters. The sectors that encouraged others to invest in Jordan the most included: mining and quarrying (71.4% of investors in the sector); other services (66.7%); textile, wearing apparel and leather (65.1%); other non-metallic mineral products (65.2%); and other manufacturing (60.5%). Natural resource- and efficiency-seeking investors encouraged others to invest in Jordan more than domestic market-seeking (71.4%, 57% and 48.9% respectively). Foreign investors encouraged others to invest in Jordan more than domestic (59.3%, vs. 47.3%).

Future investment expectations: The majority of companies (53%) expect to maintain the same size of investment in Jordan, meaning that they are not planning either expansion or closure. Only 27.2% is expecting additional investments in Jordan, while 18.2% is planning additional investments in another country. A minority of investors (7.9%) is planning to close their operations completely, and 6.6% is expecting to close their Jordan operations and move to another country, or to move to another location within Jordan (6.3%). These responses are very similar for both domestic and foreign investors. Sectors that are planning re-investment/expansion in Jordan include mostly: textile, food and beverages; chemicals and pharmaceuticals; paper, furniture and wood; and rubber and plastics. These are domestic market-seeking and efficiency-seeking investors. In 2009, the survey only asked if companies were planning additional investment in Jordan or not. At that time, the majority (57%) reported that they were not planning any additional investment.

Preliminary conclusions and policy implications:

Further research should be conducted to understand why certain types of investors, in particular domestic market-seeking investors, and sectors have encouraged others to invest in Jordan much less than others, and why the expectations on re-investment is so low. Contextual factors might help explain some of the expectations on investment by, such as political turmoil in the region and closure of Iraq and Syria trade routes, lower commodity prices and fall in global demand for export products). The survey also shows that a minority of investors are planning additional investment, while the great majority is planning to maintain the same size. The JIMS, thus, suggests the importance of implementing an investor aftercare program to facilitate the actual materialization of planned investments, to encourage further reinvestment, and to address potential areas of grievances by current investors.

Chapter 2: Investment Incentives[32]

Investment incentives can be used as important instruments for Governments to attract and retain investment, as well as to stimulate certain investor activities/behaviors, such as hiring workers, investing in green technology, exporting, linking with domestic suppliers and upgrading the skills of the workforce. However, incentives often come at a high fiscal cost for Governments[33]. Therefore, it is key to understand what incentives are being awarded and to whom, and whether they are important for investors to achieve the objectives targeted by the Government. This Chapter presents the key findings from the survey on: the types of incentives received by investors between 2011 and 2015; the importance of incentives, in comparison to other factors, in influencing investor locational decisions and activities/behaviors (i.e. hiring new/retaining existing workers, buying new machineries/equipment, investing in green technology, exporting and starting-up a firm); and the main changes proposed by investors to the current incentives regime. The results are analyzed at the aggregate-level, as well as taking into account differences in sectors, type of investment by motivation, Zone-location, export orientation, and nationality, when meaningful. Comparisons with the 2009 survey are also made where possible.

Incentives received by investors between 2011 and 2015:

Types of incentives received: The Jordan incentives inventory, implemented by the World Bank Group in 2016, showed that Jordan provides investors to most economic sectors through different legislation[34]. The JIMS identifies that fiscal incentives account for the quasi totality of incentives received by surveyed companies between 2011 and 2015 (95% of the total number and 93% of the self-reported/estimated value). Customs duty incentives, including exemptions from import duties granted inside and outside the Zones, account for the highest number (54%) and self-reported/estimated value (67%). This is followed by incentives related to General Sales Tax (GST) (29% of the total number and 12% of the self-reported/estimated value) and to Corporate Income Tax (CIT) (12% of the total number and 14% of the self-reported/estimated value), including exemptions and reductions from the statutory rates granted inside and outside the Zones. Financial incentives are the minority of incentives received by surveyed companies between 2011 and 2015 (5% of the total number and 7% of the self-reported/estimated value). Among financial incentives, those provided by the Jordan Enterprise Development Corporation (JEDCO) (including the matching grants under the Jordan Upgrading and Modernization Program (JUMP) and the Governorate Development Fund (GDF)) and by the Jordan Loan Guarantee Corporation (JLGC) (including different types of loan guarantees) are the majority.

Recipients of incentives: Incentives were received by investors in all economic sectors surveyed. However, it is not clear which sectors receiving incentives were in line with the Government national priorities,

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[32] It is important to note here that the survey sample was selected from a frame that included only incentive beneficiaries. In light of the absence of a comprehensive database of incentives recipients from the different Government agencies, in order to ensure the internal validity of the results from this section on incentives, the sample frame was built by the team to be the best possible approximation of the total universe of firms that received incentives in 2011-15 from the different agencies (except for the Free Zones Company). Nevertheless, the results should be interpreted with due caution and more rigorous analysis (using firm-level data on incentive beneficiaries and non-beneficiaries in each sector) should be performed to draw more solid conclusions.

[33] In the European Union, the 28 member states spent 93.5 billion euros on non-crisis State Aid to businesses in 2014. http://ec.europa.eu/eurostat/tgm_comp/table.do?tab=table&init=1&language=en&pcode=comp_sa_01&plugin=1
In the United States, local Governments provided and average of US$80.4 billion in incentives each year from 2007 to 2012. http://www.nytimes.com/interactive/2012/12/01/us/Government-incentives.html?_r=1&

[34] https://jic.gov.jo/portal/Home/Inventory

including the sectors designated by the Jordan 2025 strategy[35] and the Jordan Investment Promotion Strategy. The sectors that received the highest number of incentives between 2011 and 2015, according to the sample, were[36]: food, beverages and tobacco (17% of the total number of incentives received); chemicals and pharmaceuticals (15%); textile, wearing apparel and leather (14%); computer, electronic products, electrical equipment, machinery, equipment, metal products (13%); other non-metallic mineral products (8%); rubber and plastics (8%); and paper, furniture and wood products (8%). In comparison, the sectors that received the lowest number of incentives between 2011 and 2015 were: transportation (1%); other manufacturing (1%); mining and quarrying (2%); and ICT (2%)[37]. Fiscal incentives were especially received by investors in: food and beverages; textile, wearing apparel and leather; computer, electronic products, electrical equipment, machinery, and metal products; and chemicals and pharmaceuticals. In contrast, financial incentives were especially received by investors in: paper, furniture, and wood products; and food and beverages. Domestic market-seeking investors received the highest number of incentives between 2011 and 2015 (54% of the total), followed by efficiency-seeking investors (44%), according to the sample. These two types of investors received almost all incentives between 2011 and 2015 (98%). In contrast, natural resource-seeking investors received very little incentives (2%). Investors outside the different types of Zones received a small majority of the incentives, according to the sample (53% of the total), followed by investors in the Development Zones and Industrial Estates - including former Qualified Industrial Zones (43%) - and investors in the Aqaba Special Economic Zone (ASEZ) (4%). However, it is important to note that the Free Zones were not included in the sample. With all Free Zones companies *de jure* eligible for fiscal incentives, the results may alter in favor of companies located inside the Zones, were these included in the sample. Nevertheless, the survey suggests that investors both inside and outside the Zones benefited from incentives.

Preliminary conclusions and policy implications:

Further analysis should be conducted to estimate the actual type, cost, and benefit of incentives received by investors. The Jordan incentives inventory shows that incentives are currently being awarded to most economic sectors. The survey indicates that fiscal incentives represent the lion share of the total number and estimated value of incentives received by all companies between 2011 and 2015. The survey also highlights certain sectors that have benefited more from incentives than others, including: food, beverages and tobacco; chemicals and pharmaceuticals; textile, wearing apparel and leather; computer, electronic products, electrical equipment, machinery, equipment, metal products; other non-metallic mineral products; rubber and plastics; and paper, furniture and wood products. However, it is not clear whether these sectors are aligned with the Government national priorities and those sectors designated in the Jordan 2025 strategy. Therefore, future analysis on incentives should pay particular emphasis to these fiscal instruments and sectors.

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[35] http://inform.gov.jo/en-us/By-Sector

[36] The number of incentives was computed as the summation of incentive instruments reportedly received by companies in 2011-15. The sectoral shares are calculated as the proportion of incentives received by firms in the sector out of the total sample. It is important to note here that 100% of interviewed companies in each sector received incentives in 2011-15.

[37] For the ICT sector this can be explained by the fact that most incentives directed specifically to the ICT sector were awarded by the Decision of JIC Investment Council no. 1/1/2016 dated 25/1/2016.

BOX: Investment Incentives Definitions and Key Concepts

Investment incentives are measurable economic advantages that Governments provide to specific enterprises, with the goal of steering investment into favored sectors or regions or of influencing the character of such investments[38]. Broadly, investment incentives can be divided into two types:

- **Fiscal incentives:** Government revenue contribution exemptions that are otherwise due by the general population. They include both incentives related to corporate taxes, such as corporate income tax (CIT), value added tax (VAT), export tax, property tax and withholding tax, and customs duties, on the import and export of products. Examples of tax incentives include, but are not limited to, tax holidays, special deductions, tax allowances and credits, and deferrals. Examples of customs duty incentives include, but are not limited to, exemptions from, or reduction of, duties on the import of products.
- **Financial incentives:** Direct or indirect transfers of funds/liabilities to benefit a particular business/activity/sector; or advantageous provisions of goods and services; or specific payments-in-kind which benefit only the investor in question. Examples of financial incentives include, but are not limited to, direct subsidies, matching grants, reduced interest rate loans and reduced prices on land.

An important categorization of incentives relates to the policy objective for which they are utilized:

- **Locational incentives:** Aimed at attracting investment into the host country or a particular location within that country.
- **Behavioral incentives:** Induce investors to engage in certain behaviors or activities, including producing certain goods or services, creating employment, establishing linkages between foreign and domestic suppliers, adopting green technologies and so on.

Importance of incentives in influencing investment locational decisions:

The following section presents the main findings from the survey regarding the importance of incentives in influencing investors' locational decisions. However, it is important to note here that the data is based on investor's responses and does not provide indications on the 'true' impact, causal link, or effectiveness of incentives in influencing locational decisions or investors' behaviors. Therefore, it should be interpreted with due caution.

Importance of incentives in influencing investment locational decisions: Overall, 48% of respondents suggested that they would not have invested in Jordan without the incentives (*marginal investors*) and 52% would have invested even without the incentives (*non-marginal investors*). In comparison, the 2009 IMS indicated that overall marginal investors were only 30%. This may be attributed to changes to incentives policy implemented in Jordan since 2009 or differing sample composition between the 2009 and 2016 surveys. Furthermore, as mentioned in Chapter 1, incentives were listed by investors as among the top three factors influencing investment locational decisions and rated among the most critical/important factors for investing in Jordan[39]. Nationality and zone-location only provided small differences in the motivating factors for investment in the 2016 JIMS, which may be attributable to the statistical significance of the sample size.

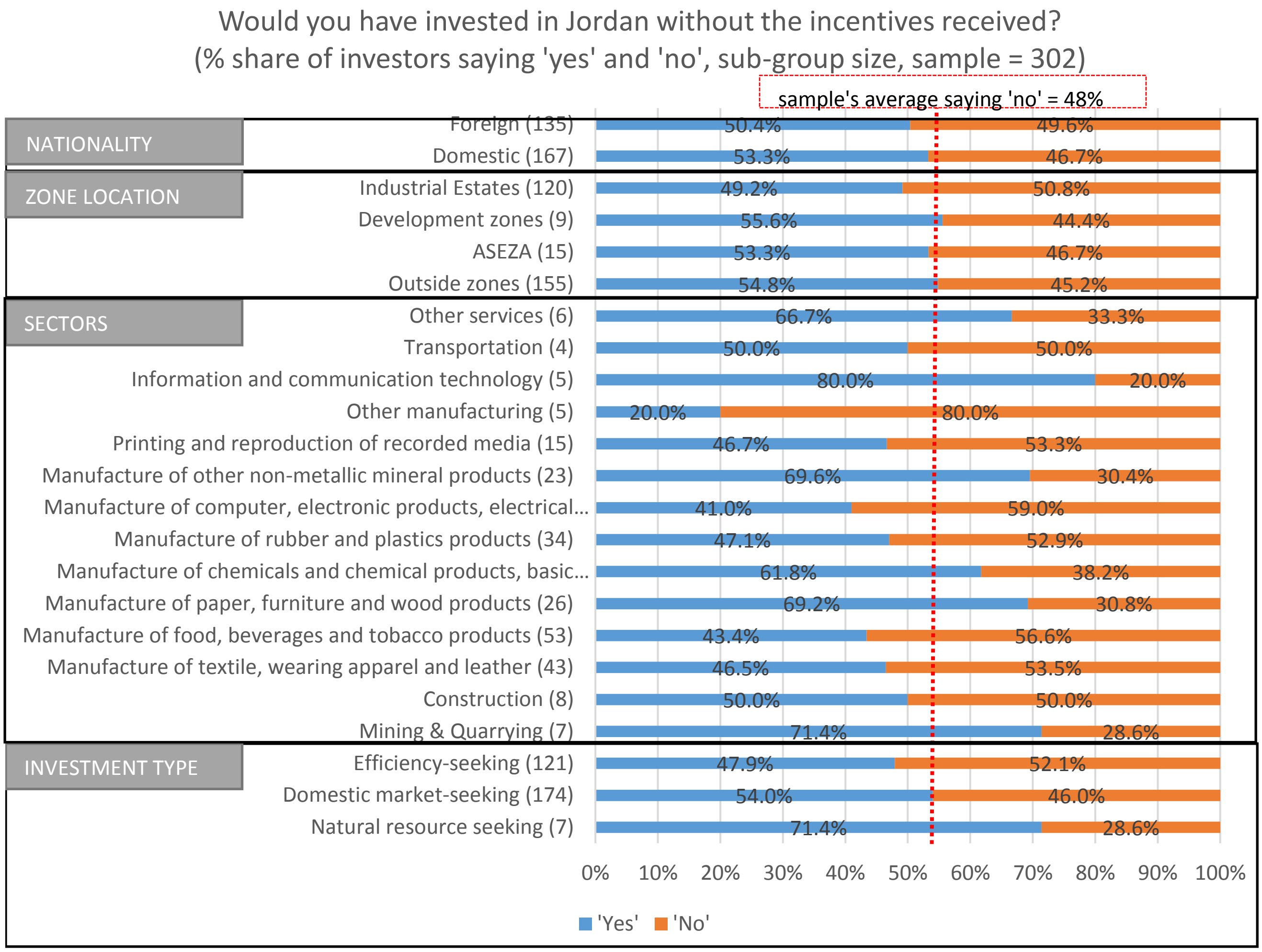
[38] World Bank Group, "Investment Incentives Toolkit", 2015. James, Sebastian, "Tax and Non-Tax Incentives and Investment: Evidence and Policy Implications", World Bank Group, 2013.

[39] These included: customs duty incentives (rated critical/important by 70% of investors); tax incentives (64%); benefits under Free Trade Agreements (56.6%); and status of Special Economic Zone/Free Zone/Development Zone/Qualified Industrial Zone (53.4%).

Analyzing sector, investment type and nationality: Among the type of investment, efficiency-seeking investors reported the highest share of marginal investors (52%). As mentioned in Chapter 1, customs duty incentives (78.9% of efficiency-seeking investors), tax incentives (78.2%), and the status of Free/Development/Special Economic Zone (71.7%) were rated as critical or important. On the other hand, incentives played a moderate/more limited role for domestic market-seeking investors (46%), whose share of marginal investors was well below the sample's average. Nevertheless, for this type of investor, customs duty incentives continued to be rated as important/critical (66.7% of investors), in addition to the domestic market potential (62.3%), which is generally the key motivation for domestic market-seekers who are by definition non-export-oriented. Finally, only a small share of natural resource-seekers would not have invested without the incentives (28.6%). For this type of investor, the most important/critical factors were access to natural resources; and access to raw materials (as discussed above)[40].

Investors in the following sectors reported that they would not have invested in Jordan without the incentives they received: other manufacturing (80% in the sector were marginal investors); computer, electronic products, electrical equipment, machinery (59%); food, beverages and tobacco (56.6%); textile, wearing apparel and leather (53.5%); printing and reproduction of media (53.3%); and rubber and plastics (52.9%). For all these sectors, the share of marginal investors was much higher than the sample's average, showing a reportedly higher responsiveness to incentives. In addition, in many of these sectors, investors also rated tax and/or customs duty incentives as critical/important in their decision to invest in Jordan (from the list of 21 factors as discussed in Chapter 1). These results also hold when taking into account the difference between domestic and foreign investors within the investment types. Considering investor nationality, incentives were slightly more important in influencing the locational decisions of foreign investors (49.6% were marginal investors, which was higher than the sample's average) than domestic investors (46.7%), which could also be attributed to the sample size.

[40] Access to raw materials was rated as critical/important (in the list of 21 factors) by 71.4% of natural resource-seekers and access to natural resources by 71.4%;



Source: World Bank Group, "Jordan Investor Motivation Survey (JIMS)", 2016

<u>Preliminary conclusions and policy implications:</u>

The JIMS presents mixed evidence on the overall importance of incentives in influencing investment locational decisions. The results, as also mentioned in Chapter 1, appear to highlight a more preeminent role of incentives in attracting efficiency-seeking investors, compared to domestic market- and natural resource-seeking investors, which is also in line with literature on locational incentives. Certain sectors also appear to be more responsive to incentives than others (i.e. other manufacturing; computer, electronic products, electrical equipment, machinery; food, beverages and tobacco; textile, wearing apparel and leather; printing and reproduction of media; and rubber and plastics). Finally, the survey points to a relatively more important role of incentives in the locational decisions of foreign investors rather than domestic. Interestingly, the overall importance of incentives for investors' locational decisions increased from 2009, and it would thus be worthy to further assess underlying reasons for this. More rigorous research should also be conducted to understand the actual impact/effectiveness of incentives in attracting and retaining investment in specific sectors and achieving selected objectives (i.e. creating jobs, exports, etc.) relatively to their costs (i.e. fiscal revenue foregone).

In the process of creating a sample frame for the JIMS, the team discovered there was currently no systematic monitoring and evaluation mechanism to track the performance of firms benefitting from incentives against policy objectives. The Company Controller Department (CCD) maintains a regularly updated database of companies registered, which contains information on economic sector of activity and paid capital. The Social Security Corporation (SSC) holds a regularly updated database of workers, which includes information at the firm-level on gender, salary level, and nationality. Finally, the Department of Statistics (DoS) conducts establishment surveys and establishment census, with the latest conducted in 2011. On the cost side, there is currently no systematic approach to assess the direct cost of incentives provided to investors under the different laws and regulations, including calculating tax expenditures. In 2012, a USAID project calculated estimated tax expenditures to be at least JD 1,556 million (ca. 7% of GDP) and recommended undertaking tax expenditures annually as part of the public budget[41]. The effectiveness of incentives should thus be assessed by the Government in a systematic manner. The Box below describes a few techniques that can be used for this purpose.

BOX: Assessing the Effectiveness of Incentives

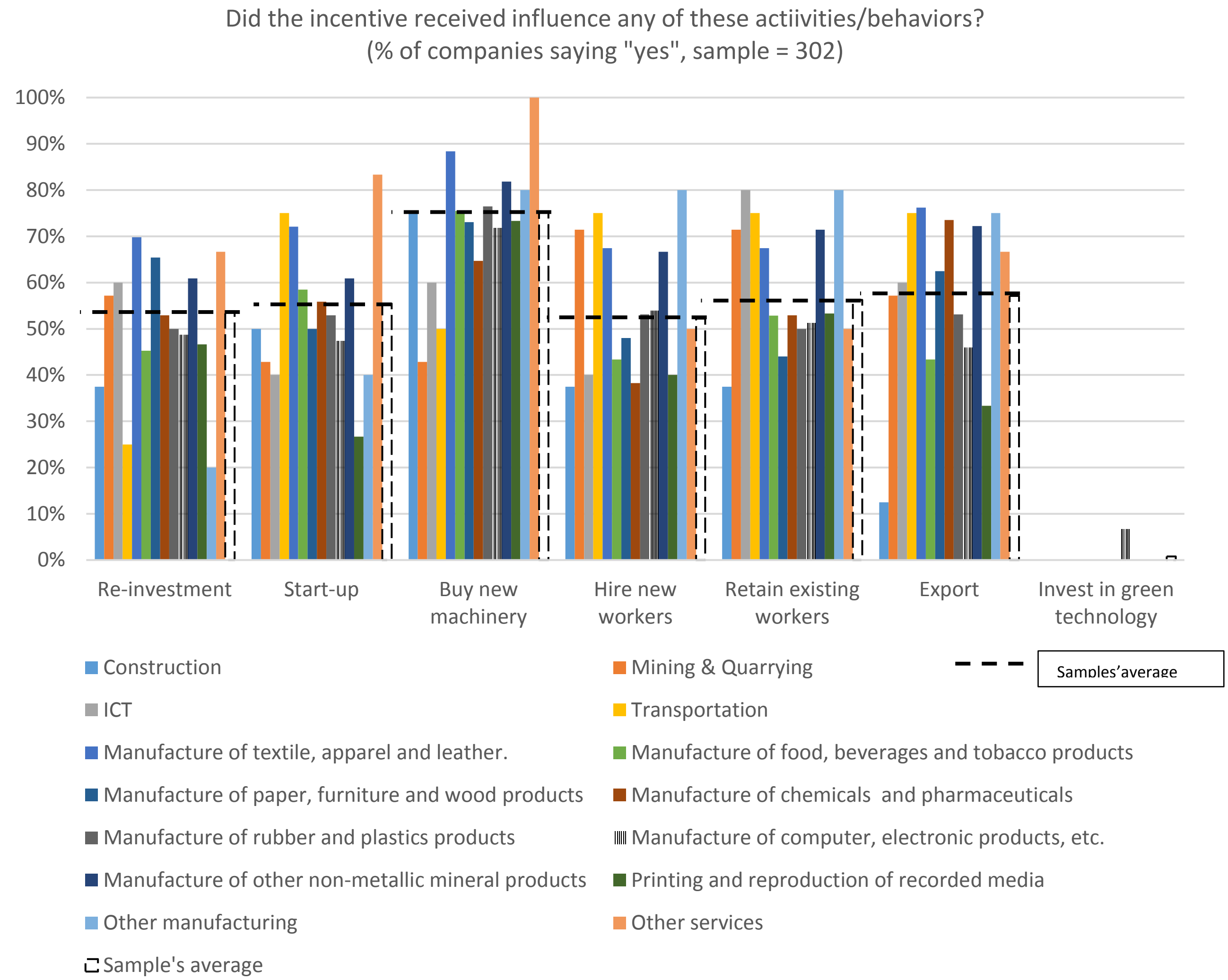
An assessment of the impact or effectiveness of incentives can be implemented based on different approaches with varying degrees of rigor, depending on factors such as type of incentive (locational versus behavioral incentives), data availability and cost and timing considerations. The WBG has elaborated a range of approaches that can be tailored to different country and policy contexts. For locational incentives (i.e. incentives used to attract investors in a certain geographic location), for example, the first and most important question for assessing their impact is whether an incentive has been effective in actually bringing firms into the country. Depending on the availability of (in particular) firm-level data, approaches built on *Return on Investment (RoI)* can be applied, including econometric models, using, for example, data on: tax returns, paid capital, workforce and exports etc. This methodology can help clients assess how incentives impact ROI of firm beneficiaries and lift individual projects above the threshold ROI. It can be applied at the aggregate-level, sector- and sub sector-level, and type of investment. The key data requirements are: firm-level paid capital, jobs, exports, tax returns data on Corporate Income Tax, Value Added Tax etc., transaction-level import and export customs data, and financial incentive disbursements data. *Tax Expenditure (TE)* analysis can be used to estimate the cost of fiscal incentives based, for instance, on the revenue foregone

Importance of incentives in influencing investor activities/behaviors:

Importance of incentives in influencing investor activities/behaviors: The investor activities/behaviors analyzed included: re-investing; starting up a business; buying new machineries/equipment; hiring new workers; retaining existing workers; exporting; and investing in green technologies. Among these, the top three activities/behaviors for which incentives played the most important role according to investors were: buying new machineries/equipment (75.1% are *marginal investors* reporting that the incentive they received influenced this activity); exporting (57.1%); and retaining existing workers (56.2%). Nevertheless, also for other activities/behaviors (i.e. hiring new workers; re-investing; starting up a business) the share of investors reporting incentives' influence was between 55.2% and 55.3%. In contrast, incentives played a very limited/almost no role in influencing investment in green technology (0.8%). This can be explained by the fact that incentives for renewable energy and energy efficiency were only enacted in 2016.

[41] https://jordankmportal.com/resources/evaluating-tax-expenditures-in-jordan-2013

Analyzing sectors and nationality: For re-investing, the sectors reported with the most important role of incentives were: textile, wearing apparel and leather (70%); other services (66.7%); paper, furniture and wood products (65.4%); information and communication technology (60%); and other non-metallic mineral products (61%). For starting-up, sectors were: other services (83.3%); transportation (75%); textile, wearing apparel and leather (72.1%); food and beverages (58.5%); and chemicals and pharmaceuticals (56%) as most important. For buying new machineries, sectors were: other manufacturing (80%); other services (100%); textile, apparel and leather (88.4%); rubber and plastics (76.5%); and construction (75%), although most sectors reported a high share of marginal investors (except for mining and quarrying). For hiring new workers, sectors were: other manufacturing (80%); transportation (75%); mining and quarrying (71.4%); textile, apparel and leather (67.4%); and other non-metallic mineral products (66.7%). For retaining existing workers, sectors were: other manufacturing (80%); information and communication technology (80%); transportation (74%); mining and quarrying (71.4%); and textile, wearing apparel and leather (67.4%). For exporting, sectors were: textile, wearing apparel and leather (76.2%); chemicals and pharmaceuticals (73.5%); transportation (75%); other manufacturing (75%); and other non-metallic and mineral products (72.2%). For investing in green technology, all sectors reported a very low/zero share of marginal investors. Foreign investors were reportedly more responsive to incentives than domestic investors for all the activities/behaviors, with the exception of hiring new workers (yet with a very limited difference).



Source: World Bank Group, "Jordan Investor Motivation Survey (JIMS)", 2016

<u>Preliminary conclusions and policy recommendations:</u>

The survey identifies the more important role of incentives in influencing the purchase of new machinery/equipment, the retention of existing workers and exporting. In particular, this was the case for foreign investors, which would be interesting to investigate further. The survey also highlights that some sectors reported higher incentives' influence than others for the selected behaviors (i.e. retaining existing workers; exporting; buying new machinery/equipment). Some of the findings may be explained by the fact that most of the incentives received were not specifically designed to influence the studied behaviors. Or, in the case of investing in green technology, the incentives specific to this behavior were not yet effective at the time of the study[42]. Nevertheless, if the aforementioned investor behaviors remain of importance to the Government, it will be important to undertake more rigorous analysis on what market failures are impeding investors to undertake them and, if incentives are relevant, what type of incentives could be more effective.

[42] Incentives under the Renewable Energy and Energy Efficiency Law came into force with the Renewable Energy & Energy Efficiency Law Bylaw No. 13 of 2015.

Chapter 3: Employment, Syrian Refugees, Gender and Foreign Workers[43]

Creating jobs, especially high-skilled and well paid, is one of the top items in every Government's agenda. Jordan, with its 11.4% unemployment rate, is no exception. Particularly pressing is the need to generate employment to tackle vulnerable members of the Jordanian population, such as females (for whom unemployment reaches 19.5% and 47.6% among female youth) and Syrian refugees (whose registered number reached 659,828 in May 2017, while unofficial numbers report more than one million refugees[44]). Private sector investment is key for helping Jordan to generate these jobs in certain sectors. However, such sectors, including textile and wearing apparel, have long been associated with employing mostly foreign labor and creating low-skilled jobs. This Chapter presents the key findings from the survey on: investors' willingness to hire Syrian refugees and the cost of work permits; the gender composition of the workforce; the foreign component of the workforce, including countries of origin; the levels of skills of the workforce and the reported obstacles to hire skilled workers, both domestic and foreign. The results are analyzed at the aggregate-level, as well as taking into account sectors, type of investment, Zone-location, and nationality, when meaningful.

Hiring Syrian Refugees

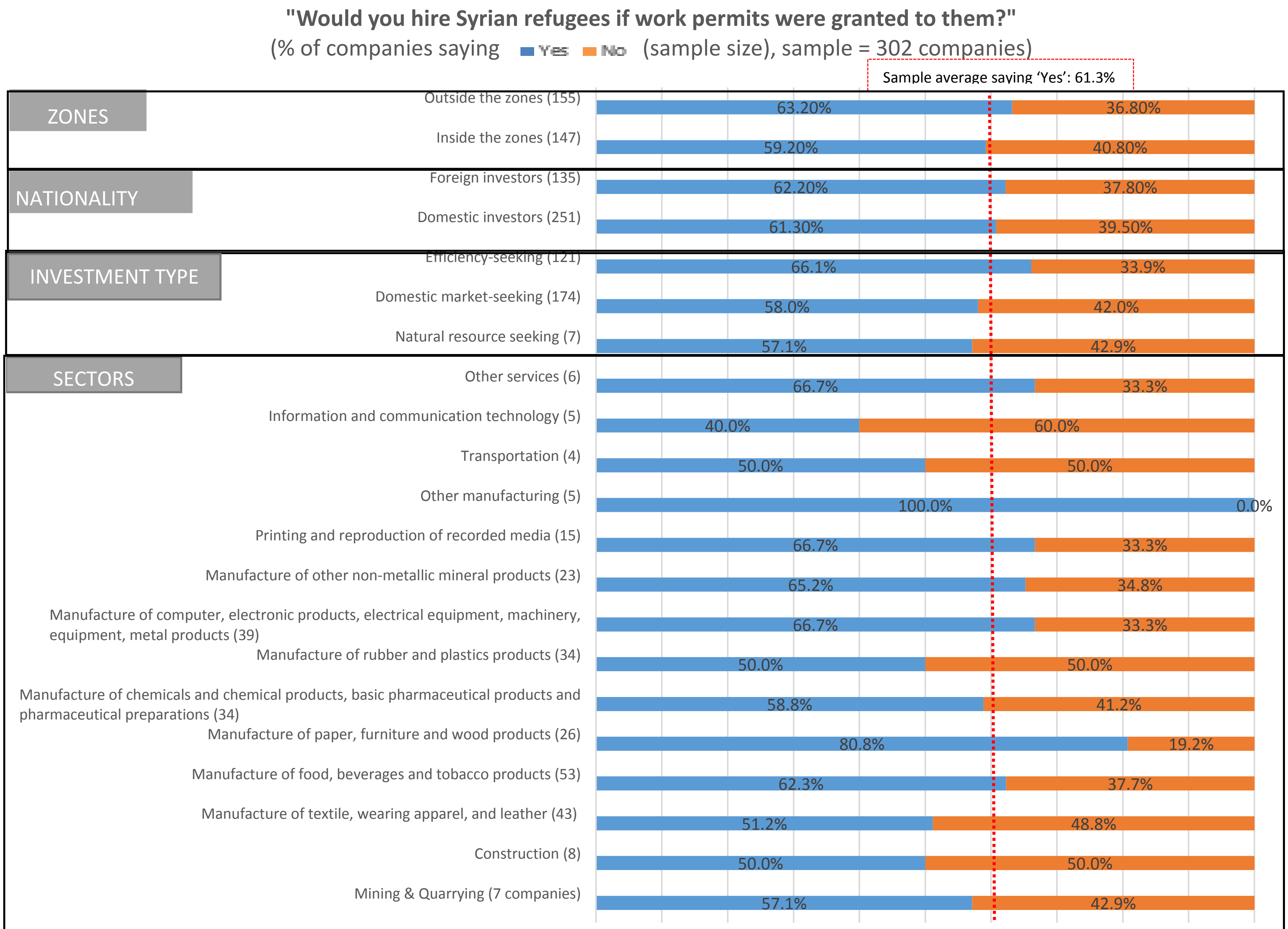
Willingness to hire Syrian refugees: The majority of investors (61.3%) would be willing to hire Syrian refugees if work permits were granted to them. The responses are equally positive for domestic and foreign investors, and Zone- and non-Zone investors, with small differentials. Efficiency-seeking[45] investors are the most willing to hire Syrian refugees (66.1%), although both domestic market- and natural-resource-seeking are also, for the great majority, willing to hire (58% and 57.1% respectively). The sectors with higher-than-average willingness to hire Syrian refugees were:[46]paper, furniture and wood products (80.8%); computer, electronic products, electrical equipment, machinery, metal products (66.7%); printing and reproduction of recorded media (66.7%); other non-metallic mineral products (65.2%); other services (66.7%); and food, beverages, and tobacco (62.3%). In contrast, the sector that would be the least willing to hire Syrian refugees is ICT (40%). This may be attributed to the fact that many jobs in ICT are included in the list of occupations closed to employment for Syrian refugees. Finally, both investors inside and outside the Development Zones and Industrial Estates were willing to hire Syrian refugees (with small differences, 63.2% vs. 59.2% respectively, potentially due to the sample selection).

[43] It is important to note that the analysis in this Chapter is based on self-reported data by companies that was not verified with Government agencies (including the Social Security Department and the Ministry of Labor).

[44] http://data.unhcr.org/syrianrefugees/regional.php

[45] Natural resource-seeking investors include companies the following sectors: mining of metal ores; other mining & quarrying; extraction of crude petroleum and natural gas. Domestic market-seeking investors include companies in all service and manufacturing sectors that are non-export-oriented (with less than 50.1% of sales originating from exports). Efficiency-seeking investors include companies in all manufacturing and services sectors that are export oriented (with more than 50% of sales originating from exports).

[46] The sector with higher response was other manufacturing (100%). However, this sub-group comprises residual manufacturing sectors and its overall size is quite small. Therefore, the responses for other manufacturing should be analyzed deeper at the sub-sector level.



Source: World Bank Group. "Jordan Investor Motivation Survey", 2016

The cost of work permits as an obstacle to hire Syrian refugees: The cost of work permits was referenced as an issue to hire a Syrian refugee for the minority of investors (44% of all companies). Similar results emerge when considering the investor nationality, Zone location and investment type, although with some differentials. The sectors for which the cost of work permits was referenced as more of an issue to hire Syrian refugees were: construction (87.5% of investors in the sector); mining and quarrying (85.7%); food, beverages and tobacco (60.4%); and computer, electronic products, electrical equipment, machinery (53.8%). The sectors lamenting the lowest issues with the work permit cost were: other manufacturing (20%); ICT (20%); transportation (25%); other non-metallic mineral products (26.1%); and textile, apparel and leather (27.9%).

Preliminary conclusions and policy implications:

Most investors reported a willingness to hire Syrian refugees if work permits were granted to them, despite sectoral differences. This is a positive indication in light of the urgent need to create employment for Syrian refugees in Jordan. Going forward, it will be important for the Government to further analyze the sectors with higher potential for employing Syrian refugees, with particular regard to the sectors operating within the EU Trade deal and relaxation of rules of origin[47]. The survey provides some initial indications. For some sectors, the cost of work permits would not be an issue, such as other non-metallic mineral products and textile sectors. In comparison, the cost of work permits would be an issue in the food and beverages sector. Currently, the cost of work permits for Syrians is 10 JOD. Employers can apply for work permits for Syrians if they have a one-year employment contract and cover social security.

BOX: Program for Results: Economic Opportunities for Jordanians and Syrian Refugees

On September 27, 2016, the WBG's Board of Executive Directors approved a USD 300 million Economic Opportunities for Jordanian and Syrian Refugees Program-for-Results. With a Program Development Objective to improve economic opportunities for Jordanians and Syrian refugees in Jordan, the Program will help in; (i) reforming Jordan's labor market regulations to grant access to Syrian refugee workers to the formal labor market and allowing them to legally contribute to Jordan's economic activity; (ii) improving Jordan's investment climate; and (iii) attracting and retaining both domestic and foreign investments, especially in manufacturing and Special Economic Zones that will benefit from preferential access to the European Union.

Gender and employment

Gender composition of the workforce: Overall, companies interviewed referenced a higher share of female employees (53.7% of total employees) than male (46.3%). This can be partially explained by the sectoral composition of the sample. The sector with the largest proportion of female workers is textile, wearing apparel and leather (71.1% of the workforce), which was also highly represented in the sample, followed by ICT (52.6%), and other services (43.9%). The remaining sectors referenced over 75% of male composition in their workforce. This can be partially explained by the traditionally male-predominant nature of the workforce in the sample sector representation, such as construction, mining and quarrying, and other industrial sectors. Efficiency-seeking investors represented the highest proportion of female workers (62.4%), accounting for 95.6% of all female employment, and natural resource-seeking investors

[47] For more information about the EU Trade deal: http://europa.eu/rapid/press-release_IP-16-2570_en.htm

representing the lowest share (2%). This may be attributed to the sectors included in these categories (i.e. export-oriented textile and apparel in efficiency-seeking, and mining and quarrying in natural resource-seeking). The proportion of female workers is much higher for companies inside the Development Zones and Industrial Estates (62.8%), in contrast to outside the Zones (15.4%). These investors accounted for 95% of all female employment in the sample. This can be partially explained by the fact that sectors hiring relatively more females are located inside the Zones (e.g. textile and apparel). Foreign investors have a much higher proportion of female employees (61%) than domestic investors (23%). Again, this can be explained by the sectors represented in the sample.

Preliminary conclusions and policy implications:

Overall, promoting private sector engagement is key to success in gender equality[48]. The survey provides some initial indications on the sectors with higher a proportion of female workers (i.e. textile and ICT). Should gender employment be a priority in the Government's agenda, promoting investment in these sectors could help fulfill such an objective. Textile and ICT, for instance, are also among the priority sectors identified by the Government. Nevertheless, more research should be conducted to understand the barriers to female employment in specific sectors, particularly those that are traditionally associated with higher female employment. Incentives could be used, for example, to stimulate businesses to hire female workers in the existence of specific market failures, such as access to finance, or to cover the cost of child care and/or transportation. One of the main barriers to employment reported by females in Jordan is the distance of factories from households and the time spent on transportation that is subtracted to family care[49]. In line with this, satellite factories closer to household locations and main urban areas should be promoted.

Domestic vs. foreign employment

Nationality of the workforce: Foreign workers represented 59.3% of the workforce of companies in the sample, and domestic workers 40.7%. This can be partially explained by the sector composition of the sample. In fact, textile, wearing apparel and leather has the highest proportion of foreign workers (75.7%). This sector also accounts for 70% of the workforce by all companies in the sample, which explains the overall high proportion of foreign employees. This sector alone accounts for 92.2% of the foreign workforce by companies in the sample. In contrast, in the remaining sectors, the proportion of foreign workers is much lower, reaching a maximum of 33.5% in other manufacturing and 33.7% in rubber and plastics products, and a minimum of 2.2% in ICT and other services. Investors in the Development Zones and Industrial Estates have a much higher proportion of foreign workers (68.8%) compared to investors outside the Zones (17.8%), accounting for 94.1% of the foreign workforce by companies in the sample. This can be explained by the fact that companies in the Development Zones and Industrial Estates are predominantly operating in the textile and apparel sector.

Countries of origin of the foreign workforce: South Asian workers represent 87.6% of the foreign workforce in the sample, coming from countries such as: Bangladesh (53.4% of all foreign workers in the sample); Sri Lanka (22.6%); Nepal (7.8%); and Pakistan (2.8%). The other foreign workers come from Middle Eastern

[48] http://blogs.worldbank.org/psd/private-sector-engagement-key-success-gender-equity
[49] International Labor Organization, forthcoming research.

countries such as: Egypt (7.2% of foreign workers); and Syria (2.2%). When analyzing sectors, South Asian workers from Bangladesh, Nepal, Sri Lanka and Pakistan work almost entirely in the textile and apparel sector (accounting for 81.1% of foreign workers in this sector) by investors located in the Development Zones and Industrial Estates, including former Qualified Industrial Zones. Egyptian workers are employed predominantly in food and beverages (51.7% of foreign workers in the sector and 49% of all Egyptian workers), construction (59% and 27.8%), and rubber and plastics (23.9% and 10%). Syrian workers are employed mostly in food and beverages (14.1% and 43%), rubber and plastics (13.9% and 19%), and textile and wearing apparel (0.3% and 16.2%).

Preliminary conclusions and policy implications:

The survey confirms that one of the main sectors studied (textile) is also the main provider of jobs to foreigners, and particularly South Asian workers. This can be attributed to many reasons (i.e. lower salaries, lack of attractiveness to Jordanians, etc.) as referenced in much literature[50]. The survey also shows that Syrian workers are already employed in several manufacturing sectors (i.e. food and beverages and rubber and plastics). Depending on policy priorities for the Government, and whether promoting local employment is a key objective, it will be important to further understand the reasons behind low levels of Jordanian workers in some of the labor-intensive sectors that Government has a priority to attract investment (i.e. textile). In addition, in those sectors with an already notable presence of Syrian workers, promoting investment and facilitating the hiring of refugees into such sectors could be one of the alternatives to absorb Syrian refugees.

Employment and skills

Workforce by skill-level[51]: Over two thirds (68.1%) of the workforce falls within the low-skilled and mid-low-skilled categories (32.4% and 35.7% respectively). High-skilled workers represent only 10.6%, and mid-high-skilled 21.3%. This can be explained in part by the sectoral composition of the survey's sample. Textile, wearing apparel and leather is the sector with the highest share of low-skilled workers (44.2% of their workforce; with mid-low-skilled, this figure goes up to 83%). Textile is also the sector with the largest number of employees in the sample. Sectors providing large numbers of high-skilled workers include: other manufacturing (47.9%); construction (46.3%); ICT (35.8%); and chemicals and pharmaceuticals (36.1%). When including also mid-high-skilled workers, additional sectors worth mentioning are: other services (86.7%); computer, electronic products, electrical equipment (74.6%); printing and reproduction of media (74.3%); and transportation (73.7%). Efficiency-seeking investors hire the relatively largest number of low- (38.5% of their workforce) and mid-low-skilled workers (37.8%). This is also partly explained by the presence of textile and apparel within efficiency-seekers. Domestic market-seeking investors, on the other hand, employ the relatively highest number of high- (26.6%) and mid-low-skilled (46.4%) workers. Investors in the Development Zones and Industrial Estates employ the highest number of low-skilled workers (39.1% of their workforce). Companies outside the Zones, including ASEZ, employee the largest share of high-skilled (26.4%), as well as mid-low-skilled (46.5%) workers. This can be explained in part by the composition of the sample.

Obstacles for hiring skilled workers: Existing laws and regulations are key obstacles for hiring foreign skilled workers, rated on average as a moderate/high obstacle and indicated by 56% of investors as high or very

[50] See for example: http://carnegieendowment.org/sada/?fa=66598 and https://www.businessoffashion.com/articles/global-currents/made-in-jordan-garment-manufacturing-industry

[51] In order to estimate the skill-level of the workforce, four ranges of monthly salaries were used as proxy (set in collaboration with the GoJ): below 190 JOD: low-skilled; 190-250JOD: mid-low-skilled; 251-500 JOD: mid-high-skilled; over 501 JOD: high skilled.

high. This is followed by the lack of availability. On the other hand, lack of availability is the main obstacle for hiring Jordanian skilled workers, rated on average as moderate, and indicated by 49% of investors as high or very high. The cost of salaries and wages followed as an obstacle for hiring Jordanian skilled workers.

Preliminary conclusions and policy implications:

The survey confirms that some of the sectors providing the largest number of jobs in the sample (i.e. textile and wearing apparel) create mostly low- and mid-low-skilled jobs, particularly for foreigners. These are predominantly efficiency-seeking investors (located in the Zones) attracted by lower production costs, hiring primarily foreign, female, cheap labor (as explained above). If the Government objective is to create a large number of low- or mid-low-skilled jobs, promoting investment in these sectors might be a good policy. However, it should further investigate what would make it attractive also for Jordanian workers. In addition, to promote high- or mid-high-skilled jobs, the Government should explore on one hand opportunities to upgrade existing low- and mid-low-skilled sectors in higher value added activities. On the other hand, it should promote sectors hiring higher-skilled labor (particularly in services, i.e. ICT and other services). In addition, the Government should review existing laws and regulations to hire foreign high-skilled workers and investigate further how to upgrade the skill of the domestic workforce (that are reportedly the main obstacles to hire high skilled workers according to businesses). On the latter, an analysis of the impediments/market failures to skills upgrading by firms might be needed to identify the most suitable policy instruments (i.e. incentives).

Future expectations on the workforce:

A small majority of companies (51%) is expecting to have a larger workforce in the near future: More than one third (35.4%) expects to have the same size of the workforce, while only a small share (13.6%) expects a smaller size. The sectors with higher expectations of a larger workforce include: mining and quarrying (85.7% in the sector expect to have a larger workforce); other manufacturing (80%); other non-metallic mineral products (60.9%); ICT (60%); paper, furniture and wood products (57.7%); and textile, apparel and leather (55.8%). No sector was reported to have very high expectations of a smaller workforce. The most pessimistic was construction with 25% respondents expecting a smaller workforce. Companies inside the Zones have higher expectations of a larger workforce. 63% of investors located in the Development Zones and Industrial Estates expect a larger workforce versus 41.9% of companies outside the Zone. Foreign investors have more optimistic expectations (57.8% expect a larger workforce and only 10.4% a smaller workforce) than domestic investors (45.5% and 16.2%).

Preliminary conclusions and policy implications:

It will be important for the Government to continue supporting the labor expansion of growing businesses and the retention of the existing workforce. In addition, the Government should also investigate further the reasons behind more pessimistic expectations by certain sectors, and particularly those of businesses located outside the Zones. Contextual factors might help explain part of the less optimistic expectations on the workforce by companies (i.e. political turmoil in the region with closure of Iraq and Syria trade routes; lower commodity prices; fall in global demand for certain Jordan's export products etc.). However, there could also be investment climate-related issues that could be addressed by the Government, including obstacles on hiring skilled workers.

Chapter 4: Sub-National Considerations on Investment

In order to fully understand investment locational decisions, it is important to examine not only what drives the selection of country destinations but also sub-national locations. Regions, Provinces, Zones, or cities in the same country often have to compete among each other, as well as with foreign destinations, to attract investment. Jordan places a heavy reliance on spatial solutions (i.e. Development Zones, Industrial Estates, Free Zones, etc.) to attract investment into specific geographic areas, including less developed regions, and provides a variety of economic benefits (i.e. incentives) to encourage investors to locate in such areas. This Chapter presents the key findings from the survey on: the drivers of investment locational decisions within Jordan; and the role of incentives in influencing investment decisions within Jordan. The results are analyzed both at the aggregate-level, as well as taking into account sectors, type of investment by motivation, and nationality, when meaningful.

Investment locational decisions at the sub-national level and incentives:

Considering alternative investment locations: Most investors (75.8%) did not consider alternative locations within Jordan. This was a similar result to the national-level locational decision and it holds for both domestic and foreign investors, inside and outside the Zones, and across sectors and types of investment. Efficiency-seeking investors considered alternative sub-national locations the most (30.6%), compared to domestic market-seeking (20.1%) and natural resource-seeking (14.3%). Among investors that considered alternative locations within Jordan, the Aqaba Special Economic Zone (ASEZ) and the Sahab Zone were the most cited.

Key factors in sub-national investment decisions[52]: The top three factors openly listed by investors as driving investment decisions at the sub-national level included: investment incentives; availability of production factors (i.e. land, labor and raw materials); and geographic location; together with infrastructure. In addition, from a list of 18, the most critical and important factors at the sub-national level were: security and safety (rated as critical by 60.2% of investors, and as important or critical by 78.5%); incentives (particularly tax incentives and customs duty incentives, both rated as critical by 53.8%, and financial incentives 40%); and predictability of business regulations (41.4%). Investment incentives were rated as more critical by efficiency-seeking investors, while the local market potential and geographic location was more critical for domestic market-seeking investors. These results are very similar to the national-level locational decisions.

Incentives and sub-national investment decisions: A small majority of companies (53.7%) reported that they would have invested in the same location within Jordan without the location-specific incentives they received (*non-marginal investors*)[53]. In Jordan, in fact, investors can enjoy greater economic benefits if located in certain geographic areas (particularly the Zones[54]). These results are in line with the national-level trend described in Chapter 2. Similar responses were provided by both domestic and foreign investors. However, when looking at the investment-type by motivation, domestic market- and efficiency-seeking investors reported a higher share of marginal investors (54.8% and 52.9%) than natural resource-seekers (0%). Investment incentives were also rated as the most critical in the investment locational decision at the sub-national level by efficiency-seeking investors, in line with the national-level results and literature. The sectors

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[52] The survey asked companies to openly list the top three most critical factors that influenced their investment locational decision, and to rate a list of 18 factors in a scale from 1 to 5.

[53] It is important to note that the segment of the sample relevant for this question is only that of investors located inside the Zones who received location-specific incentives.

[54] For more information on incentives in Jordan please refer to the Annex: Inventory of Investment Incentives in Jordan.

with the highest share of *marginal investors*, who would not have invested without the sub-national location-specific incentives they received, included: transportation (66.7%); other non-metallic mineral products (66.7%); and paper furniture and wood products (60%). The sectors with the lowest share of marginal investors (0%) included: mining and quarrying; other manufacturing; other services; and ICT.

Preliminary conclusions and policy implications:

While the great majority of investors did not consider alternative locations within Jordan, it is important to note that efficiency-seekers were the investors to compare different sub-national destinations the most. This confirms the higher degree of competition among alternative locations to attract this type of investment. In addition, in spite of the high share of non-marginal investors, location specific-incentives were among the most important factors considered by investors (particularly efficiency-seeking), together with domestic market potential and location (for market-seekers), security and safety, predictability of business regulations, and availability of production factors. This shows the more relative importance of incentives for efficiency-seekers, followed by market seekers, as well as the relevance of fundamental investment climate factors for investment locational decisions, also at the sub-national level. Going forward, it will be important for the Government to analyze more carefully the drivers of investment locational decisions within Jordan, with focus on specific sectors and types of investment. The Government should also assess the impact of the different incentives regimes currently in place in the different types of Zones, versus the non-Zone locations, relatively to other investment climate factors, to attract and retain investment in specific sectors in targeted sub-national destinations.

Conclusions and Policy Recommendations

Investment Promotion and Retention:

The JIMS shows that, while investors of different types and economic sectors tend to be motivated by different factors, certain drivers are common to all investors. These include security and safety; and regulatory predictability and the soundness of the overall investment climate. In light of the political turmoil affecting the Middle East and North Africa, Jordan remains one of the few stable countries in the region where investors can do business. The need for a conducive investment climate and predictable business regulations were identified as motivating factors for investors across a variety of sectors, highlighting their importance in attracting and retaining investors, which cannot be offset by lower cost factors, including incentives. With WBG support, investment climate reforms have been ongoing in Jordan in recent years, with impressive achievements in areas of Doing Business reform, business regulation, and investment policy. With regulatory predictability also identified as a priority reform area by the Government, the WBG team also provides technical assistance in this space.

In line with literature, the survey further identified the importance of incentives for efficiency-seeking investors in their decision to invest in Jordan, with domestic market-seeking investors identifying their importance to a lesser extent. However, they were also motivated by the domestic market potential, being their main reason to invest in Jordan to serve the domestic market. Finally, the survey confirms that natural resources and raw materials are the most important/critical factors for attracting and retaining natural resource-seeking investors. While Jordan is not known to be a natural resource-abundant country, it is home to reserves of phosphate and potash, as well as renewable energy sources (especially wind and solar) that have recently attracted renewable energy FDI projects (six projects were announced in the last two years in renewable energy sectors)[55].

The survey shows that Jordan is competing with other locations in the region to attract investment. In particular, the JIMS shows that competition is fiercer for attracting efficiency-seeking investors. This can be explained by the fact that efficiency-seekers (who are export-oriented by definition) tend to select among alternative investment locations based on the competitiveness of production and capital cost factors of a specific location. Efficiency-seeking investors also tend to locate value chain activities in different geographic locations to leverage the competitiveness of individual locations in different stages of the value chain (thus organizing production according to global or regional value chains). This type of investors is in fact the most footloose and harder to attract/retain as it is driven by the competitiveness of production factors along the value chain. Egypt, the UAE and Turkey are the top alternative destinations for efficiency-seekers. Competitive production factors (including: cost of electricity, incentives, availability of workforce, transportation costs, etc.) and overall business environment in these destinations can help explain this. On the other hand, the KSA and the UAE were the top alternative locations for domestic market-seekers in light of the large market size (especially KSA), high incomes, and consumer behaviors.

Finally, the JIMS shows that a minority of investors is planning additional investment in Jordan, while the majority is expecting to maintain its current size, and few are planning to leave/shut down operations. Contextual factors might help explain part of the expectations on low investment (i.e. political turmoil in the region with closure of Iraq and Syria trade routes; lower commodity prices; fall in global demand for certain Jordan's export products). However, other issues might be present that could be preventing re-investments

[55] Financial Times, "FDI Markets", 2017.

(i.e. operational issues, investor grievances, etc.). The fact that only a small majority of investors encouraged their peers to invest in the country, and that among them were mostly domestic market-seekers, might point to some obstacles faced by businesses. Current investors can represent a great source of investment, as confirmed also by the literature. For instance, in 2015, re-invested earnings accounted for almost half (49%) of total FDI received by developing countries and 43% of total FDI to developed economies.[56] Therefore, it is key for Governments to facilitate re-investments/expansions by current investors and ensure that their issues are being addressed. In many countries, this function is played by the Investment Promotion Agency, and within that by the Investment Aftercare unit. Currently, the Jordan Investment Commission (JIC) does not have an effective aftercare program, as defined by the WBG team. While the JIC hosts and aftercare unit in its Investor Services Directorate, this is primarily focused on administrative issues and does not address investor grievances, or operational problems.

Recommendations:

1. JIC focuses on attracting private investment in priority sectors aligned with national development strategies, including Jordan 2025 and the Jordan Investment Promotion Strategy. Particular focus should be on attracting efficiency-seeking investment (and investment targeting the regional market) in manufacturing and services sectors with higher potential for job creation, exports and linkages with the domestic private sector.
2. JIC, and particularly its Investment Promotion Department, should benchmark with key competitors in priority sectors to understand comparative areas of strengths and weaknesses. This should be followed with developing a value proposition that leverages Jordan’s competitive advantages.
3. Leverage Jordan’s security and stability as key strengths to attract and retain private investment, which have been identified as key motivating factors by investors across the board. Continue efforts to improve the fundamentals of Jordan’s investment climate, including sustaining doing business and business regulatory reforms.
4. In the short term, JIC implements an effective aftercare function to help identify and address investors’ concerns, understand why many existing businesses are not planning additional investments and are not referring Jordan as an investment destination, and ultimately facilitate investment retention and expansion. Contextual factors might help explain part of the less optimistic expectations on investment, as well as on the workforce by companies.
5. Efforts should be made to enhance regulatory predictability, which has been identified as a key motivating factor by investors across the board. Examples of interventions in this space include: notice and comments systems; feedback loop mechanisms; grievance management systems; enhancing regulatory transparency and access to information for investors; promoting consultations with relevant stakeholders; etc.

[56] UNCTAD, “World Investment Report 2016”, 2016. http://unctad.org/en/PublicationsLibrary/wir2016_en.pdf

Investment Incentives:

The survey shows that incentives were received by investors in all economic sectors part of the study (both in manufacturing, services, and extractives). However, it is not clear whether these are in line with the Government national priorities, including the sectors identified by the Jordan 2025 strategy and the Jordan Investment Promotion Strategy.

Overall, the survey seems to point to a more preeminent role of incentives in attracting efficiency-seeking investors in Jordan compared to domestic market- and (particularly to) natural resource-seeking investors, in line with the literature on locational incentives. As mentioned above, incentives tend to be more effective in attracting efficiency-seeking investors (that are by definition export-oriented). Certain sectors also seem to be more responsive to incentives than others. This is because efficiency-seeking investors are motivated by the competitiveness of production and cost of capital factors of investment locations, while natural resource-seekers by the quality and quantity of raw materials and natural resources, and domestic-market seekers by the potential of the local market.

However, incentives are currently being provided in Jordan by different agencies to investors of all types, in different economic sectors, and locations, regardless of their alignment with the Government national priority (i.e. the Jordan 2025 strategy), their motivation to invest in Jordan, and without a clear assessment of their cost-effectiveness (as shown by the Jordan Incentives Inventory[57]). This can result in incentives being provided to businesses that would have undertaken their investments in Jordan any way (non-marginal investors) (particularly natural resource-seekers), thus wasting public resources that could be directed to other Government goals (i.e. improving infrastructure, education, healthcare, etc.).

Furthermore, in the process of creating a sample frame for the JIMS, the team discovered that there is currently no system in place at JIC (or in other organizations) to track incentive beneficiaries, including monitoring and evaluating the costs and benefits of incentives. Therefore, the team had to create a database of incentive recipients merging different databases. There is currently no systematic monitoring and evaluation mechanism to track the performance of firms benefitting from incentives against policy objectives. A USAID project estimated overall tax expenditures to be at least JD 1,556 million in 2012 (ca. 7% of GDP), and recommended undertaking tax expenditures annually as part of the public budget[58].

Recommendations:

1. Government consider revising its incentives policy in order to target the type of investors and economic sectors that are more responsive to incentives, in order to avoid wasting public resources. This would imply limiting the use of incentives to natural resource-seeking investors and better target efficiency-seekers, with particular focus on those sectors with higher returns on investment for the Government and incentive impact.
    a. Government should assess whether the incentives provided are coherent with the priority sectors designated in its strategic documents, including Jordan 2025 and the Jordan Investment Promotion Strategy.

[57] https://jic.gov.jo/portal/Home/Inventory
[58] https://jordankmportal.com/resources/evaluating-tax-expenditures-in-jordan-2013

2. In the short term, more rigorous research is conducted to understand the actual impact/effectiveness of incentives in attracting and retaining investment in specific sectors and achieving selected objectives (i.e. creating jobs, exports, etc.), relatively to their costs (i.e. fiscal revenue foregone). This could be undertaken using different methodologies, including return on investment from incentives in selected sectors. This type of analysis should be undertaken periodically and its evidence inform incentive policy making, including how to rationalize incentives based on national development objectives, avoiding wasting public resources.
3. JIC, and particularly its Research Department, should take the leading role in assessing the effectiveness of incentives, being JIC the agency devoted to attract and retain investment in Jordan. However, data on costs and benefits of incentives is currently not being tracked in Jordan. Therefore, the JIC should collaborate with other agencies to collect the data required for the analysis. Agencies to be engaged in the process include: the Income and Sales Tax Department (ISTD) (to provide data on tax returns/declarations); the Customs Department (to provide data on customs duty transactions related to imports and exports of products); the Company Controller Department (to provide data on active companies registered in Jordan and their paid capital); the Social Security Corporation (to provide data on labor); and the Department of Statistics (to provide data on establishments, including the census)
4. In the short-medium term JIC establishes a system to monitor and evaluate the costs and benefits of incentives received by investors in different sectors (at least from its agency, including the Incentives Department). Such system could be managed by the Incentives Departments in collaboration with the Research and Studies Department. It would specify (at least): incentive recipients; types of incentives received; legal basis for the incentive; objective of the incentives; and track the direct costs to the Government (in terms of fiscal revenue not collected/foregone, or financial disbursement), as well as the benefits achieved (i.e. invested capital, exports, jobs created, etc.). The system would then allow the Government to collect the relevant data to monitor the effectiveness of its incentives policy and conduct cost-benefit-analysis periodically.
5. Taking into account sub-national considerations, the Government should examine the impact of the different incentives regimes currently in place in the different types of Zones, versus the non-Zone locations, relatively to other investment climate factors, to attract and retain investment in specific sectors in targeted sub-national destinations.

Employment:

Most investors reported willingness to hire Syrian refugees if work permits were granted to them, despite sectoral differences. This is a positive indication in light of the urgent need to create employment for Syrian refugees in Jordan. The survey also shows that Syrian workers are already employed in several manufacturing sectors (i.e. food and beverages and rubber and plastics).

The survey also provides some initial indications on the sectors with relatively higher proportion of female workers (i.e. textile and ICT).

The JIMS confirms that one of the main sectors studied (textile and wearing apparel) is also the main provider of jobs to foreigners, and particularly to South Asian workers, which is due to many reasons (i.e. lower salaries, lack of attractiveness to Jordanians, etc.), as showed also by previous literature[59].

Existing laws and regulations are the key obstacle for hiring foreign skilled workers, followed by the lack of availability. On the other hand, the main obstacle for hiring Jordanian skilled workers is lack of availability, followed by the cost of salaries and wages.

The survey confirms that some of the sectors providing the largest number of jobs in the sample (i.e. textile and wearing apparel) create mostly low- and mid-low-skilled jobs. These are predominantly efficiency-seeking investors located in the Zones attracted by lower production costs, hiring primarily foreign, female, cheap labor.

Recommendations:

1. Analyze more in depth the sectors with higher potential for employing Syrian refugees and the related issue of work permits, with particular regard to the sectors operating within the EU Trade deal and relaxation of rules of origin[60]. In sectors with an already important presence of Syrian workers, promoting investment and facilitating the hiring of refugees could be one of the alternatives to absorb Syrian workers. Existing work is being carried out by the Government in this space, including with the help of the WBG.
2. Promoting investment in sectors hiring more females could help increase gender equality. Textile and ICT, for instance, are also among the priority sectors identified by the Government as strategic. Nevertheless, more research should be conducted to understand the barriers to female employment in specific sectors, particularly those that are traditionally associated with higher female employment. Incentives could be used, for example, to stimulate businesses to hire female workers in the existence of specific market failures such as access to finance, or to cover the cost of child care / transportation. In addition, promoting the opening of satellite factories closer to households would reduce commuting for workers, that is reportedly a key obstacle to female employment.
3. The Government should conduct a more in depth assessment of the impediments/market failures to skills upgrading of the domestic workforce in order to identify the most suitable policy instruments.
    a. Review existing laws and regulations to hire foreign high-skilled workers which are reportedly an obstacle for businesses.
    b. Conduct an assessment of the reasons behind low levels of Jordanian workers in sectors of priority for investment attraction.

[59] See for example: http://carnegieendowment.org/sada/?fa=66598 and https://www.businessoffashion.com/articles/global-currents/made-in-jordan-garment-manufacturing-industry
[60] For more information about the EU Trade deal: http://europa.eu/rapid/press-release_IP-16-2570_en.htm

Annex 1: Jordan Investor Motivation Survey 2016 - Sample Description[61]

- **Distribution by sector and sub-sector:**

Sector	ISIC 4 Code(s)	Frequency	Percentage
1) Mining & quarrying	B	7	2.3%
2) Manufacturing:	C	272	90.1%
2.1) Manufacture of basic pharmaceutical products and pharmaceutical preparations	C.210	8	2.6%
2.2) Manufacture of chemicals and chemical products	C.201, 202, 203	26	8.6%
2.3) Manufacture of computer, electronic products, electrical equipment, machinery, equipment, and metal products	C.261, 262, 263, 264, 265, 266, 267, 268, 271, 272, 273, 274, 275, 279, 281, 282	39	12.9%
2.4) Manufacture of food, beverages and tobacco products	C.101, 102, 103, 104, 105, 106, 107, 108, 110, 120	53	17.5%
2.5) Manufacture of motor vehicles and other transport equipment	C.291, 292, 293	1	0.3%
2.6) Manufacture of paper products	C.170	15	5.0%
2.7) Manufacture of rubber and plastics products	C.221, 222	34	11.3%
2.8) Manufacture of textile, wearing apparel and leather	C.131, 139, 141, 142, 143, 151, 152	43	14.2%
2.9) Manufacture of furniture & wood products	C.161, 162	11	3.6%
2.10) Printing and reproduction of recorded media	C.181,182	15	5%
2.11)Manufacture of other non-metallic mineral products	C.231, 239	23	7.6%
2.12) Other manufacturing[62]	C.191, 192, 321, 322, 323, 324, 325, 329	4	1.3%
3) Construction	F	8	2.6%
4) Services:	J, H, S	15	4.97%
4.1) Information and communication technology	J	5	1.7%
4.2) Transportation	H	4	1.3%
4.3) Other services[63]	S	6	2.0%
Total		**302**	**100%**

For the purpose of the analysis, sectors and sub-sectors were aggregated as follows:

Sector	Freq
Mining & quarrying	7
Manufacturing:	
Construction	8

[61] It is important to note that the sample included in its entirety companies that were recipient of at least one type of incentives, among tax, customs duty, and financial incentives in the 2011-15 time frame.

[62] Other manufacturing includes: manufacture of coke & refined petroleum products; manufacture of basic metals; repair and installation of machinery and equipment.

[63] Other services include: wholesale & retail trade, accommodation and food services activities, financial and insurance activities, electricity, gas, steam and air conditioning supply, water collection treatment and supply.

Manufacture of textile, wearing apparel and leather	43
Manufacture of food, beverages and tobacco products	53
Manufacture of paper, furniture and wood products	26
Manufacture of chemicals and pharmaceuticals	34
Manufacture of rubber and plastics products	34
Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	39
Manufacture of other non-metallic mineral products	23
Printing and reproduction of recorded media	15
Other manufacturing	5
Services:	
Information and communication technology	5
Transportation	4
Other services	6
Total	302

- **Nationality of ownership:**

Ownership structure	Total	
	Frequency	Percentage
Domestic investors:		
100% domestic capital	167	55%
Foreign investors:	135	45%
100% foreign capital	78	26%
Mixed capital, half domestic half foreign	14	5%
Mixed capital, majority foreign	20	7%
Mixed capital, majority domestic	23	8%
Total	**302**	**100%**

- **Geographic location of principal operations by Governorate**

Governorate	Frequency	Percentage
Amman	173	57.3%
Zarqa	34	11.3%
Irbid	41	13.6%
Aqaba	12	4.0%

Other Governorates[64]	42	13.9%
Total	**302**	**100.00%**

- **Geographic location of principal operations by Zone[65]:**

Location of Principal Operations by Zone	Frequency	Percentage
Aqaba Special Economic Zone Authority (ASEZA)	15	5.0%
Development Zones, Qualified Industrial Zones and Industrial Estates:	129:	42.7%:
- Al Hassan Industrial City	27	8.9%
- Al Tajamoat Industrial City	18	6.0%
- Al Dhulail industrial complex	14	4.6%
- King Abdullah II industrial estate – Sahab	45	14.9%
- King Hussain Bin Talal Development Area – Mafraq	7	2.3%
- Ma'an Development Zone	2	0.7%
- Al Qastal Industrial Estate	15	5.0%
- Mowaqqar industrial city	1	0.3%
Outside the Zones	155	51.3%
Inside and outside the Zones (two locations)	3	1.0%
Total	**302**	**100.00%**

- **Size of investment:**

Paid capital in JOD, 2016	Frequency	Percentage
Medium (100,000 JOD – 499,999 JOD)	174	57.6%
Large (500,000 + JOD)	128	42.4%
Total	**302**	**100.00%**

- **Export-orientation:**

Category	Frequency	%
Export-oriented investors[66]	103	34.11%
Non-export-oriented investors	199	65.89%
Total	**302**	**100%**

- **Principal target markets and domestic customers:**

Target Markets	Frequency	Percentage indicating this as principal target market	Share of company's annual sales (%, 2015)

[64] Other governorates include: Balqa: 3%; Jarash: 0.7%; Ma'an: 0.3%, Madaba: 1.3%, Mafraq: 2.6, %; Jizah: 2%; Mowaqqar: 1.3%; Qastal/Yadoudeh: 2.6%,

[65] Companies located in the Free Zones were not included in this study because the team was not provided with access to the full database of registered companies.

[66] Export-oriented: at least 50.1% sales revenues originating from exports

Jordan	199	65.9%	64.1%
Middle East and North Africa	76	25.2%	26.2%
USA	23	7.6%	7.5%
EU 28	1	0.3%	0.9%
Others[67]	3	1.0%	1.4%
Total	**302**	**100.0%**	**100.0%**
Domestic customers	**Share of domestic sales (%, 2015)**		
Government	5%		
State-owned enterprises	6.50%		
(Private) large firms	23.20%		
(Private) Small and Medium Enterprises	35.20%		
(Private) Individual consumers	21.50%		
Other	0.40%		
Total	100.0%		

- **Investment type by motivation:**

Type of Investment	Frequency	Percentage
Natural Resource-seeking[68]	7	2.3%
Domestic Market-seeking[69]	174	57.6%
Efficiency-seeking[70]	121	40.1%
Total	302	100%

- **Investment modality:**

Modality	Frequency	%
Greenfield	261	86.42%
Expansion	13	4.30%
Acquisition	16	5.30%
Merger	2	0.66%
More than one modality	10	3.31%
Total	302	100%

- **Geographic location of Headquarter:**

HQ in Jordan by Governorate	Frequency	%	HQ outside Jordan by Country	Freq	%
Amman	165	54.6%	Russia	1	0.3%
Zarqa	30	9.9%	Germany	1	0.3%
Irbid	40	13.2%	Saudi Arabia	2	0.7%

[67] Turkey, Ukraine, India
[68] Natural resource-seeking investors include the following sectors: mining of metal ores; other mining & quarrying; extraction of crude petroleum and natural gas.
[69] Domestic market-seeking investors includes all service and manufacturing sectors that are non-export oriented (with less than 50.1% of sales originating from exports).
[70] Efficiency-seeking investors include all manufacturing and services sectors that are export oriented (with more than 50% of sales originating from exports).

Aqaba	11	3.6%	UAE	2	0.7%
Other Governorates	41	13.6%	Other countries[71]	9	3.0%
Total	**287**	**95%**		**15**	**5%**

[71] Lebanon, Australia, Egypt, Estonia, Kuwait, Sri Lanka, India, and China.

Annex 2: Jordan Investor Motivation Survey 2016 – Sampling Frame Description

Sector and Sub-Sectors	Frequency	Percentage
1) Agriculture, forestry & fishing	124	1.9%
2) Mining & quarrying	152	2.3%
3) Manufacturing:	4,090	61.2%
3.1) Garment, textile, apparel, footwear, leather	288	4.3%
3.2) Agro-food, food, beverages	682	10.2%
3.3) Construction materials	197	2.9%
3.4) Metal and steel manufacturing	288	4.3%
3.5) Automotive, auto-parts	15	0.2%
3.6) Chemicals, fertilizers	568	8.5%
3.7) Paper products	255	3.8%
3.8) Plastic and rubber	471	7.1%
3.9) Components, electronics, machines, machineries	175	2.6%
3.10) Other manufacturing	1,151	17.2%
4) Electricity, gas, steam and air conditioning supply	122	1.8%
5) Water supply; sewerage, waste management and remediation activities	44	0.7%
6) Construction	157	2.4%
7) Wholesale and retail trade; repair of motor vehicles and motorcycles	115	1.7%
8) Accommodation and food service activities	605	9.1%
9) Information and communications technology	346	5.2%
10) Real estate activities	213	3.2%
11) Education	71	1.1%
12) Arts, entertainment and recreation	177	2.6%
13) Health	66	1.0%
14) Transport	153	2.3%
15) Other services	245	3.7%
Governorate of Principal Operations Locations	**Frequency**	**Percentage**
Amman	2,034	30.4%
Irbid	272	4.1%
Zarqa	2,380	35.6%
Others (including Mafraq, Aqaba, Karak, Madaba, Balqa, and Ma'an)	1,994	29.9%
Size (paid capital, JOD, 2016)	**Frequency**	**Percentage**
Small (1 - 99,999 JOD)	2,909	43.5%
Medium (100,000 - 499,999 JOD)	1,746	26.1%
Large (500,000 + JOD)	2,025	30.3%
Nationality of investor	**Frequency**	**Percentage**
Domestic	4,388	65.7%
Foreign	2,111	34.3%
Zone Location of Principal Operations	**Frequency**	**Percentage**
Development Zones/QIZ/Industrial Estates	435	6.5%

ASEZA	763	11.4%
Free Zones[72]	2,527	37.8%
Outside the Zones	2,955	44.2%
Total	**6,680**	**100%**

[72] The Free Zones sampling frame was estimated using information provided by the Free Zones Company. However, Free Zones companies were not included in this study since the full database of registered companies was not provided.

Annex 3: Jordan Investor Motivation Survey 2009 - Sample Description

Sectors and sub-sectors	Frequency	Percentage
Manufacturing:	57	53.4%
Agri-business manufacturing	8	13.1%
Packaging material manufacturing	6	9.8%
Textile & garment manufacturing	5	8.2%
Construction	5	8.2%
Chemicals manufacturing (fertilizers, cosmetics, detergents, adhesives)	5	8.2%
Metal forming	4	6.6%
Refrigeration & air conditioning	3	4.9%
Machinery and equipment manufacturing	3	4.9%
Food manufacturing	2	3.3%
Healthcare	2	3.3%
Furniture manufacturing	2	3.3%
Plastic recycling	2	3.3%
Printing & publishing of media	3	4.9%
Pharmaceuticals manufacturing	1	1.6%
Electrical appliances	1	1.6%
Stone manufacturing	1	1.6%
Services:	8	13.2%
ICT	4	6.6%
Tourism	4	6.6%
Governorates	**Frequency**	**Percentage**
Amman	57	93.4%
Zarqa	1	1.6%
Balqa	2	3.3%
Madaba	1	1.6%
Ownership structure	**Frequency**	**Percentage**
Domestic:	25	41%
100% domestic	25	41%
Foreign:	36	59%
100% foreign	19	31.1%
Mixed, majority foreign	4	6.6%
Mixed, majority domestic	13	21.3%
Size of investment	**Frequency**	**Percentage**
Medium (less than JOD 500,000)	20	32..8 %
Large (more than JOD 500,000)	41	67.2%
Total	61	100%

Annex: Jordan Investor Motivation Survey 2016 Methodology

Sample Frame

The target population for the survey was that of companies receiving incentives in 2011-15 by different Government agencies in targeted sectors (predominantly: industry; extractives; and ICT and other services), including all types of Zones. In order to determine the target population, the team built a unique database combining datasets received from multiple agencies with the help of the Ministry of Planning and International Cooperation (MOPIC) and the Jordan Investment Commission (JIC). These included: Ministry of Industry and Trade, Company Control Department (CCD)'s database of registered companies in Jordan; Jordan Investment Commission (JIC)'s database of companies receiving incentives between 2011 and 2015; Department of Statistics' 2011 Establishment Census; Jordan Investment Commission (JIC)'s database of companies registered in the Development Zones; Jordan Enterprise Development Corporation (JEDCO)'s database of companies receiving financial incentives between 2011 and 2015; Aqaba Special Economic Zone Authority (ASEZA)'s database of registered companies. It is important to note that the database did not include companies registered in the Free Zones whose list was not made available to the team at the time of the study. Therefore, the team made estimates of Free Zones' companies' statistics for the purpose of the sample frame based on summary statistics provided by the Free Zones Company.

The initial databases contained the following company's lists:

- JIC list: included 2,686 companies;
- Development Zones and Industrial Estates list: included about 435 companies;
- ASEZA list: included 763 companies;
- JEDCO: included 269 companies; and
- Free Zones: included an estimated number of 2,527 companies.

The initial total population was equal to 6,680 companies. However, upon application of sampling criteria and excluding the ineligible companies from the population, the sampling frame contained 1,796 companies.

Assuming that all companies in the lists were still operating, the main reasons for excluding companies from the population database included:

- Lack of valid contact or address information
- Lack or incompliance with the target sectors condition
- Lack or incompliance with the company size (paid capital)
- Lack of investment nationality (domestic vs. foreign)
- Inability to determine if the companies were actually incentive recipients during 2011-2015

In order to use the databases for sampling and field survey, a process of updating all information available about the companies was conducted. Updating included preliminary information about the companies including contact information, type of industry, type of received incentives, number of employees, year of establishment, geographic location, headquarter location, economic activities, nationality of the investors, type of investment, size of the company as well as others. A sampling frame was then developed of about 1,000 enterprises, in which 300 were selected according to the sampling criteria, while the remaining was used as a substitute sample. For more information about the sample frame please refer to the relevant Annex.

Sample selection:

A total of 302 companies were selected as a primary sample. This has given a confidence interval of 94.85% and precision rate of 95%. The stratified random sampling technique was used to extract a sample from the sampling frame which contained 1796 companies. The sample structure was built on proportional distribution of the sample size on the sampling frame categories including: geographic location (governorates); target sector & sub-sector; firm size (in terms of employees number and invested capital); nationality (domestic and foreign); and operations location (outside or inside zones). The proposed structure of the sample (i.e. sample size per strata) was based on the proportions of the companies population calculated in the aforementioned population statistics sheet. The sample size was distributed on the strata identified according to the sampling criteria, including the incentive-awarding agency.

Questionnaire:

The survey instrument was developed by adapting the WBG standard Investor Motivation Survey (IMS) template to cater for the study objectives. The instrument was reviewed and benefited from inputs by a number of WBG technical staff. It was tested on a number of firms during the pilot stage. The data collected during the survey was properly handled and entered into a data entry frame. There were a number of built-in rules to control the quality of data during data collection and entry process. A technical survey coordinator designed the questionnaire template using e-survey application and Survey Cloud including fields, tables and data entry forms based on the final version of the questionnaire, and then reflected this template on the questionnaire installed to the tablet devices. The electronic survey application/software included protective measures against human error and entry faults, such as programming skip patterns and missing values. The electronic questionnaire form was identical to the questionnaire form in terms of coding and labels. To ensure its appropriateness, the data entry frame was also tested using the pilot questionnaires, then amendments and rectifications took place. The original English questionnaire was shared with the consultants, and then it was revised and customized considering the local investment context. It was then translated into Arabic and piloted in participation with WBG team. The final questionnaire was transcribed in electronic format and uploaded to the e-survey application on the tablet devices to be used by interviewers in the field. The e-survey application ensured that adequate quality control measures are taken to yield reliable and accurate data collected via the questionnaire. Please refer to the Annex with the questionnaire for additional information on the questions.

Survey Piloting

To ensure the practicality and appropriateness of the survey instrument and ensure the effectiveness of survey implementation, a pilot testing was conducted in November/December 2015 with ten investors in different sectors. The piloting exercise was conducted by Dajani Consulting and supervised by the World Bank Group, and a resulted in a report and revised survey procedure and questionnaire. The pilot included firms with the following characteristics:

Sector	Total	Nationality				Zone			
		Domestic	%	Foreign	%	inside	%	outside	%
Manufacture of textile and wearing apparel	5	2	40%	3	60%	4	80%	1	20%
Paper manufacturing	1	1	100%					1	100%

Chemicals manufacturing	3	2	66.7%	1	33.3%	2	66.7%	1	33.3%
Food manufacturing	1			1	100%	1	100%		

Interviews and monitoring:

Interviews were conducted face-to-face in the months between February and July 2016. Interviewers were regularly monitored by Dajani Consulting, as well as by the WBG, through 1) regular monitoring by phone interview; 2) random checks to interviews; 3) periodical reports by interviewers.

Survey team:

The team consisted of the following:

- 1 Team leader – Mr. Samer Ghannam
- 1 Survey Manager – Mr. Khalid Dajani
- 1 Statistician – Mr. Muhanad Akash
- 1 Data entry technical coordinator
- 1 Data quality control officer
- 1 Logistics officer
- 20 Interviewers / enumerators
- 6 Call agents
- 5 Field supervisors
- Mr. Mohamed Baider – Project Leader - WBG
- Mr. Yassin Sabha – Technical Advisor – WBG
- Ms. Nesreen Abu Suleiman – Project Coordinator – WBG

Enumerators' training:

A comprehensive enumerators' training was administered by Dajani Consulting in collaboration with the WBG in order to ensure the effective implementation of the survey. The training consisted of: instructions and guidelines for interviewers on how to interact with investors; standards of procedure on how to conduct the interviews and collect data; quality control measures, introduction to investment climate concepts (including investment incentives); instructions on how to use the survey tablets; interview simulations with investors; etc. Only well-prepared interviewers were selected and assigned to participate in the survey. A three-day capacity building and qualification program was held for all survey team in Amman, to introduce the research purpose and discuss the tasks, logistics and other issues related to the survey. A one-day technical training session was offered to the interviewer to train them on how to collect data and interview investors. The training ended with interview simulations and practical tests.

Response rate:

In general, response rates to the questionnaire were very high, due to the techniques used and the skills of the professional team of interviewers. However, the response rate of few questions was significantly less than others, due to the nature of these questions (focusing on financial information and values). The response rate was 100% for all questions, except question number 4 (99%), question number 28b (44%), question number 28c (96%), question number 28d (93%), and question number 43 (75%).

Annex 4: Jordan Investor Motivation Survey 2016 - Questionnaire[73]

Jordan Investor Motivation Survey

DATE: ____________________

PLACE: ____________________

#

CONTACT PERSON FOR THE ENUMERATOR RESPONSIBLE FOR DATA SUBMISSION AND ACCURACY:

- NAME, SURNAME:____
- POSITION: ____
- Tel, Fax, E-mail : ____

The completion of the questionnaire takes about 45-60 minutes

Thank you very much for your patience and cooperation. The survey is anonymous and the results of this study are confidential, however, the findings of this study will be made available to you and to the World Bank Group's Trade & Competitiveness Global Practice as an input for technical assistance.

[73] The response rate was 100% for all questions, except question number 4 (99%), question number 28b (44%), question number 28c (96%), question number 28d (93%), and question number 43 (75%).

Section A: Company Characteristics

Q1. Name, Position and Contact information of the Interviewee at the Company:

Full Name ___________ Position ____________

Email ______________ Phone number ______________

Q2. a Were you directly involved in the decision to invest/re-invest/expand/start-up your company in Jordan?

	Yes
	No

If yes, please go to question 3

Q2.b. **If "No," do you have adequate knowledge about the company's business activities and investment decisions to represent the company in responding to this survey?**

	Yes
	No

____ Not applicable

If the Interviewee does not have this knowledge, please ask if it would be possible to speak to one of the principals involved in the investment decision.

Otherwise, please end the interview.

Q3. What is the name of the Company?

Official Name___________________________________

Trade Name___________________________________

Q4. What is the Company ID?

National ID _______

Tax ID ________

Social Security ID ________

Q5. Where is the Company Headquarter (HQ) located in Jordan?

Address ___________________ City ______________ Governorate__________

Q6. Is this the same as the World Headquarter (HQ)? If no, please specify.

Yes		
No		City ___________ Country ___________

Q7. Does your company have operations (select all options that apply):

Inside a Development Zone (including Industrial Estates)		**If yes which one? (please specify)** ____
Inside a Free Zone		**If yes which one? (please specify)** ____
Inside the Aqaba Special Economic Zone		
Outside of the above		

Q8. What is your company's first year of investment in Jordan (e.g. 2013, 2014, 2015)?

____

Q9. What is the ownership structure of your business? (Choose one)

100% foreign capital	
100% domestic capital	
Mixed capital, majority domestic	
Mixed capital, majority foreign	
Mixed capital, half domestic half foreign	

Q10. Which types of investment did you undertake in Jordan? In which year? (Please choose all options that apply)

Type of investment	**Select**	**Year**
Greenfield (i.e. new plant, start-up, new project)		
Expansion		
Acquisition		
Merger		
Other: Please specify _______ (i.e. licensing, contract manufacturing, franchising)		

Q11. What is your Principal Sector and Sub-Sector of Activity (Please choose one sector and sub-sector)? (Select from Annex 3)

Sector: ____________

Sub-Sector: ________

Q12. Does your company export?

	Yes
	No

Q13. What is your principal *target market*? (Please select one principal target market and one secondary target market)

Sector	**Principal Target Market**	**Secondary Target Market**
Domestic sales in Jordan		
Exports to other countries in the Middle East, Gulf Cooperation Council, and North Africa (Please also specify which countries): ________________________________		
Exports to the United States of America (USA)		
Exports to the European Union (EU)		
Other (Please Specify): __________________________		

Q14. Approximately what percentage of your company's actual sales at the end of 2015 (or most recent fiscal year) is oriented to the following markets?

Target (MA)	**Share (%)**
Domestic sales in Jordan	
Exports to other countries in the Middle East, Gulf Cooperation Council and North Africa (Please specify countries and share if available) __________ __________ __________	
Exports to the US	
Exports to the EU	
Other (Please Specify):	
	Total = 100%

Q15. For your <u>domestic</u> sales this year (if any), approximately what percentage is to:

Target market	**Share (%)**
Government	
State-owned or Government controlled entities	
Large firms	
Small and Medium Enterprises (SMEs)	
Individual consumers	
Other (Specify)	
	Total = 100%

Q16. What were your company's Paid Capital, Sales Revenues, Net Income, and Number of Permanent Employees in 2011-2015 (or latest available fiscal years)?

	2011	2012	2013	2014	2015
Paid Capital (JOD)					
Sales Revenues (JOD)					
Exports (JOD)					
Gross Income / Corporate Income Before Tax (JOD)					
Number of Permanent employees (people)					

Q17. What was the number of permanent employees in your company by sex and nationality at the end of 2015 (approximate answer acceptable)?

Number of permanent employees	Nationals	Foreigners	Total
Men			
Women			
Total			

Q18. What was the number of permanent foreign employees in your company by nationality and sex (if possible) at the end of 2015 (approximate answer acceptable)?

Number of permanent foreign employees	Country 1: ___________	Country 2: ____________	Country 3: _____________	Country 4: _____________	Country 5: __________	Total
Men						
Women						
Total						

Q19. What was the number of permanent employees in your company by salary level at the end of 2015 (approximate answer acceptable)?

Salary Level	Total
Below JOD 190	

JOD 190 – JOD 250	
JOD 251 – JOD 500	
Over JOD 501	
Total Number of employees	

Section B: Factors Motivating your Investment in Jordan

If you have undertaken several investment projects in Jordan, please focus on one project for the following questions.

Please specify which project and year of investment: ____________________

Q20. What changes to Jordan's investment climate would you most want to see? (Please take notes below and report the exact answer provided by the interviewee)

- ____
- ____
- ____

Q21. a Did your company consider investing (or re-investing/expanding, or starting-up) in another country instead of Jordan?

	Yes
	No (Please explain why) _______________ _______

Q21.b If "Yes," which countries were considered your company's top alternative locations, and why?

______ Not applicable

Country	Why did you consider this country as a top alternative location to Jordan?

Q22. Overall, what were the three (3) most critical factors that influenced your decision to carry out this investment (or re-investment/expansion, or start-up) in Jordan [and not in other countries]?

1 ____

2 ____

3 ____

Q23. Looking at your decision to invest (or re-invest or start-up) in Jordan [instead of other countries], please rate each of the following factors in terms of their importance in deciding to undertake this investment. Please use a scale of 1 to 5, where:

5 = Critical factor – would not have invested without it.

4 = Important factor – improved the prospects, but not critical to the decision.

3 = Positive factor – a plus, but not very important.

2 = Irrelevant factor – not a consideration.

1 = Negative factor – detracted significantly from the investment prospects.

0 = Not applicable

Tax incentives (i.e. tax credits, tax holidays, VAT exemptions, etc.)	0	1	2	3	4	5
Customs incentives (i.e. Duty-free imports, etc.)	0	1	2	3	4	5
Financial incentives (i.e. matching grants, subsidized loans, loan guarantees, training subsidies)	0	1	2	3	4	5
Geographic proximity to countries in the Middle East, Gulf Cooperation Council and North Africa	0	1	2	3	4	5
Geographic proximity to the European Union	0	1	2	3	4	5
Access to natural resources	0	1	2	3	4	5
Access to raw materials/production inputs	0	1	2	3	4	5
Presence of suppliers	0	1	2	3	4	5
Proximity to port	0	1	2	3	4	5
Status of Development Zone / Special Economic Zone / Free Zone / Qualified Industrial Zone/ Industrial Estate	0	1	2	3	4	5
Adequacy of road infrastructure	0	1	2	3	4	5
Adequacy of power infrastructure	0	1	2	3	4	5

Adequacy of water infrastructure	0	1	2	3	4	5
Domestic market potential	0	1	2	3	4	5
Security and safety	0	1	2	3	4	5
Presence of Free Trade Agreements (i.e. FTA with the US, GAFTA, etc.) and other Preferential Trade Agreements (please specify: _______________)	0	1	2	3	4	5
Access to land	0	1	2	3	4	5
Access to bank financing	0	1	2	3	4	5
Access to competitively-priced unskilled labor	0	1	2	3	4	5
Access to competitively-priced skilled labor	0	1	2	3	4	5
Legal security and predictability of business regulations	0	1	2	3	4	5
Other: Specify ____	0	1	2	3	4	5

Q24. a Did your company consider investing (or re-investing/expanding, or starting-up) in another location in Jordan?

	Yes
	No (Please explain why) _______________ ______

Q24.b If "Yes," which other locations within Jordan were considered by your company as top alternative locations, and why?

_____ Not applicable

Location in Jordan	**Why did you consider this location within Jordan as a top alternative location?**

Q25. Overall, what were the three most critical factors that influenced your decision to carry out this investment (or re-investment, or start-up) in this location in Jordan [and not in other locations in Jordan]?

1 ____

2 ____

3 ____

Q26. Looking at your decision to invest (or re-invest or start-up) in this location in Jordan [instead of other locations], please rate each of the following factors in terms of their importance in deciding to undertake this investment. Please use a scale of 1 to 5, where:

5 = Critical factor – would not have invested without it.

4 = Important factor – improved the prospects, but not critical to the decision.

3 = Positive factor – a plus, but not very important.

2 = Irrelevant factor – not a consideration.

1 = Negative factor – detracted significantly from the investment prospects.

0 = Not applicable

Tax incentives (i.e. tax credits, tax holidays, VAT exemptions, etc.)	0	1	2	3	4	5
Customs incentives (i.e. Duty-free imports, etc.)	0	1	2	3	4	5
Financial incentives (i.e. matching grants, subsidized loans, loan guarantees, training subsidies)	0	1	2	3	4	5
Preferential access to the US market or other market (please specify: ______________)	0	1	2	3	4	5
Access to raw materials/production inputs	0	1	2	3	4	5
Presence of suppliers	0	1	2	3	4	5
Proximity to port	0	1	2	3	4	5
Status of Qualified Industrial Zone/Development Zone / Special Economic Zone / Free Zone / Industrial Estate	0	1	2	3	4	5
Adequacy of road infrastructure	0	1	2	3	4	5
Adequacy of power infrastructure	0	1	2	3	4	5
Adequacy of water infrastructure	0	1	2	3	4	5
Local market potential	0	1	2	3	4	5

Security and safety	0	1	2	3	4	5
Access to land	0	1	2	3	4	5
Access to bank financing	0	1	2	3	4	5
Access to competitively-priced unskilled labor	0	1	2	3	4	5
Access to competitively-priced skilled labor	0	1	2	3	4	5
Legal security and predictability of business regulations	0	1	2	3	4	5
Other: Specify ____	0	1	2	3	4	5

Section C: Fiscal and Financial Considerations

Q27. Did your company receive any tax and/or customs incentive in 2011-2015?
Or did your company still benefit in 2011-2015 from any tax and/or custom incentive that had been awarded prior to 2011?

(Please check Annex 1 for the list of tax and customs incentives).

	Yes
	No

If no, please go to question 29

Q28. a Which tax and/or customs incentives did your company receive (or still benefited from) in 2011 – 2015 (or latest available years)? (Fill-in table below selecting options from Annex 1)

______ Not applicable

Q28b. Approximately, how much was the annual value of the tax and customs incentive(s) that your company received (or still benefited from) in 2011-15 (or latest available years)? (Fill-in table below)

______ Not applicable

Q28c1. What was the key objective for the incentive?

______ Not applicable

28.c2. Would you have undertaken this activity/behavior without the incentive?

_______ Not applicable

Incentive No.	28(a) Tax/Custom Incentives Awarded/(still) Benefiting from in 2011-2015 (or latest available years) (Choose From Annex 1, Year)	28(b) Annual JOD value of Tax/Custom incentive and Year (JOD, Year) Guidelines: 1. **For reduced CIT rate (i.e. 14% CIT, 5% CIT):** write annual Gross Income. 2. **For CIT exemption:** write annual Gross Income. 3. **For custom exemption:** write: a) value of imported/exported good, and b) approximate value of exemption. 4. **For GST exemption:** write: a) value of good/service qualifying for exemption; and b) approximate value of exemption. 5. **If tax allowance/credit:** write value of investment qualifying for allowance/credit.	28(c.1) Key objective for the incentive (select one): 1. Invest in a specific location in Jordan 2. Re-invest/expand your company/operations 3. Start-up your firm 4. Buy new machinery/equipment 5. Hire new workers 6. Export 7. Invest in green technology 8. Other objective (please specify) 9. Not applicable	28(c.2) Would you have undertaken this activity/behavior without the incentive? (Y/N)
1	2011: 2012: 2013: 2014: 2015:	2011: 2012: 2013: 2014: 2015:		
2	2011: 2012: 2013: 2014: 2015:	2011: 2012: 2013: 2014: 2015:		
3	2011: 2012: 2013: 2014: 2015:	2011: 2012: 2013: 2014: 2015:		
4	2011: 2012: 2013: 2014: 2015:	2011: 2012: 2013: 2014: 2015:		
5	2011:	2011:		

	2012: **2013:** **2014:** **2015:**	**2012:** **2013:** **2014:** **2015:**		

Q29. Did your company receive any financial incentive in 2011-2015?
Or did your company still benefit in 2011-2015 from any financial incentive that had been awarded prior to 2011?

(Please check Annex 2 for the list of financial incentives).

	Yes
	No

If no, please go to question 31

Q30. a Which financial incentives did your company receive (or still benefited from) in 2011 – 2015 (or latest available years)? (Fill-in table below selecting options from Annex 1)

_______ Not applicable

Q30.b Approximately, how much was the annual value of the financial incentive(s) that your company received (or still benefited from) in 2011-15 (or latest available years)? (Fill-in table below)

_______ Not applicable

Q30c1. What was the key objective for the incentive?

______ Not applicable

Q30c2. Would you have undertaken this activity/behavior without the incentive?

______ Not applicable

Incentive No.	30(a) Financial Incentives Awarded/(still) Benefiting from in 2011-2015 (or latest available years) (Choose from Annex 1, Year)	30(b) Annual JOD value of financial incentive and Year (JOD, Year) **Guidelines:** 1. **For loan:** write amount of loan received. 2. **For matching grant/cost-sharing scheme:** write amount disbursed by the Government agency and amount disbursed by the investor. 3. **For direct grant/subsidy:** write amount received. 4. **For loan guarantee:** write amount of loan received.	30(c.1) Key objective for the incentive (select one): 1. Invest in a specific location in Jordan 2. Re-invest/expand your company/operations 3. Start-up your firm 4. Buy new machinery/equipment 5. Hire new workers 6. Export 7. Invest in green technology 8. Other objective (please specify) 9. Not applicable	30(c.2) Would you have undertaken this activity/behavior without the incentive? (Y/N)
1	2011: 2012: 2013: 2014: 2015:	2011: 2012: 2013: 2014: 2015:		
2	2011: 2012: 2013: 2014: 2015:	2011: 2012: 2013: 2014: 2015:		
3	2011: 2012: 2013: 2014: 2015:	2011: 2012: 2013: 2014: 2015:		
4	2011: 2012: 2013: 2014:	2011: 2012: 2013: 2014:		

	2015:	**2015:**		
5	**2011:** **2012:** **2013:** **2014:** **2015:**	**2011:** **2012:** **2013:** **2014:** **2015:**		

Q31. Would your company have invested (or re-invested, or started-up) in Jordan [instead of other countries] without the tax/custom/financial incentive(s) that you received, other things being the same?

	Yes	Specify which incentive:
	No	Specify which incentives:
	Not applicable	

Q32. If you received a tax/custom/financial incentive that is specific for this location in Jordan (i.e. development zone, free zone, specific Governorate, ASEZA):
Would your company have invested (or re-invested, or started-up) in this location in Jordan [instead of other locations in Jordan] without the incentive, other things being the same?

	Yes	Specify which incentive:
	No	Specify which incentives:
	Not applicable	

Q33. If you received tax/custom/financial incentives, did the incentive(s) affect any of the following behaviors/activities? (check yes or no)

________ Not applicable

Behavior/Activity	No	Yes	Not applicable	If Yes:
1. Re-invest in /expand your company/operations				- Which incentive(s)? (select from Annex 1 and 2) ____________________________
2. Start-up your firm				- Which incentive(s)? (select from Annex 1 and 2) ____________________________ -
3. Buy new machineries/equipment				- Which incentive(s)? (select from Annex 1 and 2) ____________________________
4. Hire new workers				- Which incentive(s)? (select from Annex 1 and 2) ____________________
5. Retain existing workforce				- Which incentive(s)? (select from Annex 1 and 2) ____________________
6. Export				- Which incentive(s)? (select from Annex 1 and 2) ____________________

7. Invest in green technologies				- Which incentive(s)? (select from Annex 1 and 2) ____________________ -
8. Other				- Which incentive(s)? (select from Annex 1 and 2) ____________________ -

Q34. If your company did not receive a tax, custom and/or financial incentive, this was for the following reason (Please choose all the answers that apply):

1	I did not apply to any tax, custom, and/or financial incentive	
2	I applied but was not awarded the incentive (please specify which incentive)	Incentive 1:________________________ Incentive 2:________________________ Incentive 3:________________________
3	I was awarded but did not receive the incentive (please specify which incentive and why)	Incentive 1:________________________ Why: _____________________________ Incentive 2:________________________ Why: _____________________________ Incentive 3:________________________ Why: _____________________________
4	Other (please specify)	

_______ Not applicable

Q35. What specific changes to Jordan's investment incentives (tax, customs and financial) would you most want to see? (Please take notes below and report the exact answer provided by the interviewee)

- ____
- ____
- ____

Section D: Other Considerations

Q36. Is your company currently considering (please select all those that apply):

	Additional investment in Jordan	Location in Jordan: __________ Investment type (i.e. existing plant's expansion, new plant, new equipment): Sector: __________
	Additional investment but in another country	Country(ies): ___________ Investment type (i.e. existing plant's expansion, new plant, new equipment): Sector: ___________
	Shifting operations/your company to another location in Jordan	Location in Jordan: ____________ Reason: ___________
	Shifting operations/your company to another country	Country(ies): ___________ Reason: ______________
	Closing your operations/your company	Reason: _____________
	Other	Please specify: _____________

Q37. Over the next one year, are your expecting your workforce to be (please select one option):

	Larger
	Approximately the same
	Smaller

Q38. What obstacles do you face in hiring skilled (domestic and foreign) workers in Jordan? (Please rate from 5 = highest obstacle to 1 = lowest obstacle)

1 – 2 – 3- 4 -5	Existing laws and regulations create obstacles for hiring skilled workers. • Applicable to domestic workers: Y/N • Applicable to foreign workers: Y/N
1 – 2 – 3- 4 -5	Lack of availability of skilled workers • Applicable to domestic workers: Y/N • Applicable to foreign workers: Y/N
1 – 2 – 3- 4 -5	The location of investment is not attractive for skilled workers • Applicable to domestic workers: Y/N • Applicable to foreign workers Y/N
1 – 2 – 3- 4 -5	Salaries and wages for skilled workers are too high • Applicable to domestic workers: Y/N • Applicable to foreign workers: Y/N
1 – 2 – 3- 4 -5	Other: Please specify: ______________________________________

Q39. Would you hire Syrian workers if work permits where granted to them?

	Yes
	No

Q40. Would the cost of the work permit be an issue?

	Yes
	No

Q41. If you are importing inputs of production (goods and/or services): what are the top three imported inputs of production that you would like to source locally if available?

1. _________________________________

2. ________________________________

3. ________________________________

_____Not applicable

Q42.a As a result of your experience, have you encouraged any other people or companies to consider investing in Jordan?

	Yes
	No

Q42.b If "Yes" what did you tell them are the most favorable factors for investing in Jordan?

____

______Not applicable

Q43. This is the end of the survey questionnaire. Do you have any other comments to offer about the motivation for your investment in Jordan? (If yes, please take notes below and report the exact answer provided by the interviewee).

____

____

____

____

Thank you very much for your patience and cooperation. The survey is anonymous and the results of this study are confidential, however, the findings of this study will be made available to you and to the World Bank Group's Trade and Competitiveness Global Practice an input for technical assistance.

Annex 5: Classification of Economic Sectors and Sub-Sectors

International Standard Industrial Classification of All Economic Activities, Rev.4

- A - Agriculture, forestry and fishing
    - 01 - Crop and animal production, hunting and related service activities
    - 02 - Forestry and logging
    - 03 - Fishing and aquaculture
- B - Mining and quarrying
    - 05 - Mining of coal and lignite
    - 06 - Extraction of crude petroleum and natural gas
    - 07 - Mining of metal ores
    - 08 - Other mining and quarrying
    - 09 - Mining support service activities
- C - Manufacturing
    - 10 - Manufacture of food products
    - 11 - Manufacture of beverages
    - 12 - Manufacture of tobacco products
    - 13 - Manufacture of textiles
    - 14 - Manufacture of wearing apparel
    - 15 - Manufacture of leather and related products
    - 16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
    - 17 - Manufacture of paper and paper products
    - 18 - Printing and reproduction of recorded media
    - 19 - Manufacture of coke and refined petroleum products
    - 20 - Manufacture of chemicals and chemical products
    - 21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations
    - 22 - Manufacture of rubber and plastics products
    - 23 - Manufacture of other non-metallic mineral products
    - 24 - Manufacture of basic metals
    - 25 - Manufacture of fabricated metal products, except machinery and equipment
    - 26 - Manufacture of computer, electronic and optical products
    - 27 - Manufacture of electrical equipment
    - 28 - Manufacture of machinery and equipment n.e.c.
    - 29 - Manufacture of motor vehicles, trailers and semi-trailers
    - 30 - Manufacture of other transport equipment
    - 31 - Manufacture of furniture
    - 32 - Other manufacturing
    - 33 - Repair and installation of machinery and equipment
- D - Electricity, gas, steam and air conditioning supply
    - 35 - Electricity, gas, steam and air conditioning supply
- E - Water supply; sewerage, waste management and remediation activities
    - 36 - Water collection, treatment and supply
    - 37 - Sewerage
    - 38 - Waste collection, treatment and disposal activities; materials recovery
    - 39 - Remediation activities and other waste management services
- F - Construction

    - 41 - Construction of buildings
    - 42 - Civil engineering
    - 43 - Specialized construction activities
- G - Wholesale and retail trade; repair of motor vehicles and motorcycles
    - 45 - Wholesale and retail trade and repair of motor vehicles and motorcycles
    - 46 - Wholesale trade, except of motor vehicles and motorcycles
    - 47 - Retail trade, except of motor vehicles and motorcycles
- H - Transportation and storage
    - 49 - Land transport and transport via pipelines
    - 50 - Water transport
    - 51 - Air transport
    - 52 - Warehousing and support activities for transportation
    - 53 - Postal and courier activities
- I - Accommodation and food service activities
    - 55 - Accommodation
    - 56 - Food and beverage service activities
- J - Information and communication
    - 58 - Publishing activities
    - 59 - Motion picture, video and television programme production, sound recording and music publishing activities
    - 60 - Programming and broadcasting activities
    - 61 - Telecommunications
    - 62 - Computer programming, consultancy and related activities
    - 63 - Information service activities
- K - Financial and insurance activities
    - 64 - Financial service activities, except insurance and pension funding
    - 65 - Insurance, reinsurance and pension funding, except compulsory social security
    - 66 - Activities auxiliary to financial service and insurance activities
- L - Real estate activities
    - 68 - Real estate activities
- M - Professional, scientific and technical activities
    - 69 - Legal and accounting activities
    - 70 - Activities of head offices; management consultancy activities
    - 71 - Architectural and engineering activities; technical testing and analysis
    - 72 - Scientific research and development
    - 73 - Advertising and market research
    - 74 - Other professional, scientific and technical activities
    - 75 - Veterinary activities
- N - Administrative and support service activities
    - 77 - Rental and leasing activities
    - 78 - Employment activities
    - 79 - Travel agency, tour operator, reservation service and related activities
    - 80 - Security and investigation activities
    - 81 - Services to buildings and landscape activities
    - 82 - Office administrative, office support and other business support activities
- O - Public administration and defence; compulsory social security
    - 84 - Public administration and defence; compulsory social security
- P - Education

    - 85 - Education
- Q - Human health and social work activities
    - 86 - Human health activities
    - 87 - Residential care activities
    - 88 - Social work activities without accommodation
- R - Arts, entertainment and recreation
    - 90 - Creative, arts and entertainment activities
    - 91 - Libraries, archives, museums and other cultural activities
    - 92 - Gambling and betting activities
    - 93 - Sports activities and amusement and recreation activities
- S - Other service activities
    - 94 - Activities of membership organizations
    - 95 - Repair of computers and personal and household goods
    - 96 - Other personal service activities
- T - Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use
    - 97 - Activities of households as employers of domestic personnel
    - 98 - Undifferentiated goods- and services-producing activities of private households for own use
- U - Activities of extraterritorial organizations and bodies
    - 99 - Activities of extraterritorial organizations and bodies

D-Electricity, gas, steam and air conditioning supply

1. Electricity, gas, steam and air conditioning supply

E-Water supply; sewerage, waste management and remediation activities

2. Water collection, treatment and supply
3. Sewerage
4. Waste collection, treatment and disposal activities; materials recovery
5. Remediation activities and other waste management services

F-Construction

6. Construction of buildings
7. Civil engineering
8. Specialized construction activities

G-Wholesale and retail trade; repair of motor vehicles and motorcycles

9. Wholesale and retail trade and repair of motor vehicles and motorcycles
10. Wholesale trade, except of motor vehicles and motorcycles
11. Retail trade, except of motor vehicles and motorcycles

H-Transportation and storage

12. Land transport and transport via pipelines
13. Water transport
14. Air transport
15. Warehousing and support activities for transportation
16. Postal and courier activities

I-Accommodation and food service activities

17. Accommodation
18. Food and beverage service activities

J-Information and communication

19. Publishing activities
20. Motion picture, video and television programme production, sound recording and music publishing activities
21. Programming and broadcasting activities
22. Telecommunications
23. Computer programming, consultancy and related activities
24. Information service activities

K-Financial and insurance activities

25. Financial service activities, except insurance and pension funding
26. Insurance, reinsurance and pension funding, except compulsory social security
27. Activities auxiliary to financial service and insurance activities

L-Real estate activities

28. Real estate activities

M-Professional, scientific and technical activities

29. Legal and accounting activities
30. Activities of head offices; management consultancy activities
31. Architectural and engineering activities; technical testing and analysis
32. Scientific research and development
33. Advertising and market research
34. Other professional, scientific and technical activities
35. Veterinary activities

N-Administrative and support service activities

36. Rental and leasing activities
37. Employment activities

38. Travel agency, tour operator, reservation service and related activities
39. Security and investigation activities
40. Services to buildings and landscape activities
41. Office administrative, office support and other business support activities

<u>O-Public administration and defense; compulsory social security</u>

42. Public administration and defense; compulsory social security

<u>P-Education</u>

43. Education

<u>Q-Human health and social work activities</u>

44. Human health activities
45. Residential care activities
46. Social work activities without accommodation

<u>R- Arts, entertainment and recreation</u>

47. Creative, arts and entertainment activities
48. Libraries, archives, museums and other cultural activities
49. Gambling and betting activities
50. Sports activities and amusement and recreation activities

<u>S-Other service activities</u>

51. Activities of membership organizations
52. Repair of computers and personal and household goods
53. Other personal service activities

<u>T- Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use</u>

54. Activities of households as employers of domestic personnel
55. Undifferentiated goods- and services-producing activities of private households for own use

<u>U-Activities of extraterritorial organizations and bodies</u>

56. Activities of extraterritorial organizations and bodies

Annex 6: Investment Incentives: Key Concepts and Definitions

Definition of incentives

Investment incentives are measurable economic advantages that Governments provide to specific enterprises, with the goal of steering investments into favored sectors or regions or of influencing the character of such investments[74].

Since subsides and incentives are closely interrelated, looking at the definition of subsidies in the World Trade Organization (WTO) Agreement on Subsidies and Countervailing Measures (SCM) helps provide a basis to narrow the conceptualization of incentives.

Building from the text of the SCM, incentives can be defined as financial contributions by a Government or a related public body that involves:

1. A direct transfer of funds or a potential direct transfer of funds and liabilities;
2. Exemptions from Government revenue contributions that are otherwise due; and
3. Provision of goods and services other than general infrastructure, or payments-in-kind. A Government may also make payments to a funding mechanism or entrust a private body to carry out one or more of the functions in (1) through (3)[75].

Investment incentives must be differentiated from other economic advantages provided to consumers (such as a low personal income tax rate), as well as incentives that promote consumption, or social/cultural activities.

The different incentive instruments available

Broadly, investment incentives can be divided into two types:

- **Fiscal incentives** entail Government revenue contribution exemptions that are otherwise due by the general population. They include both incentives related to corporate taxes (i.e. corporate income tax (CIT), value added tax (VAT), export tax, property tax, withholding tax, etc.) and customs duties (on the import and export of products). Examples of tax incentives are: tax holidays, special deductions, tax allowances and credits, and deferrals. Examples of customs duty incentives include: exemptions from, or reduction of, duties on the import of products. VAT incentives may be granted on the output produced by a firm, but more often that the form of an exemption on inputs purchased by the firm from VAT.

- **Financial incentives** are direct or indirect transfers of funds/liabilities to benefit a particular business/activity/sector; or advantageous provisions of goods and services, or specific payments-in-kind which benefit only the investor in question. Examples of financial incentives are: direct subsidies, matching grants, reduced interest rate loans, and reduced prices on land.

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[74] World Bank Group, "Investment Incentives Toolkit", 2015. James, Sebastian, "Tax and Non-Tax Incentives and Investment: Evidence and Policy Implications", World Bank Group, 2013.

[75] World Trade Organization, "Standards and Countervailing Measures Agreement" https://www.wto.org/english/tratop_e/scm_e/subs_e.htm

Both types of incentives are, or can be, quantifiable and are directed toward specific types of enterprises with a goal of steering investment into a particular area, or to influence their character and behavior.

The role of incentives (locational vs. behavioral)

An important categorization of investment incentives relates to the particular policy objective for which they are being used:

- **Locational incentives:** Those incentives are aimed at attracting investment into the host country or a particular location within that country.
- **Behavioral incentives:** Those incentives are meant to induce investors to engage in certain behaviors or activities, such as producing certain goods or services, creating employment, establishing linkages between foreign and domestic suppliers, adopting green technologies, and so on.

Annex 7: Inventory of Incentives in Jordan

Incentive Brief Description	Applicable Tax/Duty	Incentive Modality	Applicable Sectors	Eligibility Criteria	Legal Reference(s)	Issuing/Awarding institution	Implementing Authorities	Awarding Process
Corporate Income Tax (CIT) reduced to 5% for economic activities inside the Development Zones (instead of 20% standard rate)	Corporate Income Tax (CIT)	Reduced Tax Rate	Any industrial, agricultural, touristic, commercial, crafts, or service activity registered in the Development Zone in addition to IT. The specific sector depends on the designation of the specific Development Zone. 1) Maan: Light, Medium and Heavy Industries; Ceramics; Plastics; Electrical Appliances; Renewable Energy. 2) Jabal Ajloun and the Dead Sea: Tourism, Hospitality and Eco-Tourism. 3) King Hussein Business Park: Technology and Business. 4) Mafraq: Light and Medium Manufacturing; Logistics. 5) Irbid: IT, BPO and Healthcare.	Investments in Development Zones except for: banks, telecommunications companies that have individual licenses, financial brokerage companies, and financial companies including the companies that practice exchange, financing and financial leasing business, and consultation & financial and tax audit companies, transport companies (air transport, sea transport, railways, and road freight transport), insurance and reinsurance companies, basic mining and extraction industries, generation and distribution of elasticity, and transport and/or distribution and/or extraction of water, gas, and oil derivatives using the pipelines.	Investment Law No. 30/2014, Art. 11.A; Investment Incentives Regulation 33/2015; Income Tax Law No. 34/2014	Jordan Investment Commission (JIC) - Development Zone-specific	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Automatic - By simply registering at JIC and obtaining a certificate of registration, the investor is given a tax number and a purchase mechanism and obtains incentives automatically

Corporate Income Tax (CIT) reduced to 5% for manufacturing activities inside the Development Zones (instead of 20% standard rate)	Corporate Income Tax (CIT)	Reduced Tax Rate	Any industrial, agricultural, touristic, commercial, crafts, or service activity registered in the Development Zone in addition to IT. The specific sector depends on the designation of the specific Development Zone. 1) Maan: Light, Medium and Heavy Industries; Ceramics; Plastics; Electrical Appliances; Renewable Energy. 2) Jabal Ajloun and the Dead Sea: Tourism, Hospitality and Eco-Tourism. 3) King Hussein Business Park: Technology and Business. 4) Mafraq: Light and Medium Manufacturing; Logistics. 5) Irbid: IT, BPO and Healthcare.	The industrial sector in Development Zones	Investment Law No. 30/2014, Art. 11.B; Investment Incentives Regulation 33/2015; Income Tax Law No. 34/2014	Jordan Investment Commission (JIC) - Development Zone-specific	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Automatic - By simply registering at JIC and obtaining a certificate of registration, the investor is given a tax number and a purchase mechanism and obtains incentives automatically

Corporate Income Tax (CIT) exemption on the income originating from the exports of goods for economic activities inside the Development Zones (instead of the standard 20% rate and 5% rate for other sources of income in the Development Zone)	Corporate Income Tax (CIT)	Tax exemption	Any industrial, agricultural, touristic, commercial, crafts, or service activity registered in the Development Zone in addition to IT. The specific sector depends on the designation of the specific Development Zone. 1) Maan: Light, Medium and Heavy Industries; Ceramics; Plastics; Electrical Appliances; Renewable Energy. 2) Jabal Ajloun and the Dead Sea: Tourism, Hospitality and Eco-Tourism. 3) King Hussein Business Park: Technology and Business. 4) Mafraq: Light and Medium Manufacturing; Logistics. 5) Irbid: IT, BPO and Healthcare.	Exports of goods for economic activities inside the Development Zones	Investment Law No. 30/2014, Art.11D; Investment Incentives Regulation 33/2015; Income Tax Law No. 34/2014	Jordan Investment Commission (JIC) - Development Zone-specific	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Automatic - By simply registering at JIC and obtaining a certificate of registration, the investor is given a tax number and a purchase mechanism and obtains incentives automatically

General Sales Tax (GST) exemption for the goods and services purchased or imported by companies inside the Development Zones (instead of the standard 16% rate)	General Sales Tax (GST)	Tax exemption	Any industrial, agricultural, touristic, commercial, crafts, or service activity registered in the Development Zone in addition to IT. The specific sector depends on the designation of the specific Development Zone. 1) Maan: Light, Medium and Heavy Industries; Ceramics; Plastics; Electrical Appliances; Renewable Energy. 2) Jabal Ajloun and the Dead Sea: Tourism, Hospitality and Eco-Tourism. 3) King Hussein Business Park: Technology and Business. 4) Mafraq: Light and Medium Manufacturing; Logistics. 5) Irbid: IT, BPO and Healthcare.	Goods and services purchased or imported by the Registered Establishment for the purpose of its economic activity inside the Development Area.	Investment Law No. 30/2014, Art. 12; Investment Incentives Regulation No. 33/2015	Jordan Investment Commission (JIC) - Development Zone-specific	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Automatic - By simply registering at JIC and obtaining a certificate of registration, the investor is given a tax number and a purchase mechanism and obtains incentives automatically

General Sales Tax (GST) subject to 7% for the goods and services originated inside the Development Zones sold to the rest of Jordan (instead of the standard 16% rate)	General Sales Tax (GST)	Reduced Tax Rate	Any industrial, agricultural, touristic, commercial, crafts, or service activity registered in the Development Zone in addition to IT. The specific sector depends on the designation of the specific Development Zone. 1) Maan: Light, Medium and Heavy Industries; Ceramics; Plastics; Electrical Appliances; Renewable Energy. 2) Jabal Ajloun and the Dead Sea: Tourism, Hospitality and Eco-Tourism. 3) King Hussein Business Park: Technology and Business. 4) Mafraq: Light and Medium Manufacturing; Logistics. 5) Irbid: IT, BPO and Healthcare.	GST is collected for a rate of 7% of the services sales value after selling them for consumption	Investment Law No. 30/2014, Art. 12.E; Investment Incentives Regulation No. 33/2015	Jordan Investment Commission (JIC) - Development Zone-specific	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Automatic - By simply registering at JIC and obtaining a certificate of registration, the investor is given a tax number and a purchase mechanism and obtains incentives automatically

Customs duty exemption inside the Development Zones for the import of materials, equipment, machineries and construction materials used for constructing, establishing, equipping and furnishing all types of projects executed by establishments in the Development Zones, including the necessary spare parts for their continuous maintenance, and the imported goods for the Development Zone to practice economic activities or the export of goods outside Jordan	Customs duties on imports	Customs duty exemption	Any industrial, agricultural, touristic, commercial, crafts, or service activity registered in the Development Zone in addition to IT. The specific sector depends on the designation of the specific Development Zone. 1) Maan: Light, Medium and Heavy Industries; Ceramics; Plastics; Electrical Appliances; Renewable Energy. 2) Jabal Ajloun and the Dead Sea: Tourism, Hospitality and Eco-Tourism. 3) King Hussein Business Park: Technology and Business. 4) Mafraq: Light and Medium Manufacturing; Logistics. 5) Irbid: IT, BPO and Healthcare.	Goods offered by registered investors except the sales of goods subject to the special sales tax including vehicles, tobacco, alcohol and beer are subject to the GST and custom duties collected in Jordan when sold for consumption in the Development Area. The goods consumed in the development areas are subject to the GST and customs duties unless consumed for the purpose of the practice of the economic activity of the Registered Establishment.	Investment Law No. 30/2014, Art. 12. & 13	Jordan Investment Commission (JIC) - Development Zone-specific	Jordan Investment Commission (JIC) and Customs Department	Automatic - The investor applies the incentive automatically upon satisfying the specified eligibility criteria without further approvals. However, the investor is still required to obtain signature from the customs representative at the JIC of a hard copy exemption letter. The document is then showed to the customs authority at the port in order to apply the exemption. The investor files the signed hard-copy application through the Customs Authority representative at JIC. The investor applies the customs exemption by showing the signed authorization at the port.

Jordan Enterprise Development Corporation (JEDCO) Governorate Development Fund (GDF): Subsidized loans, contributions to the equity capital, convertible bonds, in kind shares. Investment currently takes place using in kind shares, whereby the minimum GDF's funding is 100.00 JODs, provided it does not exceed 80% of the total size of the project. 10% of the annual net profit is deducted, provided that the total deductions of profits does not exceed 25% of the GDF's funding. The loan is repaid within a period up to 8 years including 2 years as a grace period. The Fund aims to invest in SMEs and big companies		Subsidized loan	Industry, Services, Agriculture	Available only to Domestic SMES. The contribution of the project owner should not be less than 10% of the project, provided the remaining funding is made available. The Jordanian labor should not be less than 60%. The project owner should highlight the economic impact of the project through the added value it represents in terms of providing new work opportunities and migrant workers substitution, and cross-cutting with different sectors and providing export opportunities	Cabinet decision No. 617 dated 3/7/2012	Jordan Enterprise Development Corporation (JEDCO)	Jordan Enterprise Development Corporation (JEDCO)	Non-automatic: Projects are assessed and studied in different phases (internal and sub-committees) , and the funding decision is taken by the Executive Committee of Governorates Development Fund emanating from JEDCO.

whether they are under establishment and construction, or in existing companies that aim to start working or expanding in productive projects (in the industrial and services sectors and agricultural industry) of economic feasibility and of a clear impact and high added value on the economy and the society, and are able to employ Jordanian labor and substitute labor. Eligible geographic areas include the Kingdom's Governorates and some areas outside Greater Amman Municipality (Muwaqqar, Jeizeh, Naour).								

Jordan Enterprise Development Corporation (JEDCO) Jordan Innovation Center Network (JICN): Domestic start-ups can benefit from incubators in Amman, Jerash, Irbid, Madaba, Karak, Tafila providing business development / consulting services for Jordanian start-ups in the targeted Governorates for selected sectors. The incentive mechanism is a matching grant under the JICN covers 80% of the costs for up to 15,000 JOD. The program is funded by JEDCO and King Abdullah II Fund for Development (KAFD) and administered by JICN. All projects that have received a grant shall be subject to income tax and stamp		Matching grant	Food industries; creative industries; light industry;	Anybody of Jordanian nationality who is above 18 years, has an idea of an achievable project economically feasible. Enrolment in a training course entitled "establish your own business". Implementation of the project in any governorate except for the Capital and Zarka. The project should be productive or service oriented.	Corporation Law No. 33/2008, Article 5, paragraph C	Jordan Enterprise Development Corporation (JEDCO)	Jordan Enterprise Development Corporation (JEDCO) - Jordan Innovation Centers Network (JICN)	Non-automatic: Companies submit the paper-format application by email or in-person. The Technical Committee checks the compliance with the eligibility criteria and decides whether the company can benefit from the program.

duties. In the event of buying any materials from abroad, customs duties are paid by the project owner.								

Zero-rate General Sales Tax (GST) for renewable energy sources and energy conservation systems and equipment (instead of the standard 16% rate)	General Sales Tax (GST)	Zero-rate tax	Renewable Energy; Energy Efficiency	Renewable energy sources and energy conservation systems and equipment included in Table 1 of Bylaw No 13 of 2015, and for the inputs from the regulation no 13 for the year 2015 "Exemption provisions and conditions for renewable energy sources and energy conservation systems exempting renewable energy sources systems and equipment and energy conservation systems and equipment from customs duties and subjecting them to the general sales tax at a rate of zero	Renewable Energy & Energy Efficiency Law No. 13/2012: Article 11.a-b; Bylaw No 13 of 2015 on the Provisions and Conditions for Exempting Renewable Energy Sources and Energy Conservation Systems and Equipment and their Production Inputs from Customs Duties and Subjecting Them to the Generals Sales Tax of Zero.	Ministry of Energy and Mineral Resources (MEMR)	Ministry of Energy and Mineral Resources (MEMR) - Committee on exemption from customs duties and subjecting to the general sales tax at a rate of zero ; Income and Sales Tax Department (ISTD)	Non-automatic: The decision is based on the formation of a Technical Ministerial Committee for exemptions. The committee shall look into the exemptions application for the renewable energy sources and its devices and equipment and exempting them from duties and subject them to GST for a certain rate or zero rate, in accordance with the provisions of the regulation and submitting the suitable recommendation to the minister to ratify the decision

Customs duty exemption for the import of renewable energy sources and energy conservation systems and equipment	Customs duties on imports	Customs duty exemption	Renewable Energy; Energy Efficiency	1) Renewable energy sources and energy conservation systems and equipment included in Table 1 of Bylaw No 13 of 2015, and 2) Locally produced and imported products that are considered production and manufacturing inputs for renewable energy sources and energy conservation systems and equipment in Table 2 of Bylaw No 13 of 2015. From Bylaw No 13 of 2015 Article 9 A-B: "The following conditions shall apply for exempting renewable energy sources systems and equipment and energy conservation systems and equipment from customs duties and subjecting them to the general sales tax at a rate of zero: 1. They shall be new and unused. 2. They shall have the highest energy efficiency classification according to an attached sticker label issued by the Jordan Standards and Metrology Organization (JSMO) or any reference organization that it accredits. 3. They shall realize savings not less than 20% of the normal consumption rate of equivalent traditional non-energy saving systems and equipment according to a certificate issued by a local or foreign specialized testing laboratory that is accredited by the Jordan Standards and Metrology Organization (JSMO). B. The Committee may be satisfied with the two conditions stipulated in Items 1 and 3 of Paragraph A of this	Renewable Energy & Energy Efficiency Law No. 13/2012: Article 11.a-b; Bylaw No 13 of 2015 on the Provisions and Conditions for Exempting Renewable Energy Sources and Energy Conservation Systems and Equipment and their Production Inputs from Customs Duties and Subjecting Them to the Generals Sales Tax of Zero.	Ministry of Energy and Mineral Resources (MEMR)	Ministry of Energy and Mineral Resources (MEMR) - Committee on exemption from customs duties and subjecting to the general sales tax at a rate of zero ; Customs Department	Non-automatic: The decision is based on the formation of a Technical Ministerial Committee for exemptions. The committee shall look into the exemptions application for the renewable energy sources and its devices and equipment and exempting them from duties and subject them to GST for a certain rate or zero rate, in accordance with the provisions of the regulation and submitting the suitable recommendation to the minister to ratify the decision

				Article if the classification stipulated in Item 2 of the same paragraph is not available."				

Jordan Loan Guarantee Corporation (JLGC) Loan guarantee for SMEs: Maximum loan amount: 100,000 JOD. Max payment period: 72 months. Guarantee ratio: 70%		Loan guarantee	All sectors	Life Insurance on the of the borrower/ client; Insurance on the project assets		Jordan Loan Guarantee Corporation (JLGC)	Jordan Loan Guarantee Corporation (JLGC) - credit committee; commercial banks	Non-automatic: Credit studies and evaluations of applications are conducted, in addition to ensuring that the purpose of the loan is meeting the loan guarantee criteria. When clients submit a loan guarantee application, it will be financially analyzed, then an approved written letter is provided to the client.
Jordan Loan Guarantee Corporation (JLGC) Industrial loan guarantee: Max loan amount: 550,000 JOD. Max payment period: 96 months. Guarantee ratio: 70%		Loan guarantee	Industry and Handicraft			Jordan Loan Guarantee Corporation (JLGC)	Jordan Loan Guarantee Corporation (JLGC) - credit committee; commercial banks	Non-automatic: Case by case
Jordan Loan Guarantee Corporation (JLGC) Capital Lease guarantee: Max loan amount: 550,000 JOD. Max payment period: 96 months. Guarantee ratio: 70%		Loan guarantee	Industry and Handicraft			Jordan Loan Guarantee Corporation (JLGC)	Jordan Loan Guarantee Corporation (JLGC) - credit committee; commercial banks	Non-automatic: Case by case

Jordan Loan Guarantee Corporation (JLGC) Entrepreneurship financing: Max loan amount: 75,000 JOD. Max payment period: 96 months. Guarantee ratio: 70%		Loan guarantee	All sectors	Life Insurance of the borrower/ client; Insurance on the project assets		Jordan Loan Guarantee Corporation (JLGC)	Jordan Loan Guarantee Corporation (JLGC) risk management committee and Internal audit committee	Non-automatic: Credit studies and evaluations of applications are conducted, in addition to ensuring that the purpose of the loan is meeting the loan guarantee criteria. When clients submit a loan guarantee application, it will be financially analyzed, then an approved written letter is provided to the client.
Jordan Loan Guarantee Corporation (JLGC) Real estate guarantee: Max loan amount: 75,000 JOD. Max payment period: 300 months. Guarantee ratio: 75%.		Loan guarantee	Real estate	Life Insurance of the borrowed		Jordan Loan Guarantee Corporation (JLGC)	Jordan Loan Guarantee Corporation (JLGC) - credit committee ; commercial banks	Non-automatic: Credit studies and evaluations of applications are conducted, in addition to ensuring that the purpose of the loan is meeting the loan guarantee criteria. When clients submit a loan guarantee application, it will be financially analyzed, then an approved written letter is provided to the client.
Jordan Loan Guarantee Corporation (JLGC) Land purchase guarantee: Max loan amount: 50,000 JOD. Max payment period: 120 months. Guarantee ratio: 70%.		Loan guarantee	All sectors	Life Insurance of the borrowed		Jordan Loan Guarantee Corporation (JLGC)	Jordan Loan Guarantee Corporation (JLGC) - credit committee ; commercial banks	Non-automatic: Credit studies and evaluations of applications are conducted, in addition to ensuring that the purpose of the loan is meeting the loan guarantee criteria. When clients submit a loan guarantee application, it will be financially analyzed, then an approved written letter is provided to the client.

Jordan Loan Guarantee Corporation (JLGC) Export guarantee: Max credit amount: 4 million JOD. Max payment period: 6 months. Guarantee ratio: 90%.		Loan guarantee	All sectors	a) In order to sign a policy it should contain at least two buyers. b) The Maximum credit limit is 4,000,000$, with exceptional cases. c) Covering Political and commercial risks.		Jordan Loan Guarantee Corporation (JLGC)	Jordan Loan Guarantee Corporation (JLGC) - credit committee ; commercial banks	Non-automatic: 1. Providing the names and requested credit limits for two buyers. 2. Receiving the approved credit limits 3. Filling the annex with the expected turnovers by the Potential policy holder 4. Providing a Price Offer, and receiving the acceptance by the Potential policy holder 5. Preparing and signing the policy between the two parties
JLGC Domestic guarantee: Max credit amount: 4 million JOD. Max payment period: 4 months. Guarantee ratio: 90%.		Loan guarantee	All sectors	a) In order to sign a policy it should contain at least two buyers. b) The Maximum credit limit is 4,000,000$, with exceptional cases. c) Covering Political and commercial risks.		Jordan Loan Guarantee Corporation (JLGC)	Jordan Loan Guarantee Corporation (JLGC) - credit committee ; commercial banks	Non-automatic: Case by case
Customs duty exemption on the imports of goods for companies established in the Aqaba Special Economic Zone (ASEZ) (with the exception of cars)	Customs duties on imports	Customs Duty Exemption	Logistics, warehouses, transportation and tourism.	Granted to companies registered in ASEZ	ASEZA Law No. 32/2000: Art. 30	Aqaba Special Economic Zone Authority (ASEZA)	Aqaba Special Economic Zone Authority (ASEZA)	Automatic - Upon granting the registration certificates and final approvals

General Sales Tax (GST) exemption for imports and sales of goods and services for companies established in the Aqaba Special Economic Zone (ASEZ) (instead of the standard 16% rate)	General Sales Tax (GST)	Tax exemption	Logistics, warehouses, transportation and tourism.	Granted to companies registered in ASEZ	ASEZA Law No. 32/2000: Art. 30	Aqaba Special Economic Zone Authority (ASEZA)	Aqaba Special Economic Zone Authority (ASEZA)	Automatic - Upon granting the registration certificates and final approvals
Corporate Income Tax (CIT) reduced to 5% on the profits of companies established in the Aqaba Special Economic Zone (ASEZ) (instead of the standard rate of 20% and 14% for industry outside the Zones)	Corporate Income Tax (CIT)	Reduced Tax Rate	All sectors except for: banks and financial institutions, insurance companies and reinsurance companies; and road transport companies.	Granted to companies registered in ASEZ	ASEZA Law No. 32/2000: Art. 30	Aqaba Special Economic Zone Authority (ASEZA)	Aqaba Special Economic Zone Authority (ASEZA)	Automatic - Upon granting the registration certificates and final approvals
Building tax exemption for companies established in the Aqaba Special Economic Zone (ASEZ)	Building tax	Tax exemption	Logistics, warehouses, transportation and tourism.	Granted to companies registered in ASEZ	ASEZA Law No. 32/2000: Art. 30	Aqaba Special Economic Zone Authority (ASEZA)	Aqaba Special Economic Zone Authority (ASEZA)	Automatic - Upon granting the registration certificates and final approvals

Land tax exemption for companies established in the Aqaba Special Economic Zone (ASEZ)	Land Tax	Tax exemption	Logistics, warehouses, transportation and tourism.	Granted to companies registered in ASEZ	ASEZA Law No. 32/2000: Art. 30	Aqaba Special Economic Zone Authority (ASEZA)	Aqaba Special Economic Zone Authority (ASEZA)	Automatic - Upon granting the registration certificates and final approvals
Capital Gains Tax (CGT) exemption for companies established in the Aqaba Special Economic Zone (ASEZ)	Capital Gains Tax (CGT)	Tax exemption	Logistics, warehouses, transportation and tourism.	Granted to companies registered in ASEZ	ASEZA Law No. 32/2000: Art. 30	Aqaba Special Economic Zone Authority (ASEZA)	Aqaba Special Economic Zone Authority (ASEZA)	Automatic - Upon granting the registration certificates and final approvals
Custom duty exemption on the goods imported in the Free Zones, including materials, equipment, machines, supplies, and construction materials in connection with building, construction, preparation and furnishing of projects established in the Free Zones including spare parts for permanent maintenance	Customs duties on imports	Customs duty exemption	Depends on the sector designated for the specific Free Zone.	Goods imported to it including materials, equipment, machines, supplies, and construction materials in connection with building, construction, preparation and furnishing of projects established in the Free Zones including spare parts for permanent maintenance excluding service fees.	Investment Law No. 30/2014, Art 14.C; Investment Incentives Regulation No. 33/2015	Jordan Investment Commission (JIC) - Free Zone-specific	Jordan Investment Commission (JIC) and Customs Department	Automatic - The investor applies the incentive automatically upon satisfying the specified eligibility criteria without further approvals. However, the investor is still required to obtain from the customs representative at the JIC a hard copy exemption letter signed. The document is then showed to the customs authority at the port in order to apply the exemption. The investor files the signed hard-copy application through the Customs Authority representative at JIC. The investor applies the customs exemption by showing the signed authorization at the port.

excluding service fees.								

Customs duty exemption for the goods exported by companies in the Free Zones to other countries	Custom s duties on exports	Customs duty exempti on	Depends on the sector designated for the specific Free Zone.	Goods exported form the Free Zones to markets other than the Jordanian	Investment Law No. 30/2014, Art 14.C; Investment Incentives Regulation No. 33/2015	Jordan Investm ent Commis sion (JIC) - Free Zone-specific	Jordan Investmen t Commissi on (JIC) and Customs Departme nt	Automatic - The investor applies the incentive automatically upon satisfying the specified eligibility criteria without further approvals. However, the investor is still required to obtain from the customs representative at the JIC a hard copy exemption letter signed. The document is then showed to the customs authority at the port in order to apply the exemption. The investor files the signed hard-copy application through the Customs Authority representative at JIC. The investor applies the customs exemption by showing the signed authorization at the port.
Corporate Income Tax (CIT) exemption in the Free Zones on the profits originating from: the export of goods; transit trade; sale or waver of goods inside the Free Zones; provision and supplying of services inside the Free Zone (instead of the	Corpora te Income Tax (CIT)	Tax exempti on	Depends on the sector designated for the specific Free Zone.	Profits that come from: exportation of goods inside the Free Zones; transit trade; sale or waver of goods inside the Free Zones; provision and supplying of services inside the Free Zone.	Investment Law No. 30/2014, Art 14.A; Investment Incentives Regulation No. 33/2015; Income Tax Law No. 34/2014, Art. 78.B	Jordan Investm ent Commis sion (JIC) - Free Zone-specific	Jordan Investmen t Commissi on (JIC) and Income and Sales Tax Departme nt	Automatic - The investor fills in an electronic form on the web-portal of the Income and Sales Tax Department and obtains a receipt of the incentive awarding without further approvals. The investor is refunded the tax amount from the Income & Sales Tax Department within 30 days.

standard rate of 20%)								
Land tax exemption for buildings and constructions established in the Free Zones.	Land Tax	Tax exemption	Depends on the sector designated for the specific Free Zone.	Buildings and constructions established in the Free Zone by registered investors.	Investment Law No. 30/2014, Art 14.D; Investment Incentives Regulation No. 33/2015	Jordan Investment Commission (JIC) - Free Zone-specific	Jordan Investment Commission (JIC) and Income and Sales Tax Department	Automatic - The investor fills in an electronic form on the web-portal of the Income and Sales Tax Department and obtains a receipt of the incentive awarding without further approvals. The investor is refunded the tax amount from the Income & Sales Tax Department within 30 days
Building tax exemption for buildings and constructions established in the Free Zones.	Building tax	Tax exemption	Depends on the sector designated for the specific Free Zone.	Buildings and constructions established in the Free Zone by registered investors.	Investment Law No. 30/2014, Art 14.D; Investment Incentives Regulation No. 33/2015	Jordan Investment Commission (JIC) - Free Zone-specific	Jordan Investment Commission (JIC) and Income and Sales Tax Department	Automatic - The investor fills in an electronic form on the web-portal of the Income and Sales Tax Department and obtains a receipt of the incentive awarding without further approvals. The investor is refunded the tax amount from the Income & Sales Tax Department within 30 days

General Sales Tax (GST) exemption for services sold inside the Free Zones (instead of the standard 16% rate)	General Sales Tax (GST)	Tax exemption	For services offered in the Free Zones.	Services offered inside the Free Zones by registered investors.	Investment Law No. 30/2014, Art. 12.D; Investment Incentives Regulation No. 33/2015; Sales Tax Law No. 29/2009, Art. 22	Jordan Investment Commission (JIC) - Free Zone-specific	Jordan Investment Commission (JIC) and Income and Sales Tax Department	Automatic - The investor fills in an electronic form on the web-portal of the Income and Sales Tax Department and obtains a receipt of the incentive awarding without further approvals. The investor is refunded the tax amount from the Income & Sales Tax Department within 30 days
General Sales Tax (GST) exemption for goods consumed/sold inside the Free Zones for business purposes	General Sales Tax (GST)	Tax exemption	For goods consumed inside the Free Zones for business purposes	Profits that come from: exportation of goods inside the Free Zones; transit trade; sale or waver of goods inside the Free Zones; provision and supplying of services inside the Free Zone.	Investment Law No. 30/2014, Art. 12.D; Investment Incentives Regulation No. 33/2015; Sales Tax Law No. 29/2009, Art. 22	Jordan Investment Commission (JIC) - Free Zone-specific	Jordan Investment Commission (JIC) and Income and Sales Tax Department	Automatic - The investor fills in an electronic form on the web-portal of the Income and Sales Tax Department and obtains a receipt of the incentive awarding without further approvals. The investor is refunded the tax amount from the Income & Sales Tax Department within 30 days

Customs duty exemption for the import of certain production inputs for certain industrial activities outside the Free Zones and the Development Zones	Customs duties on imports	Customs duty exemption	Industry and Handicraft	Production inputs eligible for the incentive are included in Tables 1/A and 1/B of the Incentives Regulation.	Investment Law No. 30/2014, Art. 4 Para. B; Investment Incentives Regulation No. 33/2015, Tables 1/A and 1/B	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC)	Automatic - The investor applies the incentive automatically upon satisfying the specified eligibility criteria without further approvals. However, the investor is still required to obtain from the customs representative at the JIC a hard copy exemption letter signed. The document is then showed to the customs authority at the port in order to apply the exemption. Direct implementation takes place once the needed documents are presented (exemption letter, manufacturing formula).

Customs duty exemption on production requirements and fixed assets for certain industrial activities outside the Free Zones and the Development Zones	Customs duties on imports	Customs duty exemption	Industry and Handicraft	Production requirements and fixed assets for industrial and crafts activities included in Table 1/C of the Incentives Regulation	Investment Law No. 30/2014, Art. 4 Para. B; Investment Incentives Regulation No. 33/2015, Table 1/C	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC)	Automatic - The investor applies the incentive automatically upon satisfying the specified eligibility criteria without further approvals. However, the investor is still required to obtain from the customs representative at the JIC a hard copy exemption letter signed. The document is then showed to the customs authority at the port in order to apply the exemption. Direct implementation takes place once the needed documents are presented (exemption letter, manufacturing formula).

Customs duty exemption on production requirements and the dual-use fixed assets necessary for certain industrial activities outside the Free Zones and the Development Zones	Custom s duties on imports	Customs duty exempti on	Industry and Handicraft	Production requirements and fixed assets for industrial and crafts activities included in Table 1/D of the Incentives Regulation	Investment Law No. 30/2014, Art. 4 Para. B; Investment Incentives Regulation No. 33/2015, Table 1/D	Jordan Investm ent Commis sion (JIC)	Jordan Investmen t Commissi on (JIC)	Non-automatic: The JIC Technical Committee on Incentives checks the compliance of the investor with the eligibility criteria and decides the volumes of the production requirements and fixed assets and activities to apply the exemption on. The investor can file the signed hard-copy application through the Customs Authority representative at the JIC or by email. The Technical Committee on Incentives checks the compliance with the eligibility criteria and decide the volumes of the fixed assets and activities to apply the exemption on. The investor receives the exemption letter and applies the incentive showing the custom exemption authorization at the port.

Customs duty exemption on the goods required for certain economic activities outside the Free Zones and the Development Zones	Customs duties on imports	Customs duty exemption	Agriculture and livestock; hospitals and comprehensive medical centers; hotels and tourist facilities; entertainment and tourist recreation centers;; communication centers; scientific research centers and scientific labs; artistic media production; conference and exhibition centers; transport and/or distribution and/or extraction water, gas and oil derivatives using pipelines; air transport, sea transport, and railways.	Goods needed to practice the activities included in Table 3 of the Incentives Regulation	Investment Law No. 30/2014, Art. 4 Para. B; Investment Incentives Regulation No. 33/2015, Table 3	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC)	Non-automatic: The JIC Technical Committee on Incentives checks the compliance of the investor with the eligibility criteria and decides the volumes of the production requirements and fixed assets and activities to apply the exemption on. The investor can file the signed hard-copy application through the Customs Authority representative at the JIC or by email. The Technical Committee on Incentives checks the compliance with the eligibility criteria and decide the volumes of the fixed assets and activities to apply the exemption on. The investor receives the exemption letter and applies the incentive showing the custom exemption authorization at the port.

General Sales Tax (GST) exemption on production inputs for certain economic activities outside the Free Zones and Development Zones (instead of the standard 16% rate)	General Sales Tax (GST)	Tax exemption	All sectors except for: banks, telecommunications companies that have individual licenses, financial brokerage companies, and financial companies including the companies that practice exchange, financing and financial leasing business, and consultation & financial and tax audit companies, transport companies (air transport, sea transport, railways, and road freight transport), insurance and reinsurance companies, basic mining and extraction industries, generation and distribution of elasticity, and transport and/or distribution and/or extraction of water, gas, and oil derivatives using the pipelines.	Production inputs and fixed assets of the manufacturing activities and crafts activities stated in Tables 1/B, 1/C, and 1/D of the Incentives Regulation provided it is registered in GST	Investment Law No. 30/2014, Art. 4 Para. B; Investment Incentives Regulation **No.** 33/2015, Tables 1/B, 1/C and 1/D	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Non-automatic: Regarding the articles stated in table D: 1) The investor fills in an electronic form on the web-portal of the Income and Sales Tax Department and obtains a receipt of the incentive awarding without further approvals. 2) The investor is refunded the tax amount from the Income & Sales Tax Department within 30 days.

General Sales Tax (GST) exemption on services necessary for certain economic activities outside the Free Zones and Development Zones (instead of the standard 16% rate)	General Sales Tax (GST)	Tax exemption	All sectors except for: banks, telecommunications companies that have individual licenses, financial brokerage companies, and financial companies including the companies that practice exchange, financing and financial leasing business, and consultation & financial and tax audit companies, transport companies (air transport, sea transport, railways, and road freight transport), insurance and reinsurance companies, basic mining and extraction industries, generation and distribution of elasticity, and transport and/or distribution and/or extraction of water, gas, and oil derivatives using the pipelines.	Sectors included in Table 2 of the Incentives Regulation	Investment Law No. 30/2014, Art. 4 Para. B; Investment Incentives Regulation No. 33/2015, Table 2	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Automatic - The investor fills in an electronic form on the web-portal of the Income and Sales Tax Department and obtains a receipt of the incentive awarding without further approvals. The investor is refunded the tax amount from the Income & Sales Tax Department within 30 days.

General Sales Tax (GST) exemption on the goods required for certain economic activities outside the Free Zones and Development Zones (instead of the standard 16% rate)	General Sales Tax (GST)	Tax exemption	Agriculture, cattle, hospitals and comprehensive medical centers, hotels, and tourist utilities, communications centers, scientific research centers, labs, media production, conferences and exhibitions centers, transport companies (air transport, sea transport, railways, and road freight transport), basic mining and extraction industries, distribution , and transport and/or distribution and/or extraction of water, gas, and oil derivatives using the pipelines.	Services and activities included in Table 3 of the Incentives Regulation	Investment Law No. 30/2014, Art. 4 Para. B; Investment Incentives Regulation No. 33/2015, Table 3	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Automatic - The investor fills in an electronic form on the web-portal of the Income and Sales Tax Department and obtains a receipt of the incentive awarding without further approvals. The investor is refunded the tax amount from the Income & Sales Tax Department within 30 days

Corporate Income Tax (CIT) reduction by 50% for 10 years for economic activities established in designated least developed regions (instead of the standard rate of 20% and 14% for industry outside the Zones)	Corporate Income Tax (CIT)	Reduced Tax Rate	All sectors	Investments in regions from Investment Law, Art. 5., Category A of the income tax reduction regulation in the least developed regions, based on the categorization of the region (a,b,c,d)	Investment Law No. 30/2014, Art. 5.A and B; Income Tax Reduction Regulation in the least developed regions No. 44/2016, Article 5A	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Non-automatic: The JIC Technical Committee on Incentives shall look into any application for the reduction of the income tax payable for the activity and shall issue its decision within a period not exceeding 30 working days as of the submission of the application

Customs duty exemption on the goods required for certain economic activities outside the Free Zones and the Development Zones	Customs duties on imports	Customs duty exemption	Agriculture and livestock; hospitals and comprehensive medical centers; hotels and tourist facilities; entertainment and tourist recreation centers;; communication centers; scientific research centers and scientific labs; artistic media production; conference and exhibition centers; transport and/or distribution and/or extraction water, gas and oil derivatives using pipelines; air transport, sea transport, and railways.	Goods needed to practice the activities included in Table 3 of the Incentives Regulation	Investment Law No. 30/2014, Art. 4 Para. B; Investment Incentives Regulation No. 33/2015, Table 3	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC) and Customs Department	Non-automatic: The JIC Technical Committee on Incentives checks the compliance of the investor with the eligibility criteria and decides the volumes of the services and activities to apply the exemption on. The investor can file the signed hard-copy application through the Customs Authority representative at the JIC or by email. The Technical Committee on Incentives checks the compliance with the eligibility criteria and decide the volumes of the fixed assets and activities to apply the exemption on. The investor receives notification and applies the incentive showing the custom exemption authorization at the port.
Loss carry forward: Losses approved by the Income & Sales Tax Authority can be carry forward for up to 5 years. Carry back of losses is not permitted	Corporate Income Tax (CIT)	Loss carry forward	All sectors		Income Tax Law No. 34/2014	Income and Sales Tax Department (ISTD)	Income and Sales Tax Department (ISTD)	Automatic

Corporate Income Tax (CIT) reduced to 14% for companies in the industrial sector operating outside the Free Zones and Development Zones (instead of the standard rate of 20%)	Corporate Income Tax (CIT)	Reduced Tax Rate	Industry and Handicraft		Income Tax Law No. 34/2014	Income and Sales Tax Department (ISTD)	Income and Sales Tax Department (ISTD)	Automatic
Income derived from capital gains is generally exempted from taxation, except for capital gains on assets subject to depreciation, intangible assets (e.g. goodwill) and capital gains recognized by banks, primary telecommunication companies, mining companies, financial institutions, financial brokerage companies, insurance and reinsurance companies, and juristic persons conducting	Corporate Income Tax (CIT)	Tax exemption	All sectors except for: capital gains on assets subject to depreciation, intangible assets (e.g. goodwill) and capital gains recognized by banks, primary telecommunication companies, mining companies, financial institutions, financial brokerage companies, insurance and reinsurance companies, and juristic persons conducting financial lease activities.		Income Tax Law No. 34/2014	Income and Sales Tax Department (ISTD)	Income and Sales Tax Department (ISTD)	Automatic

financial lease activities.								
Customs duty exemption for the import of certain goods by firms in the ICT sector	Customs duties on imports	Customs duty exemption	ICT	Activities and services of the ICT sector stated in Table 1 of the decision of JIC no 1/1/2016 dated 25/1/2016	Investment Law No. 30/2014, Article 8A; Decision of JIC Investment Council no. 1/1/2016 dated 25/1/2016, Tables 1-2	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC)	Non-automatic: Based on the decision of the Technical Committee on Incentives.
General Sales Tax (GST) exemption for certain imported or locally purchased goods by firms in the ICT sector (instead of the standard 16% rate)	General Sales Tax (GST)	Tax exemption	ICT	Activities and services of the ICT sector stated in Table 1 of the decision of JIC no 1/1/2016 dated 25/1/2016	Investment Law No. 30/2014, article 8A; Decision of JIC Investment Council no. 1/1/2016 dated 25/1/2016, Tables 1-2	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Non-automatic: Based on the decision of the Technical Committee on Incentives.
General Sales Tax (GST) exemption for certain services offered by firms in the ICT sector (instead of the standard 16% rate)	General Sales Tax (GST)	Tax exemption	ICT	Activities and services of the ICT sector stated in Table 1 of the decision of JIC no 1/1/2016 dated 25/1/2016	Investment Law No. 30/2014, article 8A; Decision of JIC Investment Council no. 1/1/2016 dated 25/1/2016, Tables 1 and 3	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Non-automatic: Based on the decision of the Technical Committee on Incentives.

Corporate Income Tax (CIT) reduction to 5% for firms in the ICT sector (instead of the standard rate of 20%)	Corporate Income Tax (CIT)	Reduced Tax Rate	ICT	Activities and services of the ICT sector stated in Table 1 of the decision of JIC no 1/1/2016 dated 25/1/2016	Investment Law No. 30/2014, article 8A; Decision of JIC Investment Council no. 1/1/2016 dated 25/1/2016, Tables 1-2	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Non-automatic: Based on the decision of the Technical Committee on Incentives.
Zero-rate General Sales Tax (GST) for certain services provided by firms in the ICT sector (instead of the standard 16% rate)	General Sales Tax (GST)	Zero-rate tax	ICT	Activities and services of the ICT sector stated in Table 1 of the decision of JIC no 1/1/2016 dated 25/1/2016	Investment Law No. 30/2014, article 8A; Decision of JIC Investment Council no. 1/1/2016 dated 25/1/2016, Tables 1 and 3	Jordan Investment Commission (JIC)	Jordan Investment Commission (JIC) and Income and Sales Tax Department (ISTD)	Non-automatic: Based on the decision of the Technical Committee on Incentives.

Annex 8: Types of Investment, Motivations and Incentives

Definitions of FDI

The most widely recognized definitions of Foreign Direct Investment (FDI) are two:

- **The International Monetary Fund (IMF)'s Balance of Payments Manual (BPM)'s definition:** "FDI refers to an investment made to acquire lasting interest in enterprises operating outside of the economy of the investor. […] The foreign entity or group of associated entities that makes the investment is termed the 'direct investor'. […] The forms of investment by the direct investor which are classified as FDI are equity capital, the reinvestment of earnings and the provision of long-term and short-term intra-company loans."[76]
- **The Organization for Economic Development (OECD) Benchmark Definition (BD):** "[FDI is] a direct investment [by] an incorporated or unincorporated enterprise in which a single foreign investor either owns 10 % or more of the ordinary shares or voting power of an enterprise […] or owns less than 10 per cent of the ordinary shares or voting power of an enterprise, yet still maintains an effective voice in management. […] The most important characteristic of FDI, distinguishing it from foreign portfolio investment, is that it is undertaken with the intention of exercising control over an enterprise."[77]

Types of Investment by Motivation

Different types of investment are motivated by different factors and are characterized by distinct benefits, opportunities and challenges for the host economy**.** A useful typology, in this regard, identifies four types of FDI based on investor motivations:[78]

- **Natural resource seeking investment:** This type of investment occurs when the investor seeks to access resources that are location-specific (e.g. diamonds, petroleum, natural gas, coal and other mining and mineral resources, as well as renewable energy sources). While this type of investment can generate significant exports and fiscal revenues, more benefits are secured for the host country if value added processing occurs domestically and if a competitive ecosystem of local suppliers of various goods and services used in extractives can be sustainably created. The challenges surrounding this FDI type have at their core the combination of adverse social, environmental and economic impacts, commonly referred to as the "resource curse".
- **Domestic or regional market-seeking investment**: This type of investment is motivated by the potential to deliver goods and services to customers within the host country or the regional market. It is almost entirely dependent on the size and characteristics of the market. It can be an important source of jobs, through the creation of higher-skilled, better-paying, jobs associated with the service sector. This type of FDI is an important means to industrialize a country, since it has the potential to develop linkages with the local economy, upgrade the quality of local suppliers, create competition, increase productivity, and lower prices to consumers.
- **Efficiency-seeking investment:** This investment occurs when investors seek to increase the cost efficiency of production by taking advantage of factors that improve firm-level competitiveness. These include, among other variables: lower labour costs or higher labour productivity, easier or cheaper

[76] International Monetary Fund. 1993. Balance of Payments Manual: Fifth Edition (BPM5).
[77] Organization for Economic Development (OECD). 1996. Detailed Benchmark Definition of Foreign Direct Investment: Third Edition (BD3).
[78] Dunning, J. 2015. The eclectic paradigm as an envelope for economic and business theories of MNE activity. International Business Review; Fruman, C. 2015. Why does efficiency-seeking FDI matter? World Bank.

access to land, easier or even preferential access to export markets, access to key inputs and components, and more efficient international production and supply patterns. This type of investment has the most transformative potential of all types of foreign investment, with its ability to transfer technology and skills and to diversify an economy rapidly by inserting it into global or regional value chains of goods and/or services. Efficiency-seeking investment is always export-oriented, although business viability can often be built on a strong (typically larger) domestic consumer base.

- **Strategic-asset seeking investment:** This type of investment is used to acquire immobile strategic assets, business information, proprietary technologies and brands. It is regarded as a "shortcut" to establishing a company with a network of sourcing and distribution channels, advanced technologies and brands. Such investment entails acquisitions of companies, which possess desired strategic assets and own corporate networks of affiliates.

For the purpose of this paper the first three types of investment are the most relevant.

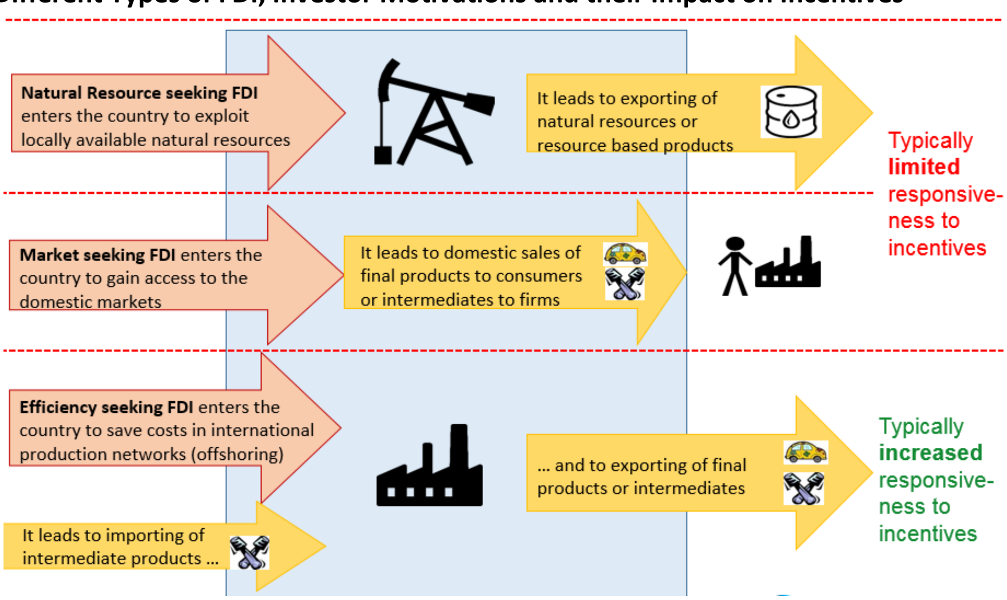
Incentives and Types of Investment

For the purpose of investment attraction, global experience suggests that the effectiveness of incentives strongly depends on the motivation of the investor for undertaking the investment in the first place. Even where FDI promotion in a given sector or activity has been clearly identified as a priority under the country's strategic objectives, an investment incentive is not necessarily an effective tool to promote investment.

Because market and natural resource-seeking investment are motivated primarily by access to the domestic market or availability of resources, it is often found, at the global level, that investment incentives to such investors have limited or no positive effect on their location decisions and thus simply represent a windfall profit – at the expense of the public budget – to firms that would have come to the country in any case. In comparison, efficiency-seeking investors – whose investment decisions are primarily driven by the motive to save costs – are more likely to be responsive to incentives.

Figure X summarizes the different types of FDI by investment motivation and the impact of incentives.

Figure X: Different Types of FDI, Investor Motivations and their Impact on Incentives



Source: World Bank Group, Trade & Competitiveness Global Practice

Annex: Jordan Investor Motivation Survey 2016 – Tables of Relevant Responses[79]

Q17: What was the number of permanent employees in your company by sex and nationality at the end of 2015 (approximate answer acceptable)?

Gender	Nationals		Foreigners		Total	
	Number	%	Freq	%	Freq	%
Men	15037	53.28%	13188	46.72%	28225	100.00%
Women	9926	29.98%	23184	70.02%	33110	100.00%
Total	24963	40.7%	36372	59.3%	61335	100.0%

Nationality	Gender	Nationals		Foreigners		Total	
		Number	%	Freq	%	Freq	%
Domestic	Men	6473	74.5%	2213	25.5%	8686	100.0%
	Women	1778	68.6%	812	31.4%	2590	100.0%
	Total	8251	73.2%	3025	26.8%	11276	100.0%
Foreign	Men	8564	43.8%	10975	56.2%	19539	100.0%
	Women	8148	26.7%	22372	73.3%	30520	100.0%
	Total	16712	33.4%	33347	66.6%	50059	100.0%
Total	Men	15037	53.3%	13188	46.7%	28225	100.0%
	Women	9926	30.0%	23184	70.0%	33110	100.0%
	Total	24963	40.7%	36372	59.3%	61335	100.0%

By **Sector**	Nationals		Foreigners		Total	
	Number	%	Freq	%	Freq	%
1.Construction	1173	78.6%	319	21.4%	1492	100.0%
12.Mining & Quarrying	180	88.2%	24	11.8%	204	100.0%
2.Information and communication	134	97.8%	3	2.2%	137	100.0%
13.Transportation	190	83.3%	38	16.7%	228	100.0%
8.Manufacture of textile, apparel and leather.	10453	24.3%	32499	75.7%	42952	100.0%

[79] The response rate was 100% for all questions, except question number 4 (99%), question number 28b (44%), question number 28c (96%), question number 28d (93%), and question number 43 (75%).

4.Manufacture of food, beverages and tobacco products.	5067	74.2%	1758	25.8%	6825	100.0%
6.Manufacture of paper, furniture and wood products.	585	77.0%	175	23.0%	760	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	1945	89.7%	224	10.3%	2169	100.0%
7.Manufacture of rubber and plastics products	1304	66.3%	663	33.7%	1967	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	2089	92.4%	171	7.6%	2260	100.0%
5.Manufacture of other non-metallic mineral products	966	72.2%	372	27.8%	1338	100.0%
11.Printing and reproduction of recorded media	360	88.5%	47	11.5%	407	100.0%
10.Other manufacturing	140	66.4%	71	33.6%	211	100.0%
14.Other services	377	97.9%	8	2.1%	385	100.0%
Total	24963	40.7%	36372	59.3%	61335	100.0%

Sector	Men		Women		Total	
	Number	%	Freq	%	Freq	%
1.Construction	1463	98.1%	29	1.9%	1492	100.0%
12.Mining & Quarrying	200	98.0%	4	2.0%	204	100.0%
2.Information and communication	65	47.4%	72	52.6%	137	100.0%
13.Transportation	185	81.1%	43	18.9%	228	100.0%
8.Manufacture of textile, apparel and leather.	12413	28.9%	30539	71.1%	42952	100.0%
4.Manufacture of food, beverages and tobacco products.	5805	85.1%	1020	14.9%	6825	100.0%
6.Manufacture of paper, furniture and wood products.	659	86.7%	101	13.3%	760	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	1645	75.9%	523	24.1%	2168	100.0%
7.Manufacture of rubber and plastics products	1819	92.5%	148	7.5%	1967	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	2035	90.0%	225	10.0%	2260	100.0%
5.Manufacture of other non-metallic mineral products	1202	89.8%	136	10.2%	1338	100.0%
11.Printing and reproduction of recorded media	338	83.0%	69	17.0%	407	100.0%

10.Other manufacturing	180	84.9%	32	15.1%	212	100.0%
14.Other services	216	56.1%	169	43.9%	385	100.0%
Total	28225	46.0%	33110	54.0%	61335	100.0%

Investment motive	**Nationals**		**Foreigners**		**Total**	
	Number	**%**	**Freq**	**%**	**Freq**	**%**
Natural resource seeking	179	87.7%	25	12.3%	204	100.0%
Domestic market-seeking	8604	83.4%	1709	16.6%	10313	100.0%
Efficiency-seeking	16180	31.8%	34638	68.2%	50818	100.0%
Total	24963	40.7%	36372	59.3%	61335	100.0%

T**Investment motive**	**Men**		**Women**		**Total**	
	Number	**%**	**Freq**	**%**	**Freq**	**%**
Natural resource seeking	200	98.0%	4	2.0%	204	100.0%
Domestic market-seeking	8941	86.7%	1372	13.3%	10313	100.0%
Efficiency-seeking	19084	37.6%	31734	62.4%	50818	100.0%
Total	28225	46.0%	33110	54.0%	61335	100.0%

By **Location**	**Nationals**		**Foreigners**		**Total**	
	Number	**%**	**Freq**	**%**	**Freq**	**%**
Outside zones	8691	83.4%	1728	16.6%	10419	100.0%
ASEZA	586	72.9%	218	27.1%	804	100.0%
Development zones	426	82.2%	92	17.8%	518	100.0%
Industrial zones	15016	30.5%	34146	69.5%	49162	100.0%
More than one zone	244	56.5%	188	43.5%	432	100.0%
Total	24963	40.7%	36372	59.3%	61335	100.0%

Location	**Men**		**Women**		**Total**	
	Number	**%**	**Freq**	**%**	**Freq**	**%**
Outside zones	8771	84.2%	1648	15.8%	10419	100.0%
ASEZA	772	96.0%	32	4.0%	804	100.0%
Development	476	91.9%	42	8.1%	518	100.0%
Industrial zones	17791	36.2%	31371	63.8%	49162	100.0%
More than one zone	415	96.1%	17	3.9%	432	100.0%
Total	28225	46.0%	33110	54.0%	61335	100.0%

Export orientation – Strict criterion	Nationals		Foreigners		Total	
	Number	%	Freq	%	Freq	%
Non-export oriented	11526	78.8%	3094	21.2%	14620	100.0%
Strict export-oriented	13437	28.8%	33278	71.2%	46715	100.0%
Total	24963	40.7%	36372	59.3%	61335	100.0%

Export orientation – strict criterion	Men		Women		Total	
	Number	%	Freq	%	Freq	%
Non-export oriented	12554	85.9%	2066	14.1%	14620	100.0%
Strict export-oriented	15671	33.5%	31044	66.5%	46715	100.0%
Total	28225	46.0%	33110	54.0%	61335	100.0%

Q18: What was the number of permanent foreign employees in your company by nationality and sex (if possible) at the end of 2015 (approximates answer acceptable)?

Foreign Labor Nationality	Gender					
	Male	%	Female	%	Total	%
Egypt	2289	99.8%	4	0.2%	2293	100%
Syria	687	96.8%	23	3.2%	710	100%
Bangladesh	1852	10.5%	15770	89.5%	17622	100%
Nepal	603	26.6%	1661	73.4%	2264	100%
Sri Lanka	1538	23.5%	5020	76.5%	6558	100%
Pakistan	853	96.6%	30	3.4%	883	100%
India	4804	91.6%	439	8.4%	5243	100%
Others[80]	562	70.3%	237	29.7%	799	100%
Total	13188	36.3%	23184	63.7%	36372	100%

By

Sector	Egypt		Syria		Bangladesh		Nepal		Sri Lanka		Pakistan		India		Others		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%
1.Construction	297	93.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	22	6.9%	0	0.0%	319	100%
12.Mining & Quarrying	20	83.3%	0	0.0%	3	12.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	4.2%	24	100%
2.Information and communication	1	33.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	66.7%	3	100%
13.Transportation	24	63.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	14	36.8%	38	100%
8.Manufacture of textile, apparel and leather.	86	0.3%	118	0.4%	17483	53.7%	2250	6.9%	6558	20.1%	807	2.5%	4925	15.1%	327	1.0%	32554	100%
4.Manufacture of food, beverages and tobacco products.	1123	63.9%	305	17.3%	84	4.8%	0	0.0%	0	0.0%	75	4.3%	18	1.0%	153	8.7%	1758	100%
6.Manufacture of paper, furniture and wood products.	60	34.3%	62	35.4%	10	5.7%	0	0.0%	0	0.0%	0	0.0%	25	14.3%	18	10.3%	175	100%

[80] Iraq, China, Lebanon, Palestine, Yemen, Philippines, Romania, Russia, Germany, Sudan, USA, Burma and few others.

9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	112	50.2%	24	10.8%	0	0.0%	0	0.0%	0	0.0%	1	0.4%	24	10.8%	62	27.8%	223	100%
7.Manufacture of rubber and plastics products	229	35.2%	135	20.7%	8	1.2%	14	2.2%	0	0.0%	0	0.0%	164	25.2%	101	15.5%	651	100%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	78	47.3%	32	19.4%	21	12.7%	0	0.0%	0	0.0%	0	0.0%	4	2.4%	30	18.2%	165	100%
5.Manufacture of other non-metallic mineral products	238	71.7%	12	3.6%	2	0.6%	0	0.0%	0	0.0%	0	0.0%	45	13.6%	35	10.5%	332	100%
11.Printing and reproduction of recorded media	13	31.0%	17	40.5%	1	2.4%	0	0.0%	0	0.0%	0	0.0%	5	11.9%	6	14.3%	42	100%
10.Other manufacturing	0	0.0%	0	0.0%	10	14.1%	0	0.0%	0	0.0%	0	0.0%	11	15.5%	50	70.4%	71	100%
14.Other services	8	100%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	8	100%
Total	2289	6.3%	705	1.9%	17622	48.5%	2264	6.2%	6558	18.0%	883	2.4%	5243	14.4%	799	2.2%	36363	100%

Investment motive	Egypt		Syria		Bangladesh		Nepal		Sri Lanka		Pakistan		India		Others		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Natural resource seeking	20	83.3%	0	0.0%	3	12.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	4.2%	24	20
Domestic market-seeking	1024	63.6%	216	13.4%	27	1.7%	0	0.0%	1	0.1%	0	0.0%	154	9.6%	187	11.6%	1609	1024
Efficiency-seeking	1245	3.6%	489	1.4%	17592	50.7%	2264	6.5%	6557	18.9%	883	2.5%	5089	14.7%	611	1.8%	34730	1245
Total	2289	6.3%	705	1.9%	17622	48.5%	2264	6.2%	6558	18.0%	883	2.4%	5243	14.4%	799	2.2%	36363	2289

Zone	Egypt		Syria		Bangladesh		Nepal		Sri Lanka		Pakistan		India		Others		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%

Outside zones	1603	54.1%	102	3.4%	17	0.6%	1000	33.7%	0	0.0%	1	0.0%	70	2.4%	171	5.8%	2964	100%
ASEZA	151	69.3%	0	0.0%	19	8.7%	0	0.0%	0	0.0%	0	0.0%	22	10.1%	26	11.9%	218	100%
Development zones	2	2.4%	3	3.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	10	11.9%	69	82.1%	84	100%
Industrial zones	503	1.5%	595	1.8%	17586	53.2%	1264	3.8%	6558	19.8%	882	2.7%	5131	15.5%	527	1.6%	33046	100%
More than one zone	30	58.8%	5	9.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	10	19.6%	6	11.8%	51	100%
Total	2289	6.3%	705	1.9%	17622	48.5%	2264	6.2%	6558	18.0%	883	2.4%	5243	14.4%	799	2.2%	36363	100%

Export Orientation	Egypt		Syria		Bangladesh		Nepal		Sri Lanka		Pakistan		India		Others		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Non-export oriented	1923	62.2%	288	9.3%	127	4.1%	0	0.0%	1	0.0%	75	2.4%	308	10.0%	372	12.0%	3094	100%
Strict export-oriented	366	1.1%	417	1.3%	17435	52.5%	2264	6.8%	6557	19.7%	808	2.4%	4935	14.9%	427	1.3%	33209	100%
Total	2289	6.3%	705	1.9%	17562	48.4%	2264	6.2%	6558	18.1%	883	2.4%	5243	14.4%	799	2.2%	36303	100%

Q19: What was the number of permanent employees in your company by salary level at the end of 2015 (approximate answer acceptable)?

below 190 JD (Low Skilled)		190 - 250 JD (Mid-Low Skilled)		251-500 JD (Mid-High Skilled)		over 501 JD (High Skilled)		Total	
No.	%	No.	%	No.	%	No.	%	No.	%
19460	32.4%	21457	35.7%	12766	21.3%	6379	10.6%	60062	100.0%

Nationality	below 190 JD (Low Skilled)		190 - 250 JD (Mid-Low Skilled)		251-500 JD (Mid-High Skilled)		over 501 JD (High Skilled)		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Domestic	109	1.0%	3521	32.5%	4037	37.3%	3152	29.1%	10819	100.0%
Foreign	19351	39.3%	17936	36.4%	8729	17.7%	3227	6.6%	49243	100.0%
Total	19460	32.4%	21457	35.7%	12766	21.3%	6379	10.6%	60062	100.0%

Sector	below 190 JD (Low Skilled)		190 - 250 JD (Mid-Low Skilled)		251-500 JD (Mid-High Skilled)		over 501 JD (High Skilled)		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
1.Construction	2	0.1%	100	6.9%	681	46.7%	674	46.3%	1457	100.0%
12.Mining & Quarrying	0	0.0%	77	46.1%	87	52.1%	3	1.8%	167	100.0%
2.Information and communication	0	0.0%	40	29.9%	46	34.3%	48	35.8%	134	100.0%
13.Transportation	0	0.0%	60	26.3%	140	61.4%	28	12.3%	228	100.0%
8.Manufacture of textile, apparel and leather.	18763	44.2%	16502	38.9%	5427	12.8%	1715	4.0%	42407	100.0%
4.Manufacture of food, beverages and tobacco products.	473	7.1%	2430	36.7%	2233	33.7%	1485	22.4%	6621	100.0%
6.Manufacture of paper, furniture and wood products.	45	6.3%	204	28.5%	324	45.3%	143	20.0%	716	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	59	2.7%	485	22.4%	836	38.7%	781	36.1%	2161	100.0%
7.Manufacture of rubber and plastics products	89	4.8%	520	28.0%	838	45.1%	411	22.1%	1858	100.0%

3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	29	1.4%	515	24.1%	1103	51.7%	488	22.9%	2135	100.0%
5.Manufacture of other non-metallic mineral products	0	0.0%	352	28.8%	531	43.4%	340	27.8%	1223	100.0%
11.Printing and reproduction of recorded media	0	0.0%	103	25.8%	206	51.5%	91	22.8%	400	100.0%
10.Other manufacturing	0	0.0%	21	10.9%	79	41.1%	92	47.9%	192	100.0%
14.Other services	0	0.0%	48	13.2%	235	64.7%	80	22.0%	363	100.0%
Total	19460	32.4%	21457	35.7%	12766	21.3%	6379	10.6%	60062	100.0%

Investment motive	**below 190 JD (Low Skilled)**		**190 - 250 JD (Mid-Low Skilled)**		**251-500 JD (Mid-High Skilled)**		**over 501 JD (High Skilled)**		**Total**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Natural resource seeking	0	0.0%	77	46.1%	87	52.1%	3	1.8%	167	100.0%
Domestic market-seeking	196	2.0%	2473	25.0%	4581	46.4%	2627	26.6%	9877	100.0%
Efficiency-seeking	19264	38.5%	18907	37.8%	8098	16.2%	3749	7.5%	50018	100.0%
Total	19460	32.4%	21457	35.7%	12766	21.3%	6379	10.6%	60062	100.0%

Location	**below 190 JD (Low Skilled)**		**190 - 250 JD (Mid-Low Skilled)**		**251-500 JD (Mid-High Skilled)**		**over 501 JD (High Skilled)**		**Total**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Outside zones	185	1.8%	2620	25.3%	4813	46.5%	2731	26.4%	10349	100.0%
ASEZA	0	0.0%	315	40.3%	308	39.4%	158	20.2%	781	100.0%
Development/industrial zones	19275	39.1%	18665	37.9%	7713	15.7%	3582	7.3%	49235	100.0%
Total	19460	32.2%	21600	35.8%	12834	21.3%	6471	10.7%	60365	100.0%

Export orientation	**below 190 JD (Low Skilled)**		**190 - 250 JD (Mid-Low Skilled)**		**251-500 JD (Mid-High Skilled)**		**over 501 JD (High Skilled)**		**Total**	
	No.	**%**	**No.**	**%**	**No.**	**No.**	**%**	**No.**	**%**	**No.**
Non export-oriented	260	1.8%	4299	30.4%	5949	42.1%	3634	25.7%	14142	100.0%
Strict export-oriented	19200	41.8%	17158	37.4%	6817	14.8%	2745	6.0%	45920	100.0%
Total	19460	32.4%	21457	35.7%	12766	21.3%	6379	10.6%	60062	100.0%

Q21.a: Did your company consider investing (or re-investing/expanding, or starting-up) in another country instead of Jordan?

Answer	Freq	%
Yes	79	26.2%
No	223	73.8%
Total	302	100%

Nationality	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
Domestic	46	27.5%	121	72.5%	167	100.0%
Foreign	33	24.4%	102	75.6%	135	100.0%
Total	79	26.2%	223	73.8%	302	100.0%

Sector	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
1.Construction	3	37.5%	5	62.5%	8	100.0%
12.Mining and quarrying	0	0.0%	7	100.0%	7	100.0%
2.Information and communication	2	40.0%	3	60.0%	5	100.0%
13.Transportation	3	75.0%	1	25.0%	4	100.0%
8. Manufacture of textile, apparel and leather.	11	25.6%	32	74.4%	43	100.0%
4. Manufacture of food, beverages and tobacco products.	11	20.8%	42	79.2%	53	100.0%
6. Manufacture of paper, furniture and wood products.	6	23.1%	20	76.9%	26	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	8	23.5%	26	76.5%	34	100.0%
7.Manufacture of rubber and plastics products	12	35.3%	22	64.7%	34	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	6	15.4%	33	84.6%	39	100.0%
5.Manufacture of other non-metallic mineral products	6	26.1%	17	73.9%	23	100.0%
11.Printing and reproduction of recorded media	8	53.3%	7	46.7%	15	100.0%
10.Other manufacturing	1	20.0%	4	80.0%	5	100.0%
14.Other services	2	33.3%	4	66.7%	6	100.0%
Total	79	26.2%	223	37.8%	302	100.0%

Location	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
Outside zones	44	28.4%	111	71.6%	155	100.0%
ASEZA	7	46.7%	8	53.3%	15	100.0%
Development zones	1	11.1%	8	88.9%	9	100.0%

Industrial zones	27	22.5%	93	77.5%	120	100.0%
More than one zone	0	0%	3	100%	3	100.0%
Total	79	26.2%	223	73.8%	302	100.0%

Motive	**Yes**		**No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Natural resource seeking:	0	0.0%	7	100.0%	7	100.0%
Foreign	0	0.0%	3	100.0%	3	100.0%
Domestic	0	0.0%	4	100.0%	4	100.0%
Domestic market-seeking:	40	23.0%	134	77.0%	174	100.0%
Foreign	10	19.6%	41	80.4%	51	100.0%
Domestic	30	24.4%	93	75.6%	123	100.0%
Efficiency-seeking:	39	32.2%	82	67.8%	121	100.0%
Foreign	23	28.4%	58	71.6%	81	100.0%
Domestic	16	40.0%	24	60.0%	40	100.0%
Total	79	26.2%	223	73.8%	302	100.0%

Export orientation	**Yes**		**No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Non-export-oriented	46	23.1%	153	76.9%	199	100.0%
Strict export-oriented	33	32.0%	70	68.0%	103	100.0%
Total	79	26.2%	223	73.8%	302	100.0%

Export orientation	**Yes**		**No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Non export-oriented	40	22.7%	136	77.3%	176	100.0%
Less strict export-oriented	39	31.0%	87	69.0%	126	100.0%
Total	79	26.2%	223	73.8%	302	100.0%

Q21.b: if “yes”, which countries were considered by your company as top alternative locations, and why?

Sector		Frequency per alternative country								
		Egypt	Iraq	KSA	Sudan	Syria	Turkey	UAE	others	Total
1.Construction	F		1	3					2	6
	%		16.7%	50%					3.33%	100%
12.Mining & quarrying	F								0	0
	%								0%	0%
2.Information & communication	F						1	1	1	3
	%						33.3%	33.3%	33.3%	100%
13.Transportation	F		1	1				2	1	5
	%		20%	20%				40%	20%	100%
8.Manufacture of textile, apparel and leather.	F	4		1			1	4	3	13
	%	30.8%		7.7%			7.7%	30.8%	23.1%	100%
4.Manufacture of food, beverages and tobacco products.	F	3		3		1	1	1	9	18
	%	16.7%		16.7%		5.6%	5.6%	5.6%	50%	100%
6. of paper, furniture and wood products.	F		1		1	2		1	2	7
	%		14.3%		14.3%	28.6%		14.3%	18.6%	100%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	F	1	3	2		1			6	13
	%	7.7%	23.1%	15.4%		7.7%			46.2%	100%
7.Manufacture of rubber and plastics products	F	5	1	6	1	1	1		4	19
	%	26.3%	5.3%	31.6%	5.3%	5.3%	5.3%		21.1%	100%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	F	1		3	2			1	3	10
	%	10%		30%	20%			10%	30%	100%
5.Manufacture of other non-metallic mineral products	F			2		1		1	4	8
	%			25%		12.5%		12.5%	50%	100%
11.Printing and reproduction of recorded media	F	1		3	1		1		4	10
	%	10%		30%	10%		10%		40%	100%
10.Other manufacturing	F								1	1
	%								100%	100%
14.Other services	F	1		1				1	1	4
	%	25%		25%				25%	25%	100%
Total	F	16	7	25	5	6	5	12	37	113
	%	14.2%	6.2%	22.1%	4.4%	5.3%	4.4%	10.6%	32.7%	100%

Q 22: Overall, what were the three (3) most critical factors that influenced your decision to carry out this investment (or re-investment/expansion, or start-up) in Jordan [and not in other countries]?

Sector	Top 3 Factors
Construction	• Jordan is the homeland of investor (domestic) • Security and stability • Predictability of business regulations • Investment incentives and benefits
Mining and quarrying	• Jordan is the homeland of investor (domestic) • Security and stability • Predictability of business regulations • Availability of raw materials
Information and communication	• Availability of skilled workforce • Security and stability • Predictability of business regulations • Investment incentives and benefits
Transportation	• Jordan is the homeland of investor (domestic) • Geographic location • Domestic market potential and demand
Manufacture of textile, apparel and leather.	• Attractive investment incentives including tax and customs exemptions • Availability of low-cost workforce • Ability to benefit from free trade agreements and export agreements to international markets
4. Manufacture of food, beverages and tobacco products	• Jordan is the homeland of investor (domestic) • Investment incentives and benefits such as tax and customs exemptions • Market potential
Manufacture of paper, furniture and wood products.	• Security and stability • Predictability of business regulations • Jordan is the homeland of investor (domestic) • Tax and customs incentives
Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	• Jordan is the homeland of investor (domestic) • Security and safety • Predictability of business regulations • Strategic location of Jordan

Manufacture of rubber and plastics products	• Jordan is the homeland of investor (domestic) • Security and safety • Proximity to export markets
Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	• Jordan is the homeland of investor (domestic) • Security and safety • Predictability of business regulations • High market demand locally and regionally
Manufacture of other non-metallic mineral products	• Jordan is the homeland of investor (domestic) • Security and stability • Predictability of business regulations • Investment law and incentives
Printing and reproduction of recorded media	• Jordan is the homeland of investor (domestic) • Availability of labor • Security and safety • Predictability of business regulations
Other manufacturing	• Jordan is the homeland of investor (domestic) • Security and safety • Predictability of business regulations • Availability of workforce
Other services	• Tax exemptions • Predictability of business regulations • Security and safety

Q23: Looking at your decision to invest (or re-invest or start-up) in Jordan [instead of other countries], please rate each of the following factors in terms of their importance in deciding to undertake this investment. Please use a scale of 1 to 5[81].

Cluster/Factors	1- negative factor		2- irrelevant factor		3- positive factor		4- important factor		5- critical factor		Total	
	Responses	%	Responses	%	Response	%	Responses	%	Responses	%	Responses	%
(1) Incentives factors	113	11.06	131	12.82	147	14.38	184	18.00	447	43.74	1022	100
Tax incentives	39	14.4	31	11.4	27	01.0	40	14.8	134	49.4	271	100
Customs incentives	28	9.7	32	11.1	25	8.7	52	18.1	151	52.2	288	100
Presence of FTAs and PTAs	20	8.1	33	13.4	55	22.4	57	23.2	81	32.9	246	100
Status of Zone, SEZ, QIZ, FZ, DZ, etc.	26	12.0	35	16.1	40	18.4	35	16.1	81	37.3	217	100
(2) Local resources and production factors	202	13.44	243	16.17	350	23.29	363	24.15	345	22.95	1503	100
Suppliers	29	11.2	36	13.9	72	27.8	74	28.6	48	18.5	259	100
Raw materials	27	11.7	41	17.7	51	22.1	44	19.0	68	29.4	231	100
Land	29	11.4	35	13.7	48	18.8	54	21.2	89	34.9	255	100
Access to natural resources	38	17.0	41	18.3	44	19.6	49	21.9	52	23.2	244	100
Access to skilled labor	35	13.3	59	22.4	76	28.9	56	21.3	37	14.1	263	100
Access to unskilled labor	44	16.2	31	11.4	59	21.8	86	31.7	51	18.8	271	100
(3) Local market and geographic location factor	95	10.18	170	18.22	242	25.94	202	21.65	224	24.01	933	100
Domestic market potential	21	7.8	35	13.1	62	23.1	69	25.7	81	30.2	268	100
Geographic proximity to EU	25	12.5	51	25.5	54	27.0	35	17.5	35	17.5	200	100
Geographic proximity to MENA countries	14	5.4	38	14.7	62	24.0	70	27.1	74	28.7	258	100
Geographic proximity to port	35	16.9	46	22.2	64	30.9	28	13.5	34	16.4	207	100
(4) Other investment climate factors	170	10.34	182	11.07	314	19.1	409	24.88	569	34.61	1644	100
Road infrastructure	29	10.5	41	14.9	61	22.1	82	29.7	63	22.8	276	100
Power infrastructure	30	10.7	32	11.4	61	21.7	76	27.0	82	29.2	281	100
Water infrastructure	27	9.6	46	16.4	67	23.9	76	27.1	64	22.9	280	100
Bank financing	44	18.0	43	17.6	51	20.9	60	24.6	46	18.9	244	100
Legal security Predictability of business regulations	35	12.9	16	5.9	49	18.0	67	24.6	105	38.6	272	100
Security and safety	5	1.7	4	1.4	25	8.6	48	16.5	209	71.8	291	100
Total	580	11.4	726	14.2	1053	20.6	1158	22.7	1585	31.1	5102	100

[81] Importance scale: 5 = Critical factor – would not have invested without it; 4 = Important factor – improved the prospects, but not critical to the decision; 3 = Positive factor – a plus, but not very important; 2 = Irrelevant factor – not a consideration; 1 = Negative factor – detracted significantly from the investment prospects

Cluster	1- negative factor		2- irrelevant factor		3- positive factor		4- important factor		5- critical factor		Total	
Nationality	**Responses**	**%**	**Responses**	**%**	**Response**	**%**	**Responses**	**%**	**Responses**	**%**	**Responses**	**%**
(1) Incentives factors	113	11.06	131	12.82	147	14.38	184	18.00	447	43.74	1022	100
Foreign	29	5.97	50	10.29	62	12.76	91	18.72	254	52.26	486	100
Domestic	84	15.67	81	15.11	85	15.86	93	17.35	193	36.01	536	100
(2) Local resources and production factors	202	13.44	243	16.17	350	23.29	363	24.15	345	22.95	1503	100
Foreign	82	12.11	97	14.33	167	24.67	173	25.55	158	23.34	677	100
Domestic	120	14.53	146	17.68	183	22.15	190	23.0	187	22.64	826	100
(3) Local market and geographic location factor	95	10.18	170	18.22	242	25.94	202	21.65	224	24.01	933	100
Foreign	30	7.19	73	17.51	99	23.74	113	27.1	102	24.46	417	100
Domestic	65	12.6	97	18.8	143	27.17	89	17.25	22	23.64	516	100
(4) Other investment climate factors	170	10.34	182	11.07	314	19.1	409	24.88	569	34.61	1644	100
Foreign	63	8.53	77	10.42	148	20.03	170	23.0	281	38.02	739	100
Domestic	107	11.82	105	11.6	166	18.34	239	26.41	288	31.82	905	100

Cluster	1- negative factor		2- irrelevant factor		3- positive factor		4- important factor		5- critical factor		Total	
Sector	Responses	%	Responses	%	Response	%	Responses	%	Responses	%	Responses	%
(1) Incentives factors	113	11.06	131	12.82	147	14.38	184	18.0	447	43.74	1022	100
1.Construction	6	30.0	4	20.0	5	25.0	2	10.0	3	15.0	20	100
2.Information & communication	5	17.24	2	6.9	3	10.34	9	31.03	10	34.48	29	100
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	13	11.21	21	18.1	20	17.24	15	12.93	47	40.52	116	100
4.Manufacture of food, beverages and tobacco products	17	10.49	22	13.58	26	16.05	34	20.99	63	38.89	162	100
5.Manufacture of other non-metallic mineral products	2	2.63	7	9.21	11	14.47	17	22.37	39	51.32	76	100
6.Manufacture of paper, furniture and wood products	12	12.5	13	13.54	21	21.88	20	20.83	30	31.25	96	100
7.Manufacture of rubber and plastics products	14	12.17	16	13.91	13	11.3	27	23.48	45	39.13	115	100
8.Manufacture of textile, apparel and leather	11	6.88	5	3.13	10	6.25	16	10.0	118	73.75	160	100
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	9	7.44	16	13.22	20	16.53	26	21.49	50	41.32	121	100
10.Other manufacturing	1	3.23	3	9.68	4	12.9	4	12.9	19	61.29	31	100
11.Printing and reproduction of recorded media	15	30.61	9	18.67	4	8.16	6	12.24	15	30.61	49	100
12.Mining & quarrying	5	17.86	10	35.71	6	21.43	7	25.0	0	0	28	100
13.Transportation	3	20.0	1	6.67	4	26.67	1	6.67	6	40.0	15	100
14.Other services	0	0	2	50.0	0	0	0	0	2	50.0	4	100
(2) Local resources and production factors	202	13.44	243	16.17	350	23.29	363	24.15	345	22.95	1503	100
1.Construction	5	10.64	13	27.66	12	25.53	9	19.15	8	17.02	47	100
2.Information & communication	9	23.68	7	18.42	10	28.95	11	26.32	1	2,63	38	100
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	31	17.92	27	15.61	42	24.28	34	19.65	39	22.54	178	100
4.Manufacture of food, beverages and tobacco products	22	7.86	52	18.57	64	22.68	65	23.21	77	27.5	280	100

5.Manufacture of other non-metallic mineral products	18	15.25	15	12.71	22	18.64	32	27.12	31	26.27	118	100
6.Manufacture of paper, furniture and wood products	14	10.07	23	16.55	35	25.18	38	27.34	29	20.86	139	100
7.Manufacture of rubber and plastics products	35	22.01	27	16.98	34	21.38	38	23.9	25	15.72	159	100
8.Manufacture of textile, apparel and leather	21	10.94	18	9.38	50	26.04	40	23.44	58	30.21	192	100
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	14	7.91	32	18.08	43	24.29	50	28.25	38	21.47	177	100
10.Other manufacturing	13	28.26	1	2.17	10	21.74	10	21.74	12	26.09	46	100
11.Printing and reproduction of recorded media	13	17.57	14	18.92	14	18.92	14	18.92	19	25.68	74	100
12.Mining & quarrying	2	5.13	10	25.64	7	17.95	15	38.46	5	12.82	39	100
13.Transportation	5	33.33	1	6.67	6	40.0	2	13.33	1	6.67	15	
14.Other services	0	0	3	50.0	0	6	1	16.67	2	33.33	6	100
(3) Local market and geographic location factor	95	10.18	170	18.22	242	25.94	202	21.65	224	24.01	933	100
1.Construction	6	27.27	4	18.18	5	22.73	2	9.09	5	22.73	22	100
2.Information & communication	5	19.23	4	15.38	4	15.38	9	34.62	4	15.38	26	100
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	9	8.49	22	20.75	32	30.19	31	29.25	12	11.32	106	100
4.Manufacture of food, beverages and tobacco products	14	9.09	31	20.13	47	30.52	29	18.83	33	21.43	154	100
5.Manufacture of other non-metallic mineral products	6	8.7	11	15.94	15	21.74	16	23.19	21	30.43	69	100
6. Manufacture of paper, furniture and wood products.	7	7.69	22	24.18	22	24.18	20	21.98	20	21.98	91	100
7.Manufacture of rubber and plastics products	10	8.93	22	19.64	31	27.68	19	16.96	30	26.79	112	100
8. Manufacture of textile, apparel and leather.	15	12.71	14	11.86	30	25.42	24	20.34	35	29.66	118	100

9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	4	3.54	21	18.58	33	29.2	31	27.43	24	21.24	113	100
10.Other manufacturing	5	16.67	4	13.33	7	23.33	4	13.33	10	33.33	30	100
11.Printing and reproduction of recorded media	8	15.69	11	21.57	7	13.73	10	19.61	15	29.41	51	100
12.Mining & quarrying	3	12.0	2	8.0	9	36.0	6	24.0	5	20.0	25	100
13.Transportation	2	16.67	0	0	0	0	1	8.33	9	75.0	12	100
14.Other services	1	25.0	2	50.0	0	0	0	0	1	25.0	4	100
(4) Other investment climate factors	170	10.34	182	11.07	314	19.1	409	24.88	569	34.61	1644	100
1.Construction	7	15.22	7	15.22	7	15.22	13	28.26	12	26.09	46	100
2.Information & communication	6	13.33	10	22.22	14	31.11	7	15.56	8	17.78	45	100
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	19	10.16	24	12.83	37	19.79	33	17.65	74	39.57	187	100
4.Manufacture of food, beverages and tobacco products	34	11.33	27	9.0	59	19.67	83	27.67	97	32.33	300	100
5.Manufacture of other non-metallic mineral products	4	3.23	10	8.06	23	18.55	36	29.03	51	41.13	124	100
6. Manufacture of paper, furniture and wood products.	8	5.3	20	13.25	33	21.85	38	25.17	52	34.44	151	100
7.Manufacture of rubber and plastics products	26	13.9	18	9.63	38	20.32	52	27.81	53	28.34	187	100
8. Manufacture of textile, apparel and leather.	25	11.01	14	6.17	30	13.22	63	27.75	95	41.85	227	100
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	12	6.49	26	14.05	37	20.0	45	24.32	65	35.14	185	100
10.Other manufacturing	5	10.0	3	6.0	7	14.0	11	22.0	24	48.0	50	100
11.Printing and reproduction of recorded media	9	10.98	12	14.63	18	21.95	18	21.95	25	30.49	82	100
12.Mining & quarrying	8	20.0	6	15.0	10	25.0	8	20.0	8	20.0	40	100
13.Transportation	6	42.86	3	21.43	1	7.14	2	14.29	2	14.29	14	100
14.Other services	1	16.67	2	33.33	0	0	0	0	3	50.0	6	100

Cluster	1- negative factor	2- irrelevant factor	3- positive factor	4- important factor	5- critical factor	Total

Location	Responses	%	Responses	%	Response	%	Responses	%	Responses	%	Responses	%
(1) Incentives factors	113	11.06	131	12.82	147	14.38	184	18.00	447	43.74	1022	100
Development zones	9	6.3	11	7.6	15	15.0	28	19.4	81	56.3	144	100
Industrial zones	10	4.3	12	5.1	33	33.0	40	17.0	140	59.6	235	100
ASEZA	10	6.0	10	6.0	21	21.0	23	13.8	103	61.7	167	100
Outside zones	84	17.65	98	20.59	78	16.39	93	19.54	123	25.84	476	100
(2) Local resources and production factors	202	13.44	243	16.17	350	23.29	363	24.15	345	22.95	1503	100
Development zones	15	8.8	22	12.9	44	25.9	48	28.2	41	24.1	170	100
Industrial zones	42	10.4	55	13.6	100	24.7	95	23.5	113	27.9	405	100
ASEZA	20	13.4	26	17.4	33	22.1	28	18.8	42	28.2	149	100
Outside zones	125	16.05	140	17.97	173	22.21	192	24.65	149	19.13	779	100
(3) Local market and geographic location factor	95	10.18	170	18.22	242	25.94	202	21.65	224	24.01	933	100
Development zones	13	12.9	16	15.8	22	21.8	24	23.8	26	25.7	101	100
Industrial zones	17	7.4	35	15.2	57	24.7	55	23.8	67	29.0	231	100
ASEZA	12	8.6	25	17.9	30	21.4	32	22.9	41	29.3	140	100
Outside zones	53	11.5	94	20.39	133	28.85	91	19.74	90	19.52	461	100
(4) Other investment climate factors	170	10.34	182	11.07	314	19.1	409	24.88	569	34.61	1644	100
Development zones	13	8.1	22	13.7	30	18.6	42	26.1	54	33.5	161	100
Industrial zones	28	6.6	33	7.7	87	20.4	118	27.6	161	37.7	427	100
ASEZA	18	8.3	24	11.1	40	18.5	58	26.9	76	35.2	216	100
Outside zones	111	13.21	103	12.26	157	18.69	191	22.74	278	33.1	840	100

Cluster	1- negative factor		2- irrelevant factor		3- positive factor		4- important factor		5- critical factor		Total	
Investment Type	Responses	%	Responses	%	Response	%	Responses	%	Responses	%	Responses	%
(1) Incentives factors	113	11.06	131	12.82	147	14.38	184	18.00	447	43.74	1022	100
Domestic market-seeking	83	14.9	85	15.26	89	15.98	95	17.06	205	36.8	557	100
Efficiency-seeking	25	5.72	36	8.24	52	11.9	82	18.76	242	55.38	437	100
Natural resource-seeking	5	17.86	10	35.71	6	21.43	7	25.0	0	0	28	100
(2) Local resources and production factors	202	13.44	243	16.17	350	23.29	363	24.15	345	22.95	1503	100

Domestic market-seeking	124	14.09	159	18.07	184	20.91	207	23.52	206	23.41	880	100
Efficiency-seeking	76	13.01	74	12.67	159	27.23	141	24.14	134	22.95	584	100
Natural resource-seeking	2	15.13	10	25.46	7	17.95	15	38.46	5	12.82	39	100
(3) Local market and geographic location factor	95	10.18	170	18.22	242	25.94	202	21.65	224	24.01	933	100
Domestic market-seeking	63	11.95	98	18.6	127	24.1	114	21.63	125	23.72	527	100
Efficiency-seeking	29	7.61	70	18.37	106	27.82	82	21.52	94	24.67	381	100
Natural resource-seeking	3	12.0	2	18.0	9	36.0	6	24.0	5	20.0	25	100
(4) Other investment climate factors	170	10.34	182	11.07	314	19.1	409	24.88	569	34.61	1644	100
Domestic market-seeking	103	10.93	118	12.53	176	18.68	239	25.37	306	32.48	942	100
Efficiency-seeking	59	8.91	58	8.76	128	19.34	162	24.47	255	38.52	662	100
Natural resource-seeking	8	20.0	6	15.0	10	25.0	8	20.0	8	20.0	40	100

Cluster	**1- negative factor**		**2- irrelevant factor**		**3- positive factor**		**4- important factor**		**5- critical factor**		**Total**	
Export-orientation	**Responses**	**%**	**Responses**	**%**	**Response**	**%**	**Responses**	**%**	**Responses**	**%**	**Responses**	**%**
(1) Incentives factors	113	11.06	131	12.82	147	14.38	184	18.00	447	43.74	1022	100
Strict export-oriented	28	7.49	31	8.29	39	10.43	72	19.25	204	54.55	347	100
Non-export oriented	85	13.12	100	15.43	108	16.67	112	17.28	243	37.5	648	100
(2) Local resources and production factors	202	13.44	243	16.17	350	23.29	363	24.15	345	22.95	1503	100
Strict export-oriented	62	12.42	64	12.83	123	24.65	124	24.85	126	25.25	499	100
Non-export oriented	140	13.94	179	17.83	227	22.61	239	23.8	219	21.81	1004	100
(3) Local market and geographic location factor	95	10.18	170	18.22	242	25.94	202	21.65	224	24.01	933	100
Strict export-oriented	26	8.07	50	15.53	84	26.09	77	23.91	85	26.4	322	100
Non-export oriented	69	11.29	120	19.64	158	25.86	125	20.46	139	22.75	611	100

(4) Other investment climate factors	170	10.34	182	11.07	314	19.1	409	24.88	569	34.61	1644	100
Strict export-oriented	49	8.73	52	9.27	97	17.29	134	23.89	229	40.82	561	100
Non-export oriented	121	11.17	130	12.0	217	20.04	275	25.39	340	31.39	1083	100

Q24: Did your company consider investing (or re-investing/expanding, or starting-up) in another location in Jordan?

Answer	Freq	%
Yes	73	24.2%
No	229	75.8%
Total	302	100.0%

Nationality	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
Domestic	43	25.7%	124	74.3%	167	100.0%
Foreign	30	22.2%	105	77.8%	135	100.0%
Total	73	24.2%	229	75.8%	302	100.0%

Sector	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
1.Construction	3	37.5%	5	62.5%	8	100.0%
12.Mining & Quarrying	1	14.3%	6	85.7%	7	100.0%
2.Information and communication	0	0.0%	5	100.0%	5	100.0%
13.Transportation	0	0.0%	4	100.0%	4	100.0%
8. Manufacture of textile, apparel and leather.	11	25.6%	32	74.4%	43	100.0%
4.Manufacture of food, beverages and tobacco products.	15	28.3%	38	71.7%	53	100.0%
6.Manufacture of paper, furniture and wood products.	6	23.1%	20	76.9%	26	100.0%
9. Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	5	14.7%	29	85.3%	34	100.0%
7.Manufacture of rubber and plastics products	9	26.5%	25	73.5%	34	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	4	10.3%	35	89.7%	39	100.0%
5.Manufacture of other non-metallic mineral products	6	26.1%	17	73.9%	23	100.0%
11.Printing and reproduction of recorded media	8	53.3%	7	46.7%	15	100.0%
10.Other manufacturing	2	40.0%	3	60.0%	5	100.0%
14.Other services	3	50.0%	3	50.0%	6	100.0%
Total	73	24.2	229	75.8%	302	100.0%

Location	Yes		No		Total	
	Freq	%	Freq	%	Freq	%

Outside zones	37	23.9%	118	76.1%	155	100.0%
ASEZA	4	26.7%	11	73.3%	15	100.0%
Development zones	2	22.2%	7	77.8%	9	100.0%
Industrial zones	29	24.2%	91	75.8%	120	100%
More than one zone	1	33.3%	2	66.7%	3	100.0%
Total	73	24.2%	229	75.8%	302	100.0%

Motive	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
Natural resource seeking:	1	14.3%	6	85.7%	7	100.0%
Foreign	1	33.3%	2	66.7%	3	100%
Domestic	0	0.0%	4	100.0%	4	100%
Domestic market-seeking:	35	20.1%	139	79.9%	174	100.0%
Foreign	8	15.7%	43	84.3%	51	100%
Domestic	27	22.0%	96	78.0%	123	100%
Efficiency-seeking:	37	30.6%	84	69.4%	121	100.0%
Foreign	21	25.9%	60	74.1%	81	100%
Domestic	16	40.0%	24	60.0%	40	100%
Total	73	24.2%	229	75.8%	302	100.0%

Export orientation	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
Non-export-oriented	41	20.6%	158	79.4%	199	100.0%
Strict export-oriented	32	31.1%	71	68.9%	103	100.0%
Total	73	24.2%	229	75.8%	302	100.0%

Export orientation	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
Non export-oriented	34	19.3%	142	80.7%	176	100.0%
Less strict export-oriented	39	30.9%	87	69.1%	126	100.0%
Total	73	24.2%	229	75.8%	302	100.0%

Q24.b: if “yes”, which other locations within Jordan were considered by your company’ as top alternative locations, and why?

Sector	Frequency					
	Amman	Ajloun	Aqaba	Mafraq	Others	Total
1.Construction			1		1	2
			50%		50%	100%
12.Mining & Quarrying			1			1
			100%			100%
2.Information and communication						
13.Transportation						
8.Manufacture of textile, apparel and leather.	1	3		1	5	10
	10%	30%		10%	50%	100%
4.Manufacture of food, beverages and tobacco products.		1	2		6	9
		11.1%	22.2%		66.7%	100%
6.Manufacture of paper, furniture and wood products.					2	2
					100%	100%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations				1	5	6
				16.7%	83.3%	100%
7.Manufacture of rubber and plastics products			1	1	6	8
			12.5%	12.5%	75%	100%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	1					1
	100%					100%
5.Manufacture of other non-metallic mineral products	1				1	2
	50%				50%	100%
11.Printing and reproduction of recorded media			3		4	7
			42.9%		57.1%	100%
10.Other manufacturing						
14.Other services			1		1	2
			50%		50%	100%
Total	3	4	9	3	31	50
	6%	8%	18%	6%	62%	100%

Q 25: Overall, what were the three most critical factors that influenced your decision to carry out this investment (or re-investment, or start-up) in this location in Jordan [and not in other locations in Jordan]?

Sector	Top 3 Factors
1. Construction	• Suitability of location to operations • Availability of labor • Accessibility to land
12. Mining and quarrying	• Availability of raw material • Accessibility to land • Ease of licensing and Governmental approvals
2. Information and communication	• Availability of infrastructure • Availability of labor • Investment incentives
13. Transportation	• Suitable location for operations • Market demand in the areas around location • Available support services
8. Manufacture of textile, apparel and leather.	• Availability of infrastructure • Investment promotion law and zones incentives • Proximity to Governmental institutions responsible for export clearance.
1. Manufacture of food, beverages and tobacco products	• Availability of infrastructure • Investment promotion law and zones incentives • Domestic market potential
5. Manufacture of paper, furniture and wood products.	• Investment incentives and exemptions • High market demand • Abundance of labor
9. Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	• Investment and zone incentives and exemptions • Accessibility to land • Availability of raw material
6. Manufacture of rubber and plastics products	• Geographic location • Availability of land • Customs exemptions and facilities
3. Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	• Geographic location • Investment incentives • Proximity to export ports
2. Manufacture of other non-metallic mineral products	• Suitability of location for operations • Availability of raw material • Abundance of workforce
8. Printing and reproduction of recorded media	• Proximity to markets • Availability of labor

	• Quality of infrastructure
10. Other manufacturing	• Availability of skilled labor • Quality of infrastructure and services • Access to wide areas of land
14. Other services	• Investment incentives • Availability of labor • Geographic location

Q 26: Looking at your decision to invest (or re-invest or start-up) in this location in Jordan [instead of other locations], please rate each of the following factors in terms of their importance in deciding to undertake this investment. Please use a scale of 1 to 5[82]

Cluster / factors	1- negative factor		2- irrelevant factor		3- positive factor		4- important factor		5- critical factor		Total	
Scale	Responses	%	Responses	%	Response	%	Responses	%	Responses	%	Responses	%
(1) Incentives factors	143	12.1	153	12.94	195	16.5	199	16.84	492	41.62	1182	100
tax incentives;	29	11.2	23	8.8	29	11.2	39	15.0	140	53.8	260	100
customs incentives;	20	7.2	15	5.4	46	16.5	48	17.2	150	53.8	279	100
financial incentives;	49	20.9	32	13.6	31	13.2	29	12.3	94	40.0	235	100
preferential access to US market or other market;	23	12.2	46	24.3	37	19.6	37	19.6	46	24.3	189	100
status of Zone, SEZ, QIZ, FZ, DZ, etc.;	22	10.0	37	16.9	52	23.7	46	21.0	62	28.3	219	100
(2) Local resources and production factors	122	9.66	143	11.32	328	25.97	320	25.34	350	27.71	1263	100
Suppliers;	19	7.8	25	10.3	75	30.9	67	27.6	57	23.5	243	100
raw materials;	24	10.5	24	10.5	69	30.3	51	22.4	60	26.3	228	100
land;	20	7.8	30	11.7	61	23.7	52	20.2	94	36.6	257	100
access to skilled labor;	33	12.1	29	10.7	50	18.4	82	30.1	78	28.7	272	100
access to unskilled labor;	26	9.9	35	13.3	73	27.8	68	25.9	61	23.2	263	100
(3) Local market and geographic location factor	46	9.73	65	13.74	128	27.06	95	20.08	139	29.39	473	100
local market potential;	20	7.4	22	8.1	72	26.5	64	23.5	94	34.6	272	100
geographic proximity to port;	26	12.9	43	21.4	56	27.9	31	15.4	45	22.4	201	100
(4) Other investment climate factors	174	10.71	151	9.3	317	19.52	377	23.21	605	37.25	1624	100
road infrastructure;	20	7.5	28	10.4	67	25.0	78	29.1	75	28.0	268	100
power infrastructure;	37	13.4	15	6.9	59	21.4	69	25.0	92	33.3	276	100
water infrastructure;	28	10.2	38	13.8	67	24.4	62	22.5	80	29.1	275	100
bank financing;	35	14.4	37	15.2	56	23.0	43	17.7	72	29.6	243	100
legal security and predictability of business regulations.	36	12.9	15	5.4	39	14.0	73	26.3	115	41.4	278	100
security and safety;	18	6.3	14	4.9	29	10.2	52	18.3	171	60.2	284	100
Total	485	10.7	512	11.3	968	21.3	991	21.8	1586	34.9	4542	100

[82] Importance scale: 5 = Critical factor – would not have invested without it; 4 = Important factor – improved the prospects, but not critical to the decision; 3 = Positive factor – a plus, but not very important; 2 = Irrelevant factor – not a consideration; 1 = Negative factor – detracted significantly from the investment prospects

For the purpose of the analysis, factors were clustered into four groups as explained earlier[83].

Cluster	1- negative factor		2- irrelevant factor		3- positive factor		4- important factor		5- critical factor		Total	
Nationality	Responses	%	Responses	%	Response	%	Responses	%	Responses	%	Responses	%
(1) Incentives factors	143	12.1	153	12.94	195	16.5	199	16.84	492	41.62	1182	100
Foreign	48	8.35	60	10.43	97	16.87	95	16.52	275	47.83	575	100
Domestic	95	15.65	93	15.32	98	16.14	104	17.13	217	35.75	607	100
(2) Local resources and production factors	122	9.66	143	11.32	328	25.97	320	25.34	350	27.71	1263	100
Foreign	45	7.98	57	10.11	145	25.71	144	25.53	173	30.67	564	100
Domestic	77	11.02	86	12.3	183	26.18	176	25.18	177	25.32	699	100
(3) Local market and geographic location factor	46	9.73	65	13.74	128	27.06	95	20.08	139	29.39	473	100
Foreign	17	7.91	25	11.63	60	27.91	42	19.53	71	33.05	215	100
Domestic	29	11.24	40	15.5	68	26.36	53	20.54	68	26.36	258	100
(4) Other investment climate factors	174	10.71	151	9.3	317	19.52	377	23.21	605	37.25	1624	100
Foreign	63	8.53	76	10.28	139	18.81	170	23	291	39.38	739	100
Domestic	111	12.54	75	8.47	178	20.11	207	23.39	314	35.48	885	100

[83] Cluster (1) Incentives factors: *tax incentives; customs incentives; financial incentives; preferential access to US market or other market; status of Zone, SEZ, QIZ, FZ, DZ, etc.*; Cluster (2) Local resources and production factors: *Suppliers; raw materials; land; access to skilled labor; access to unskilled labor;* Cluster (3) Local market and geographic location factors: *local market potential; geographic proximity to port;* Cluster (4) Other investment climate factors: *road infrastructure; power infrastructure; water infrastructure; bank financing; legal security and predictability of business regulations. Security and safety.*

Cluster	1- negative factor		2- irrelevant factor		3- positive factor		4- important factor		5- critical factor		Total	
Sector	Responses	%	Responses	%	Response	%	Responses	%	Responses	%	Responses	%
(1) Incentives factors	143	12.1	153	12.94	195	16.5	199	16.84	492	41.62	1182	100
1.Construction	7	30.43	4	17.39	7	30.43	2	8.7	3	13.04	23	100
2.Information & communication	6	17.65	4	11.76	8	23.53	7	20.59	9	26.47	34	100
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	14	9.79	13	9.09	23	16.08	30	20.98	63	44.06	143	100
4.Manufacture of food, beverages and tobacco products	31	15.42	29	14.43	44	21.89	34	16.92	63	31.34	201	100
5.Manufacture of other non-metallic mineral products	8	8.42	11	11.58	15	15.79	13	13.68	48	50.53	95	100
6.Manufacture of paper, furniture and wood products	6	5.66	22	20.75	19	17.92	19	17.92	40	37.74	106	100
7.Manufacture of rubber and plastics products	17	13.39	21	16.54	23	18.11	20	15.75	46	36.22	127	100
8. Manufacture of textile, apparel and leather	13	7.69	13	7.69	13	7.69	20	11.83	110	65.09	169	100
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	13	9.03	16	11.11	23	15.97	37	25.69	55	38.19	144	100
10.Other manufacturing	4	9.76	7	17.07	6	14.63	7	17.07	17	41.46	41	100
11.Printing and reproduction of recorded media	10	18.87	6	11.32	9	16.98	4	7.55	24	45.28	53	100
12.Mining & quarrying	10	38.46	6	23.08	5	19.23	3	11.54	2	7.69	26	100
13.Transportation	4	26.67	0	0	0	0	3	20	8	53.33	15	100
14.Other services	0	0	1	20	0	0	0	0	4	80	5	100
(2) Local resources and production factors	122	9.66	143	11.32	328	25.97	320	25.34	350	27.71	1263	100
1.Construction	5	14.29	5	14.29	8	22.86	8	22.86	9	25.71	35	100
2.Information & communication	4	11.76	6	17.65	11	32.35	11	32.35	2	5.88	34	100
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	11	7.19	19	12.42	41	26.8	34	22.22	48	31.37	153	100

4.Manufacture of food, beverages and tobacco products	21	8.82	25	10.5	61	25.63	58	24.37	73	30.67	238	100
5.Manufacture of other non-metallic mineral products	12	11.76	11	10.78	20	19.61	30	29.41	29	28.43	102	100
6.Manufacture of paper, furniture and wood products	9	8.04	14	12.5	23	20.54	36	32.14	30	26.79	112	100
7.Manufacture of rubber and plastics products	17	12.98	12	9.16	44	33.59	34	25.95	24	18.32	131	100
8.Manufacture of textile, apparel and leather	17	10.37	8	4.88	40	24.39	35	21.34	64	39.02	164	100
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	13	8.67	19	12.67	39	26	46	30.67	33	22	150	100
10.Other manufacturing	3	8.11	1	2.7	8	21.62	9	24.32	16	43.24	37	100
11.Printing and reproduction of recorded media	5	8.47	7	11.86	23	38.98	7	11.86	17	28.81	59	100
12.Mining & quarrying	3	9.09	10	30.3	9	27.27	9	27.27	2	6.06	33	100
13.Transportation	2	20	3	30	1	10	3	30	1	10	10	100
14.Other services	0	0	3	60	0	0	0	0	2	40	5	100
(3) Local market and geographic location factor	46	9.73	65	13.74	128	27.06	95	20.08	139	29.39	473	100
1.Construction	3	23.08	3	23.08	2	15.38	2	15.38	3	23.08	13	100
2.Information & communication	0	0	3	25	2	16.67	7	58.33	0	0	12	100
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	9	15.52	8	13.79	17	29.31	7	12.07	17	29.31	58	100
4.Manufacture of food, beverages and tobacco products	5	6.41	14	17.95	23	29.49	14	17.95	22	28.21	78	100
5.Manufacture of other non-metallic mineral products	2	5.56	6	16.67	6	16.67	7	19.44	15	41.67	36	100
6.Manufacture of paper, furniture and wood products.	4	8.16	6	12.24	11	22.45	13	26.53	15	30.61	49	100
7.Manufacture of rubber and plastics products	11	19.3	11	19.3	12	21.05	11	19.3	12	21.05	57	100
8.Manufacture of textile, apparel and leather.	4	7.02	3	5.26	23	40.35	9	15.79	18	31.58	57	100
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	1	1.79	5	8.93	20	35.71	14	25	16	28.57	56	100

10.Other manufacturing	2	12.5	1	6.25	4	25	1	6.25	8	50	16	100
11.Printing and reproduction of recorded media	1	4.17	4	16.67	5	20.83	5	20.83	9	37.5	24	100
12.Mining & quarrying	3	27.27	0	0	2	18.18	4	36.36	2	18.18	11	100
13.Transportation	1	25	0	0	1	25	1	25	1	25	4	100
14.Other services	0	0	1	50	0	0	0	0	1	50	2	100
(4) Other investment climate factors	174	10.71	151	9.3	317	19.52	377	23.21	605	37.25	1624	100
1.Construction	7	15.22	5	10.87	7	15.22	11	23.91	16	34.78	46	100
2.Information & communication	7	14.29	5	10.2	19	38.78	11	22.45	7	14.29	49	100
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	17	9.34	25	13.74	39	21.43	37	20.33	64	35.16	182	100
4.Manufacture of food, beverages and tobacco products	38	13.29	19	6.64	60	20.98	54	18.88	115	40.21	286	100
5.Manufacture of other non-metallic mineral products	6	4.88	9	7.32	11	8.94	44	35.77	53	43.09	123	100
6.Manufacture of paper, furniture and wood products.	9	6.12	15	10.2	32	21.77	36	24.49	55	37.41	147	100
7.Manufacture of rubber and plastics products	32	17.3	17	9.19	37	20	39	21.08	60	32.43	185	100
8.Manufacture of textile, apparel and leather.	19	8.41	13	5.75	33	14.6	50	22.12	111	49.12	226	100
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	4	2.15	22	11.83	39	20.97	53	28.49	68	36.56	186	100
10.Other manufacturing	4	8.7	2	4.35	6	13.04	12	26.09	22	47.83	46	100
11.Printing and reproduction of recorded media	12	14.46	13	15.66	14	16.87	20	24.1	24	28.92	83	100
12.Mining & quarrying	14	34.15	1	2.44	12	29.27	7	17.07	7	17.07	41	100
13.Transportation	5	27.78	2	11.11	7	38.89	3	16.67	1	5.56	18	100
14.Other services	0	0	3	50	1	16.67	0	0	2	33.33	6	100

Cluster	**1- negative factor**		**2- irrelevant factor**		**3- positive factor**		**4- important factor**		**5- critical factor**		**Total**	
Location	**Responses**	**%**	**Responses**	**%**	**Response**	**%**	**Responses**	**%**	**Responses**	**%**	**Responses**	**%**

(1) Incentives factors	143	12.1	153	12.94	195	16.5	199	16.84	492	41.62	1182	100
Inside zones	45	7	57	8.86	95	14.77	107	16.64	339	52.72	643	100
Outside zones	98	18.18	96	17.81	100	18.55	92	17.07	153	28.39	539	100
(2) Local resources and production factors	122	9.66	143	11.32	328	25.97	320	25.34	350	27.71	1263	100
Inside zones	45	7.33	58	9.45	141	22.96	162	26.38	208	33.88	614	100
Outside zones	77	11.86	85	13.1	187	28.81	158	24.35	142	21.88	649	100
(3) Local market and geographic location factor	46	9.73	65	13.74	128	27.06	95	20.08	139	29.39	473	100
Inside zones	20	8.47	25	10.59	72	30.51	40	16.95	79	33.47	236	100
Outside zones	26	10.97	40	16.88	56	23.63	55	23.21	60	25.32	237	100
(4) Other investment climate factors	174	10.71	151	9.3	317	19.52	377	23.21	605	37.25	1624	100
Inside zones	59	7.28	72	8.89	152	18.77	194	23.95	333	41.11	810	100
Outside zones	115	14.13	79	9.71	165	20.27	183	22.48	272	33.42	814	100

Cluster	**1- negative factor**		**2- irrelevant factor**		**3- positive factor**		**4- important factor**		**5- critical factor**		**Total**	
Investment Type	**Responses**	**%**	**Responses**	**%**	**Response**	**%**	**Responses**	**%**	**Responses**	**%**	**Responses**	**%**
(1) Incentives factors	143	12.1	153	12.94	195	16.5	199	16.84	492	41.62	1182	100
Domestic market-seeking	96	14.86	103	15.94	99	15.33	97	15.02	251	38.85	646	100
Efficiency-seeking	37	7.25	44	8.63	91	17.84	99	19.41	239	46.86	510	100
Natural resource-seeking	10	38.46	6	23.08	5	19.23	3	11.54	2	7.69	26	100
(2) Local resources and production factors	122	9.66	143	11.32	328	25.97	320	25.34	350	27.71	1263	100
Domestic market-seeking	76	10.56	86	11.94	184	25.56	182	25.28	192	26.67	720	100
Efficiency-seeking	43	8.43	47	9.22	135	26.47	129	25.29	156	30.59	510	100
Natural resource-seeking	3	9.09	10	30.3	9	27.27	9	27.27	2	6.06	33	100
(3) Local market and geographic location factor	46	9.73	65	13.74	128	27.06	95	20.08	139	29.39	473	100
Domestic market-seeking	28	10.22	44	16.06	52	18.98	62	22.63	88	32.12	274	100
Efficiency-seeking	15	7.98	21	11.17	74	39.36	29	15.43	49	26.06	188	100
Natural resource-seeking	3	27.27	0	0	2	18.18	4	36.36	2	18.18	11	100
(4) Other investment climate factors	174	10.71	151	9.3	317	19.52	377	23.21	605	37.25	1624	100
Domestic market-seeking	110	11.97	90	9.79	190	20.67	198	21.55	331	36.02	919	100
Efficiency-seeking	50	7.53	60	9.04	115	17.32	172	25.9	267	40.21	664	100
Natural resource-seeking	14	34.15	1	2.44	12	29.27	7	17.07	7	17.07	41	100

Cluster	1- negative factor		2- irrelevant factor		3- positive factor		4- important factor		5- critical factor		Total	
Export	**Responses**	**%**	**Responses**	**%**	**Response**	**%**	**Responses**	**%**	**Responses**	**%**	**Responses**	**%**
(1) Incentives factors	143	12.1	153	12.94	195	16.5	199	16.84	492	41.62	1182	100
Strict export-oriented	30	6.99	37	8.62	70	16.32	83	19.35	209	48.72	429	100
Non-export oriented	113	15.01	116	15.41	125	16.6	116	15.41	283	37.58	753	100
(2) Local resources and production factors	122	9.66	143	11.32	328	25.97	320	25.34	350	27.71	1263	100
Strict export-oriented	39	9.13	32	7.49	109	25.53	112	26.23	135	31.62	427	100
Non-export oriented	83	9.93	111	13.28	219	26.2	208	24.88	215	25.72	836	100
(3) Local market and geographic location factor	46	9.73	65	13.74	128	27.06	95	20.08	139	29.39	473	100
Strict export-oriented	14	8.81	12	7.55	65	40.88	24	15.09	44	27.67	159	100
Non-export oriented	32	10.19	53	16.88	63	20.06	71	22.61	95	30.25	314	100
(4) Other investment climate factors	174	10.71	151	9.3	317	19.52	377	23.21	605	37.25	1624	100
Strict export-oriented	47	8.39	41	7.32	92	16.43	136	24.29	244	43.57	560	100
Non-export oriented	127	11.94	110	10.34	225	21.15	241	22.65	361	33.93	1064	100

Cluster	**1- negative factor**		**2- irrelevant factor**		**3- positive factor**		**4- important factor**		**5- critical factor**		**Total**	
Export	**Responses**	**%**	**Responses**	**%**	**Response**	**%**	**Responses**	**%**	**Responses**	**%**	**Responses**	**%**
(1) Incentives factors	143	12.1	153	12.94	195	16.5	199	16.84	492	41.62	1182	100
Less Strict export-oriented	29	7.36	32	8.12	63	15.99	73	18.53	197	50	394	100
Non-export oriented	114	14.47	121	15.36	132	16.75	126	15.99	295	37.44	788	100
(2) Local resources and production factors	122	9.66	143	11.32	328	25.97	320	25.34	350	27.71	1263	100
Less Strict export-oriented	38	9.74	28	7.18	96	24.62	102	26.15	126	32.31	390	100
Non-export oriented	84	9.62	115	13.17	232	26.58	218	24.97	224	25.66	873	100
(3) Local market and geographic location factor	46	9.73	65	13.74	128	27.06	95	20.08	139	29.39	473	100
Less Strict export-oriented	13	9.03	10	6.94	59	40.97	21	14.58	41	28.47	144	100
Non-export oriented	33	10.03	55	16.72	69	20.97	74	22.49	98	29.79	329	100
(4) Other investment climate factors	174	10.71	151	9.3	317	19.52	377	23.21	605	37.25	1624	100
Less Strict export-oriented	44	8.61	35	6.85	83	16.24	119	23.29	230	45.01	511	100
Non-export oriented	130	11.68	116	10.42	234	21.02	258	23.18	375	33.69	1113	100

Q. 27 and Q29: Did your company receive any tax and/or customs duty and/or financial incentive in 2011-2015? See Annex 1 and 2 for the list of incentives.

Response	Government F	State-owned %
Yes	302	100%
No	0	0%

Q.28a: Which tax and/or customs incentives did your company receive (or still benefited from) in 2011 – 2015 (or latest available years)?

Incentives received	2011		2012		2013		2014		2015		Total	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Customs duty exemptions	85	34.8%	66	35.5%	79	33.3%	59	33.5%	47	35.1%	336	34%
General Sales Tax (GST) exemptions/ postponing	39	16.0%	29	15.6%	42	17.7%	45	25.6%	24	17.9%	179	18%
Corporate Income Tax (CIT) exemptions / reductions	20	8.2%	14	7.5%	11	4.6%	16	9.1%	13	9.7%	74	8%
JEDCO financial incentives	2	0.8%	5	2.7%	7	3.0%	7	4.0%	4	3.0%	25	3%
JLGC loan guarantee scheme	1	0.4%	1	0.5%	1	0.4%	1	0.6%	2	1.5%	6	1%
Total	147	60.2%	115	61.8%	140	59.1%	128	72.7%	90	67.2%	620	63%

	Customs		GST		CIT		JEDCO		JLGC	
	F	%	F	%	F	%	F	%	F	%
Domestic	181	54%	80	81%	38	51%	21	84%	1	17%
Foreign	155	46%	99	55%	36	49%	4	16%	5	83%

Sector	Customs		GST		CIT		JEDCO		JLGC		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
1. Construction	11	78.6%	1	7.1%	1	7.1%	1	7.1%	0	0.0%	14	100%
2. Information and communication	4	40.0%	6	60.0%	0	0.0%	0	0.0%	0	0.0%	10	100%

3. Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	32	39.0%	30	36.6%	17	20.7%	3	3.7%	0	0.0%	82	100%
4. Manufacture of food, beverages and tobacco products.	62	57.9%	25	23.4%	13	12.1%	6	5.6%	1	0.9%	107	100%
5. Manufacture of other non-metallic mineral products	29	55.8%	18	34.6%	3	5.8%	2	3.8%	0	0.0%	52	100%
6. Manufacture of paper, furniture and wood products.	23	47.9%	18	37.5%	0	0.0%	2	4.2%	5	10.4%	48	100%
7. Manufacture of rubber and plastics products	29	58.0%	11	22.0%	8	16.0%	2	4.0%	0	0.0%	50	100%
8. Manufacture of textile, apparel and leather.	52	61.2%	23	27.1%	7	8.2%	3	3.5%	0	0.0%	85	100%
9. Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	54	56.8%	18	18.9%	20	21.1%	3	3.2%	0	0.0%	95	100%
10. Other manufacturing	5	62.5%	3	37.5%	0	0.0%	0	0.0%	0	0.0%	8	100%
11. Printing and reproduction of recorded media	19	67.9%	7	25.0%	1	3.6%	1	3.6%	0	0.0%	28	100%
12. Mining & Quarrying	6	54.5%	4	36.4%	1	9.1%	0	0.0%	0	0.0%	11	100%
13. Transportation	2	22.2%	4	44.4%	3	33.3%	0	0.0%	0	0.0%	9	100%
14. Other services	8	38.1%	11	52.4%	0	0.0%	2	9.5%	0	0.0%	21	100%
Total	336	54.2%	179	28.9%	74	11.9%	25	4.0%	6	1.0%	620	100%

Sector	Customs		GST		CIT		JEDCO		JLGC		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Natural resource seeking:	6	54.5%	4	36.4%	1	9.1%	0	0.0%	0	0.0%	11	100%
Domestic	4	66.7%	2	33.3%	0	0.0%	0	0.0%	0	0.0%	6	100%
Foreign	2	40.0%	2	40.0%	1	20.0%	0	0.0%	0	0.0%	5	100%
Domestic market-seeking:	180	53.4%	104	30.9%	32	9.5%	15	4.5%	6	1.8%	337	100%
Domestic	129	59.2%	56	25.7%	21	9.6%	11	5.0%	1	0.5%	218	100%

Foreign	51	42.9%	48	40.3%	11	9.2%	4	3.4%	5	4.2%	119	100%
Efficiency-seeking:	150	55.1%	71	26.1%	41	15.1%	10	3.7%	0	0.0%	272	100%
Domestic	48	49.5%	22	22.7%	17	17.5%	10	10.3%	0	0.0%	97	100%
Foreign	102	58.3%	49	28.0%	24	13.7%	0	0.0%	0	0.0%	175	100%
Total	336	54.2%	179	28.9%	74	11.9%	25	4.0%	6	1.0%	620	100%

Sector	Customs		GST		CIT		JEDCO		JLGC		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Outside zones	184	56.1%	92	28.0%	37	11.3%	15	4.6%	0	0.0%	328	100%
ASEZA	11	45.8%	9	37.5%	4	16.7%	0	0.0%	0	0.0%	24	100%
Development zones	9	40.9%	7	31.8%	5	22.7%	1	4.5%	0	0.0%	22	100%
Industrial zones	129	53.8%	70	29.2%	27	11.3%	8	3.3%	6	2.5%	240	100%
More than one zone	3	50.0%	1	16.7%	1	16.7%	1	16.7%	0	0.0%	6	100%
Total	336	54.2%	179	28.9%	74	11.9%	25	4.0%	6	1.0%	620	100%

Q 31: Would your company have invested (or re-invested, or started-up) in Jordan [instead of other countries] without the tax/custom/financial incentive(s) that you received, other things being the same?

Marginality	Freq	%
Infra-Marginal: Yes	157	52.0%
Marginal: No	145	48.0%
Total	302	100.0%

Nationality	Infra-Marginal: Yes		Marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Domestic	89	53.3%	78	46.7%	167	100.0%
Foreign	68	50.4%	67	49.6%	135	100.0%
Total	157	52.0%	145	48.0%	302	100.0%

Sector	Infra-Marginal: Yes		Marginal: No		Total	
	Freq	%	Freq	%	Freq	%
1. Construction	4	50.0%	4	50.0%	8	100.0%
2. Information and communication	4	80.0%	1	20.0%	5	100.0%
3. Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	16	41.0%	23	59.0%	39	100.0%
4.Manufacture of food, beverages and tobacco products.	23	43.4%	30	56.6%	53	100.0%
5.Manufacture of other non-metallic mineral products	16	69.6%	7	30.4%	23	100.0%
6.Manufacture of paper, furniture and wood products.	18	69.2%	8	30.8%	26	100.0%
7.Manufacture of rubber and plastics products	16	47.1%	18	52.9%	34	100.0%
8.Manufacture of textile, apparel and leather.	20	46.5%	23	53.5%	43	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	21	61.8%	13	38.2%	34	100.0%
10.Other manufacturing	1	20.0%	4	80.0%	5	100.0%
11.Printing and reproduction of recorded media	7	46.7%	8	53.3%	15	100.0%

12.Mining & Quarrying	5	71.4%	2	28.6%	7	100.0%
13.Transportation	2	50.0%	2	50.0%	4	100.0%
14. Other services	4	66.7%	2	33.3%	6	100.0%
Total	157	52.0%	145	48.0%	302	100.0%

By **Investment motive**	**Infra-Marginal: Yes**		**Marginal: No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Natural resource seeking:	5	71.4%	2	28.6%	7	100.0%
Domestic	3	75.0%	1	25.0%	4	100.0%
Foreign	2	66.7%	1	33.3%	3	100.0%
Domestic market-seeking:	94	54.0%	80	46.0%	174	100.0%
Domestic	68	55.3%	55	44.7%	123	100.0%
Foreign	26	51.0%	25	49.0%	51	100.0%
Efficiency-seeking:	58	47.9%	63	52.1%	121	100.0%
Domestic	18	45.0%	22	55.0%	40	100.0%
Foreign	40	49.4%	41	50.6%	81	100.0%
Total	157	52.0%	145	48.0%	302	100.0%

Location	**Infra-Marginal: Yes**		**Marginal: No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Outside zones	85	54.8%	70	45.2%	155	100.0%
ASEZA	8	53.3%	7	46.7%	15	100.0%
Development zones	5	55.6%	4	44.4%	9	100.0%
Industrial zones	59	49.2%	61	50.8%	120	100.0%
More than one zone	1	33.3%	2	66.7%	3	100.0%
Total	158	52.3%	144	47.7%	302	100.0%

Export orientation	**Infra-Marginal: Yes**		**Marginal: No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Non export-oriented	104	52.3%	95	47.7%	199	100.0%
Strict export-oriented	53	51.5%	50	48.5%	103	100.0%

Q32: If you received a tax/custom/financial incentive that is specific for this location in Jordan (i.e. development zone, free zone, specific Governorate, ASEZA): Would your company have invested (or re-invested, or started-up) in this location in Jordan [instead of other locations in Jordan] without the incentive, other things being the same?

Marginality	Freq	%
Infra-Marginal: Yes	138	45.7%
Marginal: No	164	54.3%
Total	302	100.0%

Nationality	Infra-Marginal: Yes		Marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Domestic	72	43.1%	95	56.9%	167	100.0%
Foreign	66	48.9%	69	51.1%	135	100.0%
Total	138	45.7%	164	54.3%	302	100.0%

Sector	Infra-Marginal: Yes		Marginal: No		Total	
	Freq	%	Freq	%	Freq	%
1.Construction	1	12.5%	7	87.5%	8	100.0%
2.Information and communication	4	80.0%	1	20.0%	5	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	16	41.0%	23	59.0%	39	100.0%
4.Manufacture of food, beverages and tobacco products.	19	35.8%	34	64.2%	53	100.0%
5.Manufacture of other non-metallic mineral products	13	56.5%	10	43.5%	23	100.0%
6.Manufacture of paper, furniture and wood products.	15	57.7%	11	42.3%	26	100.0%
7.Manufacture of rubber and plastics products	16	47.1%	18	52.9%	34	100.0%
8.Manufacture of textile, apparel and leather.	20	46.5%	23	53.5%	43	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	17	50.0%	17	50.0%	34	100.0%
10.Other manufacturing	1	20.0%	4	80.0%	5	100.0%
11.Printing and reproduction of recorded media	7	46.7%	8	53.3%	15	100.0%
12.Mining & Quarrying	4	57.1%	3	42.9%	7	100.0%
13.Transportation	2	50.0%	2	50.0%	4	100.0%
14.Other services	3	50.0%	3	50.0%	6	100.0%

Total	138	45.7%	164	54.3%	302	100.0%

Investment motive	Infra-Marginal: Yes		Marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Natural resource seeking:	4	57.1%	3	42.9%	7	100.0%
Domestic	1	25.0%	3	75.0%	4	
Foreign	3	100.0%	0	0.0%	3	
Domestic market-seeking:	77	44.3%	97	55.7%	174	100.0%
Domestic	55	44.7%	68	55.3%	123	
Foreign	22	43.1%	29	56.9%	51	
Efficiency-seeking:	57	47.1%	64	52.9%	121	100.0%
Domestic	16	40.0%	24	60.0%	40	
Foreign	41	50.6%	40	49.4%	81	
Total	138	45.7%	164	54.3%	302	100.0%

Location	Infra-Marginal: Yes		Marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Outside zones	71	45.8%	84	54.2%	155	100.0%
ASEZA	6	40%	9	60%	15	100.0%
Development zones	4	44.4%	5	55.6%	9	100.0%
Industrial zones	57	47.5%	63	52.5%	120	100%
More than one zone	1	33.3%	2	66.7%	3	100.0%
Total	138	45.7%	164	54.3%	302	100.0%

By **Export orientation**	Infra-Marginal: Yes		Marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Non export-oriented	85	42.7%	114	57.3%	199	100.0%
Strict export-oriented	53	51.5%	50	48.5%	103	100.0%
Total	138	45.7%	164	54.3%	302	100.0%

Q33: If you received tax/custom/financial incentives, did the incentive(s) affect any of the following behaviors/activities? (check yes or no)

Behavior/activity	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Re-invest in/expand your company /operations	162	53.8%	139	46.2%	301	100%
Start-up your firm	167	55.5%	134	44.5%	301	100%
Buy new machineries/equipment	226	75.1%	75	24.9%	301	100%
Hire new workers	155	52.2%	142	47.8%	297	100%
Retain existing workforce	167	56.2%	130	43.8%	297	100%
Export	165	57.1%	124	42.9%	289	100%
Invest in green technologies	1	0.8%	131	99.2%	132	100%
Total	1043	54.4%	875	45.6%	1918	100%

Behavior/activity	Customs exemptions		Sales tax exemptions		Customs & sales tax exemptions		Total	
	Freq	%	Freq	%	Freq	%	Freq	%
Re-invest in/expand your company /operations	4	2.5%	4	2.5%	154	95.1%	162	100%
Start-up your firm	6	3.6%	1	0.6%	160	95.8%	167	100%
Buy new machineries/equipment	4	1.8%	5	2.2%	217	96.0%	226	100%
Hire new workers	8	5.2%	1	0.6%	146	94.2%	155	100%
Retain existing workforce	8	4.8%	0	0.0%	159	95.2%	167	100%
Export	6	3.6%	0	0.0%	159	96.4%	165	100%
Invest in green technologies	0	0.0%	0	0.0%	1	100.0%	1	100%
Total	36	3.5%	11	1.1%	996	95.5%	1043	100%

Re-investing / expanding operations by sector:

Nationality	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Domestic	86	51.5%	81	48.5%	167	100.0%
Foreign	76	56.3%	59	43.7%	135	100.0%
Total	162	53.6%	140	46.4%	302	100.0%

Sector	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
1. Construction	3	37.5%	5	62.5%	8	100.0%
2.Information and communication	3	60.0%	2	40.0%	5	100.0%
3. Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	19	48.7%	20	51.3%	39	100.0%
4.Manufacture of food, beverages and tobacco products.	24	45.3%	29	54.7%	53	100.0%
5. Manufacture of other non-metallic mineral products	14	60.9%	9	39.1%	23	100.0%
6.Manufacture of paper, furniture and wood products.	17	65.4%	9	34.6%	26	100.0%
7.Manufacture of rubber and plastics products	17	50.0%	17	50.0%	34	100.0%
8.Manufacture of textile, apparel and leather.	30	69.8%	13	30.2%	43	100.0%
9. Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	18	52.9%	16	47.1%	34	100.0%
10. Other manufacturing	1	20.0%	4	80.0%	5	100.0%
11. Printing and reproduction of recorded media	7	46.7%	8	53.3%	15	100.0%
12. Mining & Quarrying	4	57.1%	3	42.9%	7	100.0%
13. Transportation	1	25.0%	3	75.0%	4	100.0%
14. Other services	4	66.7%	2	33.3%	6	100.0%
Total	162	53.6%	140	46.4%	302	100.0%

Location	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Outside zones	81	52.3%	74	47.7%	155	100.0%
ASEZA	7	46.7%	8	53.3%	15	100.0%
Development zones	8	88.9%	1	11.1%	9	100.0%

Industrial zones	68	56.7%	52	43.3%	120	100.0%
More than one zone	2	66.7%	1	33.3%	3	100.0%
Total	166	55.0%	136	45.0%	302	100.0%

Export orientation	**Marginal: Yes**		**Infra-marginal: No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Non export-oriented	99	49.75%	100	50.25%	199	100.0%
Strict export-oriented	64	62.1%	39	37.9%	103	100.0%
Total	163	54.0%	139	46.0%	302	100.0%

Start up your firm

Nationality	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Domestic	87	52.1%	80	47.9%	167	100.0%
Foreign	80	59.3%	55	40.7%	135	100.0%
Total	167	55.3%	135	44.7%	301	100.0%

Sector	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
1.Construction	4	50.0%	4	50.0%	8	100.0%
2.Information and communication	2	40.0%	3	60.0%	5	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	19	48.7%	20	51.3%	39	100.0%
4.Manufacture of food, beverages and tobacco products.	31	58.5%	22	41.5%	53	100.0%
5.Manufacture of other non-metallic mineral products	14	60.9%	9	39.1%	23	100.0%
6.Manufacture of paper, furniture and wood products.	13	50.0%	13	50.0%	26	100.0%
7.Manufacture of rubber and plastics products	18	52.9%	16	47.1%	34	100.0%
8.Manufacture of textile, apparel and leather.	31	72.1%	12	27.9%	43	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	19	55.9%	15	44.1%	34	100.0%
10.Other manufacturing	2	40.0%	3	60.0%	5	100.0%
11.Printing and reproduction of recorded media	4	26.7%	11	73.3%	15	100.0%
12.Mining & Quarrying	3	42.9%	4	57.1%	7	100.0%
13.Transportation	3	75.0%	1	25.0%	4	100.0%
14. Other services	5	83.3%	1	16.7%	6	100.0%
Total	168	55.6%	134	44.4%	301	100.0%

	Marginal: Yes		Infra-marginal: No		Total	
Zone Location	Freq	%	Freq	%	Freq	%
Outside zones	72	46.5%	83	53.5%	155	100.0%
ASEZA	9	60.0%	6	40.0%	15	100.0%
Development zones	6	66.7%	3	33.3%	9	100.0%

Industrial zones	77	64.2%	43	35.8%	120	100.0%
More than one zone	1	33.3%	2	66.7%	3	100.0%
Total	165	54.6%	137	45.4%	302	100.0%

Export orientation	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Non export-oriented	109	55.1%	89	44.9%	198	100.0%
Strict export-oriented	58	56.3%	45	43.7%	103	100.0%
Total	167	55.5%	134	44.5%	301	100.0%

Export orientation	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Non export-oriented	93	53.1%	82	46.9%	175	100.0%
Less Strict export-oriented	74	58.7%	52	41.3%	126	100.0%
Total	167	55.5%	134	44.5%	301	100.0%

Buy new machineries/equipment

Nationality	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Domestic	123	74.1%	43	25.9%	166	100.0%
Foreign	103	76.3%	32	23.7%	135	100.0%
Total	226	75.1%	75	24.9%	301	100.0%

Sector	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
1.Construction	6	75.0%	2	25.0%	8	100.0%
12.Mining & Quarrying	3	42.9%	4	57.1%	7	100.0%
3.Information and communication	3	60.0%	2	40.0%	5	100.0%
13.Transportation	2	50.0%	2	50.0%	4	100.0%
8.Manufacture of textile, apparel and leather.	38	88.4%	5	11.6%	43	100.0%
4.Manufacture of food, beverages and tobacco products.	40	75.5%	13	24.5%	53	100.0%
6.Manufacture of paper, furniture and wood products.	19	73.1%	7	26.9%	26	100.0%

9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	22	64.7%	12	35.3%	34	100.0%
7.Manufacture of rubber and plastics products	26	76.5%	8	23.5%	34	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	28	71.8%	11	28.2%	39	100.0%
5.Manufacture of other non-metallic mineral products	18	81.8%	4	18.2%	22	100.0%
11.Printing and reproduction of recorded media	11	73.3%	4	26.7%	15	100.0%
10.Other manufacturing	4	80.0%	1	20.0%	5	100.0%
14.Other services	6	100.0%	0	0.0%	6	100.0%
Total	226	75.1%	75	24.9%	301	100.0%

Location	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Outside zones	115	74.2%	40	25.8%	155	100.0%
ASEZA	7	46.7%	8	53.3%	15	100.0%
Development zones	8	88.9%	1	11.1%	9	100.0%
Industrial zones	96	80.0%	24	20.0%	120	100.0%
More than one zone	2	66.7%	1	33.3%	3	100.0%
Total	228	75.5%	74	24.5%	302	100.0%

Export orientation	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Non export-oriented	149	75.3%	49	24.7%	198	100.0%
Strict export-oriented	77	74.8%	26	25.2%	103	100.0%
Total	226	75.1%	75	24.9%	301	100.0%

Hire new workers

Nationality	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Domestic	86	52.4%	78	47.6%	164	100.0%
Foreign	69	51.9%	64	48.1%	133	100.0%
Total	155	52.2%	142	47.8%	297	100.0%

Sector	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
1.Construction	3	37.5%	5	62.5%	8	100.0%
12.Mining & Quarrying	5	71.4%	2	28.6%	7	100.0%
2.Information and communication	2	40.0%	3	60.0%	5	100.0%
13.Transportation	3	75.0%	1	25.0%	4	100.0%
8.Manufacture of textile, apparel and leather.	29	67.4%	14	32.6%	43	100.0%
4.Manufacture of food, beverages and tobacco products.	23	43.4%	30	56.6%	53	100.0%
6.Manufacture of paper, furniture and wood products.	12	48.0%	13	52.0%	25	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	13	38.2%	21	61.8%	34	100.0%
7.Manufacture of rubber and plastics products	17	53.1%	15	46.9%	32	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	21	53.8%	18	46.2%	39	100.0%
5.Manufacture of other non-metallic mineral products	14	66.7%	7	33.3%	21	100.0%
11.Printing and reproduction of recorded media	6	40.0%	9	60.0%	15	100.0%
10.Other manufacturing	4	80.0%	1	20.0%	5	100.0%
14.Other services	3	50.0%	3	50.0%	6	100.0%
Total	155	52.2%	142	47.8%	297	100.0%

Location	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Outside zones	78	50.6%	76	49.4%	154	100.0%
ASEZA	6	40.0%	9	60.0%	15	100.0%
Development zones	7	77.8%	2	22.2%	9	100.0%
Industrial zones	65	54.6%	54	45.4%	119	100.0%
Total	156	52.5%	141	47.5%	297	100.0%

Export orientation	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Non export-oriented	97	50.05	97	50.0%	194	100.0%

Strict export-oriented	58	56.3%	45	43.7%	103	100.0%
Total	155	52.2%	142	47.8%	297	100.0%

Retain existing workforce

Nationality	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Domestic	87	53.0%	77	47.0%	164	100.0%
Foreign	80	60.2%	53	39.8%	133	100.0%
Total	167	56.2%	130	43.8%	297	100.0%

Sector	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
1.Construction	3	37.5%	5	62.5%	8	100.0%
12.Mining & Quarrying	5	71.4%	2	28.6%	7	100.0%
2.Information and communication	4	80.0%	1	20.0%	5	100.0%
13.Transportation	3	75.0%	1	25.0%	4	100.0%
8.Manufacture of textile, apparel and leather.	29	67.4%	14	32.6%	43	100.0%
4.Manufacture of food, beverages and tobacco products.	28	52.8%	25	47.2%	53	100.0%
6.Manufacture of paper, furniture and wood products.	11	44.0%	14	56.0%	25	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	18	52.9%	16	47.1%	34	100.0%
7.Manufacture of rubber and plastics products	16	50.0%	16	50.0%	32	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	20	51.3%	19	48.7%	39	100.0%
5.Manufacture of other non-metallic mineral products	15	71.4%	6	28.6%	21	100.0%
11.Printing and reproduction of recorded media	8	53.3%	7	46.7%	15	100.0%
10.Other manufacturing	4	80.0%	1	20.0%	5	100.0%
14.Other services	3	50.0%	3	50.0%	6	100.0%
Total	167	43.8%	130	56.2%	297	100.0%

Location	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Outside zones	84	54.5%	70	45.5%	154	84
ASEZA	5	33.3%	10	66.7%	15	5
Development zones	7	77.8%	2	22.2%	9	7

Industrial zones	71	59.7%	48	40.3%	119	71
Total	167	56.2%	130	43.8%	297	100.0%

Export orientation	**Marginal: Yes**		**Infra-marginal: No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Non export-oriented	108	55.7%	86	44.3%	194	100.0%
Strict export-oriented	59	57.3%	44	42.7%	103	100.0%
Total	167	56.2%	130	43.8%	297	100.0%

Export

Nationality	**Marginal: Yes**		**Infra-marginal: No**		**Total**	
	Freq	%	Freq	%	Freq	%
Domestic	83	52.9%	74	47.1%	157	100.0%
Foreign	82	62.1%	50	37.9%	132	100.0%
Total	165	57.1%	124	42.9%	289	100.0%

Sector	**Marginal: Yes**		**Infra-marginal: No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
1.Construction	1	12.5%	7	87.5%	8	100.0%
12.Mining & Quarrying	4	57.1%	3	42.9%	7	100.0%
2.Information and communication	3	60.0%	2	40.0%	5	100.0%
13.Transportation	3	75.0%	1	25.0%	4	100.0%
8.Manufacture of textile, apparel and leather.	32	76.2%	10	23.8%	42	100.0%
4.Manufacture of food, beverages and tobacco products.	23	43.4%	30	56.6%	53	100.0%
6.Manufacture of paper, furniture and wood products.	15	62.5%	9	37.5%	24	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	25	73.5%	9	26.5%	34	100.0%
7.Manufacture of rubber and plastics products	17	53.1%	15	46.9%	32	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	17	45.9%	20	54.1%	37	100.0%
5.Manufacture of other non-metallic mineral products	13	72.2%	5	27.8%	18	100.0%
11.Printing and reproduction of recorded media	5	33.3%	10	66.7%	15	100.0%

10.Other manufacturing	3	75.0%	1	25.0%	4	100.0%
14.Other services	4	66.7%	2	33.3%	6	100.0%
Total	165	57.1%	124	42.9%	289	100.0%

Location	**Marginal: Yes**		**Infra-marginal: No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Outside zones	72	48.3%	77	51.7%	149	100.0%
ASEZA	7	46.7%	8	53.3%	15	100.0%
Development zones	7	77.8%	2	22.2%	9	100.0%
Industrial zones	80	69.6%	35	30.4%	115	100.0%
Total	166	57.6%	122	42.4%	288	100.0%

By export **Export orientation**	**Marginal: Yes**		**Infra-marginal: No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Non export-oriented	92	48.9%	96	51.1%	188	100.0%
Strict export-oriented	73	72.3%	28	27.7%	101	100.0%
Total	165	57.1%	124	42.9%	289	100.0%

Invest in green technology

Nationality	**Marginal: Yes**		**Infra-marginal: No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Domestic	0	0.0%	77	100.0%	77	100.0%
Foreign	1	1.8%	54	98.2%	55	100.0%
Total	1	0.8%	131	99.2%	132	100.0%

By **Sector**	**Marginal: Yes**		**Infra-marginal: No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
1.Construction	0	0.0%	5	100.0%	5	100.0%
12.Mining & Quarrying	0	0.0%	2	100.0%	2	100.0%
2.Information and communication	0	0.0%	1	100.0%	1	100.0%
13.Transportation	0	0	0	0	0	0
8.Manufacture of textile, apparel and leather.	0	0.0%	7	100.0%	7	100.0%
4.Manufacture of food, beverages and tobacco products.	0	0.0%	31	100.0%	31	100.0%

6.Manufacture of paper, furniture and wood products.	0	0.0%	14	100.0%	14	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	0	0.0%	15	100.0%	15	100.0%
7.Manufacture of rubber and plastics products	0	0.0%	17	100.0%	17	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	1	6.7%	14	93.3%	15	100.0%
5.Manufacture of other non-metallic mineral products	0	0.0%	9	100.0%	9	100.0%
11.Printing and reproduction of recorded media	0	0.0%	10	100.0%	10	100.0%
10.Other manufacturing	0	0.0%	3	100.0%	3	100.0%
14.Other services	0	0.0%	3	100.0%	3	100.0%
Total	1	0.8%	131	99.2%	132	100.0%

Location	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Outside zones	0	0.0%	79	100.0%	79	100.0%
ASEZA	0	0.0%	2	100.0%	2	100.0%
Development zones	1	16.7%	5	83.3%	6	100.0%
Industrial zones	0	0.0%	45	100.0%	45	100%
Total	1	0.8%	131	99.2%	132	100.0%

Export orientation	Marginal: Yes		Infra-marginal: No		Total	
	Freq	%	Freq	%	Freq	%
Non export-oriented	1	1.1%	90	98.9%	91	100.0%
Strict export-oriented	0	0.0%	41	100.0%	41	100.0%
Total	1	0.8%	131	99.2%	132	100.0%

Q36: Is your company currently considering (please select all those that apply):

Plans / Considerations	Freq	%
Additional investment in Jordan	82	27.2%
Additional investment but in another country	55	18.2%
Shifting operations/company to another location in Jordan	19	6.3%
Shifting operations/company to another country	20	6.6%
Closing operations/company	24	7.9%
Stay the same	160	53.0%
Total	360	100%

Considerations	Domestic		Foreign	
	Freq	%	Freq	%
Additional investment in Jordan	44	26.3%	38	28.1%
Additional investment but in another country	32	19.2%	23	17.0%
Shifting operations/company to another location in Jordan	13	7.8%	6	4.4%
Shifting operations/company to another country	13	7.8%	7	5.2%
Closing operations/company	16	9.6%	8	5.9%
Stay the same	85	50.9%	75	55.6%

Considerations	Development zones		Industrial zones		ASEZA		outside zones	
	Freq	%	Freq	%	Freq	%	Freq	%
Additional investment in Jordan	5	55.6%	34	26.0%	5	31.3%	37	19.7%
Additional investment but in another country	1	11.1%	19	14.5%	1	6.3%	33	17.6%
Shifting operations/company to another location in Jordan	0	0.0%	8	6.1%	0	0.0%	10	5.3%
Shifting operations/company to another country	1	11.1%	8	6.1%	1	6.3%	10	5.3%
Closing operations/company	0	0.0%	5	3.8%	2	12.5%	17	9.0%
Stay the same	2	22.2%	57	43.5%	7	43.8%	81	43.1%

Considerations	Natural resource seeking		Domestic market seeking		Efficiency seeking	
	Freq	%	Freq	%	Freq	%

Additional investment in Jordan	2	25.0%	39	19.1%	41	29.3%
Additional investment but in another country	1	12.5%	30	14.7%	24	17.1%
Shifting operations/company to another location in Jordan	1	12.5%	10	4.9%	8	5.7%
Shifting operations/company to another country	0	0.0%	8	3.9%	12	8.6%
Closing operations/company	0	0.0%	14	6.9%	10	7.1%
Stay the same	4	50.0%	103	50.5%	54	38.6%

Sector	Additional investment in Jordan		Additional investment but in another country		Shifting operations/company to another location in Jordan		Shifting operations/company to another country		Closing operations/company		Stay the same		Total	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1.Construction	3	25%	3	25%	0	0%	2	17%	2	17%	2	17%	12	100%
12.Mining & Quarrying	2	25%	1	13%	1	13%	0	0%	0	0%	4	50%	8	100%
2.Information and communication	1	20%	2	40%	0	0%	0	0%	0	0%	2	40%	5	100%
13.Transportation	1	20%	0	0%	0	0%	1	20%	1	20%	2	40%	5	100%
8.Manufacture of textile, apparel and leather.	14	27%	8	16%	1	2%	4	8%	2	4%	22	43%	51	100%
4.Manufacture of food, beverages and tobacco products.	16	25%	9	14%	5	8%	3	5%	4	6%	28	43%	65	100%
6.Manufacture of paper, furniture and wood products.	6	20%	2	7%	2	7%	1	3%	3	10%	16	53%	30	100%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	11	28%	4	10%	1	3%	2	5%	3	8%	18	46%	39	100%
7.Manufacture of rubber and plastics products	9	21%	10	23%	1	2%	3	7%	4	9%	16	37%	43	100%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	7	17%	3	7%	3	7%	1	2%	3	7%	25	60%	42	100%
5.Manufacture of other non-metallic mineral products	6	22%	2	7%	3	11%	0	0%	0	0%	16	59%	27	100%
11.Printing and reproduction of recorded media	3	15%	6	30%	2	10%	3	15%	0	0%	6	30%	20	100%
10.Other manufacturing	1	20%	2	40%	0	0%	0	0%	1	20%	1	20%	5	100%
14.Other services	2	25%	3	38%	0	0%	0	0%	1	13%	2	25%	8	100%

Considerations	Non-export oriented		Strict export oriented	
	Freq	%	Freq	%
Additional investment in Jordan	46	19.5%	36	28.8%
Additional investment but in another country	37	15.7%	18	14.4%
Shifting operations/company to another location in Jordan	12	5.1%	7	5.6%
Shifting operations/company to another country	11	4.7%	9	7.2%
Closing operations/company	16	6.8%	8	6.4%
Stay the same	114	48.3%	47	37.6%

Q37: Over the next one year, are you expecting your workforce to be (please select one option):

Workforce expected to be:	Freq	%
Larger	154	51.0%
Approximately the same	107	35.4%
Smaller	41	13.6%
Total	302	100.0%

Nationality	Larger		Approximately the same		Smaller		Total	
	Freq	%	Freq	%	Freq	%	Freq	%
Domestic	76	45.5%	64	38.3%	27	16.2%	167	100.0%
Foreign	78	57.8%	43	31.9%	14	10.4%	135	100.0%
Total	154	51.0%	107	35.4%	41	13.6%	302	100.0%

Sector	Larger		Approximately the same		Smaller		Total	
	Freq	%	Freq	%	Freq	%	Freq	%
1.Construction	1	12.5%	5	62.5%	2	25.0%	8	100.0%
12.Mining & Quarrying	6	85.7%	0	0.0%	1	14.3%	7	100.0%
2.Information and communication	3	60.0%	2	40.0%	0	0.0%	5	100.0%
13.Transportation	2	50.0%	2	50.0%	0	0.0%	4	100.0%
8.Manufacture of textile, apparel and leather.	24	55.8%	11	25.6%	8	18.6%	43	100.0%
4.Manufacture of food, beverages and tobacco products.	26	49.1%	20	37.7%	7	13.2%	53	100.0%
6.Manufacture of paper, furniture and wood products.	15	57.7%	9	34.6%	2	7.7%	26	100.0%
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	17	50.0%	14	41.2%	3	8.8%	34	100.0%
7.Manufacture of rubber and plastics products	14	41.2%	12	35.3%	8	23.5%	34	100.0%

3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	22	56.4%	12	30.8%	5	12.8%	39	100.0%
5.Manufacture of other non-metallic mineral products	14	60.9%	8	34.8%	1	4.3%	23	100.0%
11.Printing and reproduction of recorded media	4	26.7%	9	60.0%	2	13.3%	15	100.0%
10.Other manufacturing	4	80.0%	0	0.0%	1	20.0%	5	100.0%
14.Other services	2	33.3%	3	50.0%	1	16.7%	6	100.0%
Total	154	51.0%	107	35.4%	41	13.6%	302	100.0%

Investment motive	Larger		Approximately the same		Smaller		Total	
	Freq	%	Freq	%	Freq	%	Freq	%
Natural resource seeking	6	85.7%	0	0.0%	1	14.3%	7	100.0%
Domestic market-seeking	79	45.4%	71	40.8%	24	13.8%	174	100.0%
Efficiency-seeking	69	57.0%	36	29.8%	16	13.2%	121	100.0%
Total	154	51.0%	107	35.4%	41	13.6%	302	100.0%

Location	Larger		Approximately the same		Smaller		Total	
	Freq	%	Freq	%	Freq	%	Freq	%
Outside zones	65	41.9%	64	41.3%	26	16.8%	155	100.0%
ASEZA	7	46.7%	6	40.0%	2	13.3%	15	100.0%
Development zones	8	88.9%	1	11.1%	0	0.0%	9	100.0%
Industrial zones	72	60.0%	35	29.2%	13	10.8%	120	100.0%
More than one zone	2	66.7%	1	33.3%	0	0.0%	3	100.0%
Total	154	51.0%	107	35.4%	41	13.6%	302	100.0%

Export orientation	Larger		Approximately the same		Smaller		Total	
	Freq	%	Freq	%	Freq	%	Freq	%
Non export-oriented	94	47.2%	75	37.7%	30	15.1%	199	100.0%
Strict export-oriented	60	58.3%	32	31.1%	11	10.7%	103	100.0%
Total	154	51.0%	107	35.4%	41	13.6%	302	100.0%

Q38: What obstacles do you face in hiring skilled (domestic and foreign) workers in Jordan? (Please rate from 5 = highest obstacle to 1 = lowest obstacle)

	1: very low obstacle				2: low obstacle				3: moderate obstacle				4: high obstacle				5: very high obstacle			
Nationality	Jordanian		Foreign		Jordanian		Foreign		Jordanian		Foreign		Jordanian		Foreign		Jordanian		Foreign	
Obstacle	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Existing laws and regulations create obstacles for hiring skilled workers	197	65%	57	20%	16	5%	15	5%	37	12%	51	18%	19	6%	48	17%	33	11%	111	39%
Lack of availability of skilled workers	63	21%	132	47%	34	11%	31	11%	57	19%	55	20%	41	14%	31	11%	107	35%	33	12%
The location of investment is not attractive for skilled workers	213	71%	222	79%	24	8%	26	9%	26	9%	16	6%	15	5%	8	3%	24	8%	10	4%
Salaries and wages for skilled workers are too high	96	32%	139	49%	39	13%	41	15%	61	20%	57	20%	40	13%	23	8%	66	22%	22	8%

	Existing laws and regulations create obstacles for hiring skilled workers		Lack of availability of skilled workers		The location of investment is not attractive for skilled workers		Salaries and wages for skilled workers are too high		Other[84]	
Nationality	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Foreign**
Domestic	2	3	3	2	2	1	3	2	3	4
Foreign	2	3	3	2	2	1	3	2	3	4

Scale: 1: very low obstacle; 2: low obstacle, 3: moderate obstacle; 4: high obstacle; 5: very high obstacle

[84] Training costs, high turnover of newly-hired, work permits, lack of experience in the field of operations, competition with other companies on the workers, unsatisfied workers, social security memberships expenses.

	Existing laws and regulations create obstacles for hiring skilled workers		Lack of availability of skilled workers		The location of investment is not attractive for skilled workers		Salaries and wages for skilled workers are too high		Other	
Sector	Average Jordanians	Average Foreign	Average Jordanians	Average Foreign	Average Jordanians	Average Jordanians	Average Foreign	Average Jordanians	Average Foreign	Average Jordanians
1.Construction	2	5	3	3	2	2	4	3	0	0
12.Mining & Quarrying	1	3	3	2	1	1	4	2	0	0
2.Information and communication	1	2	3	1	1	1	3	1	4	0
13.Transportation	1	3	2	1	2	1	1	1	0	0
8.Manufacture of textile, apparel and leather.	2	3	4	2	2	1	2	2	3	0
4.Manufacture of food, beverages and tobacco products.	2	3	3	2	2	1	3	2	4	4
6.Manufacture of paper, furniture and wood products.	2	3	3	2	2	1	3	2	2	5
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	2	3	3	2	2	1	3	2	4	0
7.Manufacture of rubber and plastics products	2	4	3	2	2	1	3	2	4	3
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	2	3	4	2	2	1	3	2	3	4
5.Manufacture of other non-metallic mineral products	2	3	3	2	2	1	3	2	3	5
11.Printing and reproduction of recorded media	2	3	4	2	1	1	2	1	0	0
10.Other manufacturing	2	3	5	2	2	2	3	3	0	0
14.Other services	2	3	2	2	1	1	3	1	0	0

Scale: 1: very low obstacle; 2: low obstacle, 3: moderate obstacle; 4: high obstacle; 5: very high obstacle

	Existing laws and regulations create obstacles for hiring skilled workers		Lack of availability of skilled workers		The location of investment is not attractive for skilled workers		Salaries and wages for skilled workers are too high		Other	
Investment motive	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**
Natural resource seeking	1	3	3	2	1	1	2	2	0	0
Domestic market-seeking	2	3	3	2	2	1	3	2	3	4
Efficiency-seeking	2	3	4	2	2	1	3	2	3	3

Scale: 1: very low obstacle; 2: low obstacle, 3: moderate obstacle; 4: high obstacle; 5: very high obstacle

	Existing laws and regulations create obstacles for hiring skilled workers		Lack of availability of skilled workers		The location of investment is not attractive for skilled workers		Salaries and wages for skilled workers are too high		Other	
Location	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**
Outside zones	2	3	3	2	2	1	3	2	3	5
ASEZA	2	3	3	1	2	1	3	1	0	0
Development/industrial zones	2	3	4	2	2	1	3	2	3	4

Scale: 1: very low obstacle; 2: low obstacle, 3: moderate obstacle; 4: high obstacle; 5: very high obstacle

	Existing laws and regulations create obstacles for hiring skilled workers		Lack of availability of skilled workers		The location of investment is not attractive for skilled workers		Salaries and wages for skilled workers are too high		Other	
Export orientation	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**	**Average Foreign**	**Average Jordanians**
Non export-oriented	2	3	3	2	2	1	3	2	4	4
Strict export-oriented	2	3	3	2	2	1	3	2	3	3

Scale: 1: very low obstacle; 2: low obstacle, 3: moderate obstacle; 4: high obstacle; 5: very high obstacle

Q 39: Would you hire Syrian workers if work permits were granted to them?

Response	Freq	%
Yes	185	61.3%
No	117	38.7%
Total	302	100.0%

	Domestic		Foreign	
Response	Freq	%	Freq	%
Yes	185	61.3%	84	62.2%
No	66	39.5%	51	37.8%
Total	167	100.0%	135	100.0%

	Yes		No		Total	
Sector	Freq	%	Freq	%	Freq	%
Construction	4	50.0%	4	50.0%	8	100.0%
Mining & Quarrying	4	57.1%	3	42.9%	7	100.0%
Information and communication	2	40.0%	3	60.0%	5	100.0%
Transportation	2	50.0%	2	50.0%	4	100.0%
Manufacture of textile, apparel and leather.	22	51.2%	21	48.8%	43	100.0%
Manufacture of food, beverages and tobacco products.	33	62.3%	20	37.7%	53	100.0%
Manufacture of paper, furniture and wood products.	21	80.8%	5	19.2%	26	100.0%
Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	20	58.8%	14	41.2%	34	100.0%
Manufacture of rubber and plastics products	17	50.0%	17	50.0%	34	100.0%
Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	26	66.7%	13	33.3%	39	100.0%
Manufacture of other non-metallic mineral products	15	65.2%	8	34.8%	23	100.0%
Printing and reproduction of recorded media	10	66.7%	5	33.3%	15	100.0%

Other manufacturing	5	100.0%	0	0.0%	5	100.0%
Other services	4	66.7%	2	33.3%	6	100.0%
Total	185	61.3%	117	38.7%	302	100.0%

	Yes		No		Total	
Investment motive	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**
Natural resource seeking	4	57.1%	3	42.9%	7	100.0%
Domestic market-seeking	101	58.0%	73	42.0%	174	100.0%
Efficiency-seeking	80	66.1%	41	33.9%	121	100.0%
Total	185	61.3%	117	38.7%	302	100.0%

	Inside zones		Outside zone	
Zone location	**Freq**	**%**	**Freq**	**%**
Yes	87	59.2%	98	63.2%
No	60	40.8%	57	36.8%
Total	147	100.0%	155	100.0%

	Yes		No		Total	
Export orientation	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**
Non export-oriented	120	60.3%	79	39.7%	199	100.0%
Strict export-oriented	65	63.1%	38	36.9%	103	100.0%
Total	185	61.3%	117	38.7%	302	100.0%

Q 40: Would the cost of the work permit be an issue?

Response	Freq	%
Yes	133	44.0%
No	169	56.0%
Total	302	100.0%

	Domestic		Foreign	
Nationality	Freq	%	Freq	%
Yes	81	48.5%	47	34.8%
No	86	51.5%	88	65.2%
Total	167	100.0%	135	100.0%

Sector	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
Construction	7	87.5%	1	12.5%	8	100.0%
Mining & Quarrying	6	85.7%	1	14.3%	7	100.0%
Information and communication	1	20.0%	4	80.0%	5	100.0%
Transportation	1	25.0%	3	75.0%	4	100.0%
Manufacture of textile, apparel and leather.	12	27.9%	31	72.1%	43	100.0%
Manufacture of food, beverages and tobacco products	32	60.4%	21	39.6%	53	100.0%
Manufacture of paper, furniture and wood products.	11	42.3%	15	57.7%	26	100.0%
Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	14	41.2%	20	58.8%	34	100.0%
Manufacture of rubber and plastics products	11	32.4%	23	67.6%	34	100.0%
Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	21	53.8%	18	46.2%	39	100.0%
Manufacture of other non-metallic mineral products	6	26.1%	17	73.9%	23	100.0%
Printing and reproduction of recorded media	7	46.7%	8	53.3%	15	100.0%
Other manufacturing	1	20.0%	4	80.0%	5	100.0%
Other services	3	50.0%	3	50.0%	6	100.0%
Total	133	44.0%	169	56.0%	302	100.0%

Investment motive	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
Natural resource seeking	1	14.3%	6	85.7%	7	100.0%
Domestic market-seeking	76	43.7%	98	56.3%	174	100.0%
Efficiency-seeking	51	42.1%	70	57.9%	121	100.0%
Total	128	42.4%	174	57.6%	302	100.0%

	Inside zones		outside zone	
Response	Freq	%	Freq	%
Yes	58	39.5%	70	45.2%
No	89	60.5%	85	54.8%
Total	147	100.0%	155	100.0%

Export orientation	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
Non export-oriented	86	43.2%	113	56.8%	199	100.0%
Strict export-oriented	42	40.8%	61	59.2%	103	100.0%
Total	128	42.4%	174	57.6%	302	100.0%

Q41: If you are importing inputs of production (goods and/or services): what are the top three imported inputs of production that you would like to source locally if available?

Sector	Top 3 inputs of production
1.Construction	• Cement • Devices & equipment • Spare parts
12.Mining & Quarrying	• Stone & marble cutting equipment • Spare parts • Gunpowder
2.Information and communication	• Software • Hardware • Spare parts and peripheral devices
13.Transportation	• None
8.Manufacture of textile, apparel and leather.	• Garment and apparel accessories • Fabrics • Threads and strings
4.Manufacture of food, beverages and tobacco products.	• Packaging material and containers • Flour • Production improvers and enhancers
6.Manufacture of paper, furniture and wood products.	• Accessories • Inks and paints • Raw paper (cellulose)
9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	• Polymers • Sodium compounds • Containers and packages
7.Manufacture of rubber and plastics products	• Dyes • Plastic raw material (PET, PVC…etc) • Spare parts
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	• Aluminum sheets • Metal sheets • Equipment parts
5.Manufacture of other non-metallic mineral products	• Accessories • Adhesives • Raw material for paints and colors
11.Printing and reproduction of recorded media	• Paper sheets & rolls

	• Inks and dyes • Solvents and printing chemicals
10.Other manufacturing	• Glass • Aluminum • Spare parts
14.Other services	• Equipment • Medical materials

Q42: As a result of your experience, have you encouraged any other people or companies to consider investing in Jordan?

Answer	Freq	%
Yes	159	52.6%
No	143	47.4%
Total	302	100.0%

Nationality	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
Domestic	79	47.3%	88	52.7%	167	100.0%
Foreign	80	59.3%	55	40.7%	135	100.0%
Total	159	52.6%	143	47.4%	302	100.0%

Sector	Yes		No		Total	
	Freq	%	Freq	%	Freq	%
1.Construction	4	50.0%	4	50.0%	8	100.0%
12.Mining & Quarrying	5	71.4%	2	28.6%	7	100.0%
2.Information and communication	2	40.0%	3	60.0%	5	100.0%
13.Transportation	2	50.0%	2	50.0%	4	100.0%
8.Manufacture of textile, apparel and leather.	28	65.1%	15	34.9%	43	100.0%
4.Manufacture of food, beverages and tobacco products.	26	49.1%	27	50.9%	53	100.0%
6.Manufacture of paper, furniture and wood products.	14	53.8%	12	46.2%	26	100.0%

9.Manufacture of chemicals and chemical products, basic pharmaceutical products and pharmaceutical preparations	14	41.2%	20	58.8%	34	100.0%
7.Manufacture of rubber and plastics products	14	41.2%	20	58.8%	34	100.0%
3.Manufacture of computer, electronic products, electrical equipment, machinery, equipment, metal products	22	56.4%	17	43.6%	39	100.0%
5.Manufacture of other non-metallic mineral products	15	65.2%	8	34.8%	23	100.0%
11.Printing and reproduction of recorded media	6	40.0%	9	60.0%	15	100.0%
10.Other manufacturing	3	60.0%	2	40.0%	5	100.0%
14.Other services	4	66.7%	2	33.3%	6	100.0%
Total	159	52.6%	143	47.4%	302	100.0%

Investment motive	**Yes**		**No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Natural resource seeking	5	71.4%	2	28.6%	7	100.0%
Domestic market-seeking	85	48.9%	89	51.1%	174	100.0%
Efficiency-seeking	69	57.0%	52	43.0%	121	100.0%
Total	159	52.6%	143	47.4%	302	100.0%

Location	**Yes**		**No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Outside zones	79	51%	76	49%	155	100.0%
ASEZA	8	53.3%	7	46.7%	15	100.0%
Development zones	6	66.7%	3	33.3%	9	100.0%
Industrial zones	63	52.5%	57	47.5%	120	100.0%
More than one zone	3	100%	0	0%	3	100.0%
Total	159	52.3%	143	47.7%	302	100.0%

Export orientation	**Yes**		**No**		**Total**	
	Freq	**%**	**Freq**	**%**	**Freq**	**%**
Non export-oriented	98	49.2%	101	50.8%	199	100.0%

Strict export-oriented	61	59.2%	42	40.8%	103	100.0%
Total	159	52.6%	143	47.4%	302	100.0%