IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached base offering circular following this notice, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached base offering circular (the "**Base Offering Circular**"). In accessing the Base Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time-to-time, each time you receive any information from the Issuer, the Arrangers or the Dealers (each as defined in the Base Offering Circular) as a result of such access.

Confirmation of Your Representation: By accessing the Base Offering Circular you have confirmed to the Issuer, the Arrangers and the Dealers that (i) you understand and agree to the terms set out herein, (ii) you are either (a) a person who is outside the United States and that the electronic mail address you have given is not located in the United States, its territories and possessions, or (b) a person that is a "Qualified Institutional Buyer" (a "**QIB**") within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the Base Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Arrangers and the Dealers, and (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the Notes.

You are reminded that the Base Offering Circular has been delivered to you on the basis that you are a person into whose possession the Base Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Offering Circular, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

Restrictions: THE FOLLOWING ELECTRONIC TRANSMISSION MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS DOCUMENT MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND TO QIBS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS DOCUMENT CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY NOTES DESCRIBED THEREIN.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. ANY NOTES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH REGULATION S OR RULE 144A.

In addition, in the United Kingdom, the attached document is being distributed only to and is directed only at: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (b) high net worth entities falling within Article 49(2)(a) to (d) of the Order; and (c) other persons to whom it may otherwise lawfully be communicated under the Order (all such persons together referred to as "**relevant persons**"). Any investment or investment activity to which the document relates is available only in the United Kingdom to relevant persons and will be engaged in only with such persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**")) received by it in connection with the Programme (as defined in the Base Offering Circular) other than in circumstances in which Section 21(1) of the FSMA does not apply.

This document has been delivered to you on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

Notification under section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time-to-time, the "SFA") – Unless otherwise stated in the applicable Pricing Supplement, all Notes issued or to be issued under the Programme shall be 'prescribed capital markets products' (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Base Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and an Arranger or Dealer or any affiliate of the applicable Arranger or applicable Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arranger or such Dealer or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction.

The Base Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arrangers or the Dealers, any person who controls any of the Issuer, the Arrangers or the Dealers, any director, officer, employee or agent of any of them, or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Offering Circular distributed to you in electronic format and the hard copy version available to you on request from any of the Arrangers or the Dealers. Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this document is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

BASE OFFERING CIRCULAR

THE HASHEMITE KINGDOM OF JORDAN

Global Medium Term Note Programme

Under this Global Medium Term Note Programme (the "**Programme**"), The Hashemite Kingdom of Jordan (the "**Issuer**", the "**Kingdom**" or "**Jordan**") may, subject to compliance with all applicable laws, regulations and directives, from time-to-time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**"). The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time-to-time by the Issuer (each a "**Dealer**", and together, the "**Dealers**"), which appointment may be for a specific Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes or on an ongoing basis. References in this Base Offering Circular to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

Application may be made to the United Kingdom ("**UK**") Financial Conduct Authority (the "**FCA**") for Notes issued under the Programme to be admitted to the official list of the FCA (the "**Official List**") and to London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's main market (the "**Main Market**"). For the purposes of any such application, the Issuer is an exempt issuer pursuant to Article 1(2) of Regulation (EU) 2017/1129 (as amended, the "**EU Prospectus Regulation**") as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**") (as amended, the "**UK Prospectus Regulation**"). Accordingly, this Base Offering Circular has not been reviewed or approved by the FCA and has not been approved as a base prospectus by any other competent authority under the UK Prospectus Regulation. Notes admitted to the Official List and admitted to trading on the London Stock Exchange's Main Market will not be subject to the prospectus requirements but will be issued in accordance with the listing rules of the London Stock Exchange.

References in this Base Offering Circular to the Notes being "**listed**" (and all related references) shall mean that, unless otherwise specified in the applicable Pricing Supplement (as defined below), the Notes have been admitted to trading on the London Stock Exchange's Main Market and have been admitted to the Official List. The London Stock Exchange's Main Market is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No. 600/2014 on markets in financial instruments as it forms part of domestic law in the United Kingdom by virtue of the EUWA ("**UK MiFIR**").

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche of Notes will be set out in a pricing supplement document (the "**Pricing Supplement**").

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. State securities laws and may not be offered or sold in the United States, except pursuant to an exemption from, or, in a transaction not subject to, the registration requirements of the Securities Act and in compliance with all applicable securities laws of any state of the United States and any other jurisdiction. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Accordingly, the Notes offered under the Programme are offered and sold: (a) in the United States only to qualified institutional buyers ("**QIBs**") (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) in reliance on, and in compliance with, Rule 144A ("**Rule 144A Notes**"); and/or (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**") ("**Regulation S Notes**"). **Registered Notes are subject to certain restrictions on transfer, and sales of such Registered Notes may be made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A, see "*Subscription and Sale and Transfer and Selling Restrictions*".**

Amounts payable on Floating Rate Notes will be calculated by reference to EURIBOR, as specified in the applicable Pricing Supplement. As at the date of this Base Offering Circular, the administrator of EURIBOR is included in the FCA's third country register of administrators and benchmarks under Article 36 of Regulation (EU) No. 2016/1011 as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK Benchmarks Regulation**").

The Issuer has been assigned a long-term foreign currency rating of B+ (Stable) by S&P Global Ratings UK Limited ("**Standard & Poor's**"), long-term foreign currency rating of B1 (Stable) by Moody's Investors Service, Inc. ("**Moody's**") and a long-term foreign currency rating of BB- (Stable) by Fitch Ratings Ltd. ("**Fitch**"). Each of Standard & Poor's and Fitch is established in the United Kingdom and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**"). The ratings issued by Moody's have been endorsed by Moody's Investors Service Limited in accordance with the UK CRA Regulation. Moody's Investors Service Limited is established in the United Kingdom and is registered under the UK CRA Regulation. Neither Standard & Poor's, Moody's nor Fitch is established in the European Union (the "**EU**"), included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") in accordance with Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") or registered under the CRA Regulation. The rating issued by Standard & Poor's, Moody's and Fitch have been endorsed by S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, respectively, in accordance with the CRA Regulation. Each of S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is established in the EU and is registered under the CRA Regulation. As such, each of Standard & Poor's Global Ratings Europe Limited, Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is included in the list of credit rating agencies published by ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arrangers

Citigroup **Goldman Sachs International** **HSBC**

Dealers

Citigroup **Goldman Sachs International** **HSBC**

Financial Adviser to the Kingdom

Lion's Head Global Partners

The date of this Base Offering Circular is 6 June 2022.

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RESPONSIBILITY STATEMENT

The Kingdom accepts responsibility for the information contained in this Base Offering Circular and the applicable Pricing Supplement for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Kingdom, the information contained in this Base Offering Circular is in accordance with the facts and the Base Offering Circular makes no omission likely to affect its import. The opinions, assumptions, intentions, projections and forecasts expressed in this Base Offering Circular with regard to the Kingdom are honestly held by the Kingdom, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

IMPORTANT NOTICES

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers, the Agents or the Arrangers.

Information included herein that is identified as being derived from information published by the Kingdom or one of its agencies or instrumentalities is included herein on the authority of such publication as a public official document of the Kingdom. All other information herein with respect to the Kingdom is included herein as a public official statement made on the authority of the Ministry of Finance of Jordan.

None of the Arrangers, the Agents and the Dealers nor any of their respective affiliates have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Dealers, the Agents or the Arrangers or any of their respective affiliates as to the accuracy or completeness of the information contained in this Base Offering Circular or any other information provided by the Issuer in connection with the Programme nor any responsibility for any acts or omissions of the Issuer or any other person in connection with this Base Offering Circular or the issue and offering of Notes under the Programme. None of the Dealers, the Agents or the Arrangers or any of their respective affiliates accepts any liability in relation to the information contained in this Base Offering Circular or any other information provided by the Issuer in connection with the Programme.

Neither this Base Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers, the Agents or the Arrangers or any of their affiliates that any recipient of this Base Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers, the Agents or the Arrangers or any of their affiliates to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. Without limitation, the Dealers, the Agents and the Arrangers expressly do not undertake to review the economic condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

Prohibition of Sales to EEA Retail Investors – If the applicable Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes issued or to be issued under the Programme are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors – If the applicable Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared.

EU MiFID II product governance / target market – If applicable, the Pricing Supplement in respect of any Notes will include a legend entitled "EU MiFID II product governance", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration this target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**EU MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

If applicable, a determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

UK MiFIR product governance / target market – If applicable, the Pricing Supplement in respect of any Notes will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration this target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

If applicable, a determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

Notification under section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time-to-time, the "SFA") – Unless otherwise stated in the applicable Pricing Supplement, all Notes issued or to be issued under the Programme shall be 'prescribed capital markets products' (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Base Offering Circular has been prepared on a basis that any offer of Notes to the public in any member state of the EEA (each, a "**Relevant State**") must be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation for such offers of Notes. Accordingly any person making or intending to make an offer of Notes to the public in that Relevant State may only do so in circumstances in which no obligation arises for the Issuer, the Arrangers, any Dealer or any of their affiliates to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation, in each case, in relation to such offer. None of the Issuer, the Arrangers, any Dealer or any of their affiliates have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

This Base Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealers, the Arrangers and their respective affiliates do not represent that this Base Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers, the Arrangers or any of their respective affiliates, which is intended to permit a public offering of any Notes or distribution of this Base Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Offering Circular and the offer or sale of Notes in the United States, the EEA, the United Kingdom, Canada, the Hashemite Kingdom of Jordan, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Kuwait, Japan, Hong Kong and Singapore. See "*Subscription and Sale and Transfer and Selling Restrictions*".

None of the Dealers, Arrangers, any Agents, any of their respective affiliates or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of the purchase of any Notes.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Base Offering Circular. Any consents or approvals that are needed in order to purchase any Notes must be obtained prior to the deadline specified for any such consent or approval. The Issuer, the Arrangers, the Dealers, the Agents and their respective affiliates are not responsible for compliance with these legal requirements. The appropriate characterisation of the Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase any Notes, is subject to significant interpretative uncertainties.

NOTICE TO PROSPECTIVE U.S. INVESTORS

This Base Offering Circular is being submitted on a confidential basis in the United States to QIBs for informational use, solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. This Base Offering Circular may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on, and in accordance with, Rule 144A or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together, "Legended Notes") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO RESIDENTS OF THE HASHEMITE KINGDOM OF JORDAN

The Notes will not be offered, sold or delivered at any time, directly or indirectly, in the Hashemite Kingdom of Jordan in a manner that would constitute a public offering. Notes are not and will not be traded on the Amman Stock Exchange.

The Notes will not be offered, sold or promoted or advertised by it in Jordan other than in compliance with the Securities Law № (18) of 2017, as amended, the Law Regulating Dealings in Foreign Exchange № (1) of 2017, and regulations and instructions issued pursuant thereto.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

This Base Offering Circular does not constitute an offer of securities in the Kingdom of Bahrain ("**Bahrain**") in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law № 64 of 2006, as amended from time-to-time). This Base Offering Circular and related offering documents have not been and will not be registered as a prospectus with the Central Bank of Bahrain (the "**CBB**"). Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase the Notes, whether directly or indirectly, to persons in Bahrain, other than as marketing to accredited investors (as such term is defined by the CBB) for an offer outside Bahrain.

A copy of this Base Offering Circular has been filed with the CBB. The CBB has not reviewed, approved or registered this Base Offering Circular or related offering documents and it has not in any way considered the merits of the Notes to be marketed for investment, whether in or outside Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Offering Circular. No offer of Notes will be made to the public in Bahrain and this Base Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

The offering of Notes issued under the Programme will comply with Legislative Decree № (4) of 2001 with respect to the Prevention and Prohibition of the Laundering of Money, as amended from time-to-time, and the Ministerial Orders issued thereunder, including, but not limited to, Ministerial order № (7) of 2001 with respect to Institution's Obligations Concerning the Prohibition and Combating of Money Laundering and Anti-Money Laundering and Combating of Financial Crime Module contained in the Central Bank of Bahrain Rulebook, Volume 6.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF THE STATE OF KUWAIT

Unless all necessary approvals from the Kuwait Capital Markets Authority (the "**Kuwait Capital Market Authority**") pursuant to Law № 7 of 2010, its Executive Regulations and the various Resolutions, Instructions and Announcements issued pursuant thereto, or in connection therewith, have been given in relation to the marketing of, and sale of, the Notes issued under the Programme, the Notes may not be offered for sale, nor sold, in Kuwait. No such approvals have been received or applied for in respect of any Notes to be issued under the Programme. Neither this Base Offering Circular nor any of the information contained herein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

NOTICE TO RESIDENTS OF CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Offering Circular or any applicable Pricing Supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), so long as a concurrent distribution of the Notes is made to investors in the United States, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering. In the event the Notes are distributed to investors in Canada without a concurrent distribution of the Notes to investors in the United States, the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest may apply.

THE NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Offering Circular or any supplement thereto;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

FORWARD-LOOKING STATEMENTS

This Base Offering Circular includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or in relation to discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Base Offering Circular and include statements regarding the current intentions, plans, estimates, assumptions, programmes, beliefs or expectations of the Government of the Kingdom (the "**Government**").

These statements are not historical facts, but are based on the Government's current plans, estimates, assumptions and projections. Future events may differ materially from those expressed or implied by such forward-looking statements. Therefore, prospective investors should not place undue reliance on them. Forward-looking statements speak only as at the date they are made, and the Kingdom undertakes no obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks. The Kingdom cautions prospective investors that many factors could affect the future performance of the Jordanian economy.

These factors include, but are not limited to, external factors, such as:

- the impact of the COVID-19 pandemic on national, regional and global economies;

- regional, political and security concerns, including the Syrian conflict and the influx of refugees fleeing regional conflicts and the consequences of the Russia Ukraine conflict;

- the costs associated with the presence of a large number of refugees in the Kingdom and the ability of the Government to obtain foreign aid to support such costs;

- economic conditions in Jordan's major export markets;

- the impact of changes in the international prices of commodities;

- the decisions of international financial institutions and foreign governments regarding the terms of their financial assistance to Jordan;

- the global financial crisis;

- interest rates in financial markets outside of Jordan; and

- the impact of changes in the credit rating of Jordan,

as well as internal factors, such as:

- the Government's response to, and the impact on the Government's finances from, the COVID-19 pandemic;

- terrorism;

- political, economic and business conditions in Jordan;

- the ability of the Kingdom to implement economic and social reforms including the Jordan 2025 programme, the King's Reform Matrix and the Government's Indicative Executive Program;

- the cost and timetable for infrastructure projects;

- the level of subsidies;

- the level of external and domestic debt;

- the levels of foreign direct and portfolio investment;

- domestic inflation;

- present and future exchange rates of the Jordanian Dinar; and

- the levels of Jordanian domestic interest rates.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise stated, all annual information, including budgetary information, is based on calendar years. Certain figures included in this Base Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures, which precede them. It should be noted that certain historic data set out herein may be subject to amendment as a result of more accurate and updated information becoming available. Statistical information (including budgetary and economic information) reported herein has been derived from official publications of, and information supplied by, a number of agencies of the Kingdom, including the Department of Statistics and the Ministry of Finance (the "**Ministry of Finance**"), as well as the Central Bank of Jordan (the "**CBJ**"). Certain statistical information (including budgetary and economic information) has also been derived from publicly-available information published by the World Bank and the International Monetary Fund (the "**IMF**"). Certain historical statistical information contained herein is based on estimates that the Kingdom and/or its agencies believe to be based on reasonable assumptions.

Gross domestic product ("**GDP**") is a measure of the total value of final products and services produced in a country. "**GDP at current prices**" measures the total value of final production in current prices. "**GDP at constant prices**" measures the total value of final production in constant prices, thus allowing historical GDP comparisons that exclude the effect of inflation. GDP at constant prices figures are calculated by reference to 2016 prices. GDP at constant market prices and GDP at current market prices include net taxes on products, whereas GDP at constant basic prices and GDP at current basic prices exclude such taxes.

The consumer price index ("**CPI**") measures the general price level of a fixed basket of goods and services consumed by Jordanian households (comprised of 851 commodities and services), including those imported from abroad. It is prepared by the Department of Statistics and weighted by the average household expenditure on goods and services, acquired from the results of *Household Expenditure and Income Survey* carried out in 2006.

The Ministry of Finance has started publishing General Government Statistics on a quarterly basis. The reporting follows the IMF's Government Finance Statistics Manual 2014 (GFSM 2014) and includes Central Government entities, Government Units, Municipalities, including Great Amman Municipality, and the Social Security Corporation/ Fund. This reporting is still work in progress and is subject to continuous revisions by the Ministry of Finance.

Review and Adjustment of Statistics

The Kingdom's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may differ from previously published figures and may be subsequently adjusted or revised. In addition, the statistical data appearing in this Base Offering Circular have been obtained from public sources and documents, which may not have been prepared in accordance with the standards of, or to the same degree of accuracy as, equivalent statistics produced by the relevant bodies in other countries. Investors may be able to obtain similar statistics from other sources, but the underlying assumptions, methodologies and, consequently, the resulting data may vary from source-to-source, and there can be no assurance that the statistical data appearing in this Base Offering Circular are as accurate or as reliable as those published by more developed countries. In particular, certain of the information and data contained in this Base Offering Circular for all or part of the fiscal years 2020 and 2021 and interim periods in 2021 and 2022 are preliminary and subject to further adjustment or revision. In addition, GDP figures for the year 2020 and for interim periods in 2021 and 2022 are preliminary and subject to further adjustment or revision. While the Government does not expect revisions to be material, no assurance can be given that material changes will not be made. See "*Risk Factors—Risks Relating to the Kingdom—Statistics*".

Data Dissemination

Jordan is a subscriber to the IMF's Special Data Dissemination Standard (the "**SDDS**"), which is designed to improve the timeliness and quality of information of subscribing member countries. The SDDS requires subscribing member countries to provide schedules indicating, in advance, the date on which data will be released, the so-called "Advance Release Calendar". For Jordan, precise dates or "no-later-than dates" for the release of data under the SDDS are disseminated no later than three months in advance through the Advance Release Calendar, which is published on the Internet under the IMF's Dissemination Standards Bulletin Board. Summary methodologies of all metadata to enhance transparency of statistical compilation are also provided on the Internet under the IMF's Dissemination Standard Bulletin Board.

The website is http://dsbb.imf.org/Pages/SDDS/CtyCtgList.aspx?ctycode=JOR. The website and any information on it are not part of this Base Offering Circular.

Exchange Rate History

All references to "**Jordanian Dinars**" and "**JD**" refer to the currency of the Kingdom, all references to "**U.S.$**" and "**U.S. Dollars**" refer to the lawful currency of the United States of America, all references to "**Euros**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended, and all references to "**Special Drawing Rights**" and "**SDR**" refer to the international reserve asset created by the IMF.

For ease of presentation, certain financial information relating to the Kingdom included herein is presented as translated into U.S. Dollars and Euros. In October 1995 Jordan adopted a pegged exchange rate system, whereby the Jordanian Dinar is pegged to the U.S. Dollar. The exchange rate of the Jordanian Dinar against the other major currencies is determined according to the exchange rates of these currencies against the U.S. Dollar in the international financial markets. See "*Monetary System—Foreign Exchange Rates*". The inclusion of exchange rates in this Base Offering Circular is not meant to suggest that any amount of the currencies specified above has been, or could be, converted into the applicable currency at the rates indicated or at any other rate.

ENFORCEMENT OF CIVIL LIABILITIES

The Kingdom is a sovereign state. Consequently, it may be difficult for investors to obtain or execute judgments of the courts of England or any other country against the Kingdom. The Kingdom will irrevocably appoint the Ambassador of The Hashemite Kingdom of Jordan to the Court of St. James's, currently residing at the Embassy of The Hashemite Kingdom of Jordan at 6 Upper Phillimore Gardens, London, W8 7HA, England or, in his absence, his designate as its authorised agent for service of process in England. The Kingdom will irrevocably submit to, and accept the exclusive jurisdiction of, the courts of England, with respect to any suit, action or proceedings which may arise out of or in connection with any Notes and the Programme and to settle any dispute or difference of whatever nature howsoever arising under, out of or in connection with the Notes (including any dispute or difference as to the breach, existence or validity of the Notes issued under the Programme). The Kingdom will irrevocably waive any objection that it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any proceedings and to settle any disputes and will agree not to claim that the courts of England are not a convenient or appropriate forum whether on the grounds of venue, residence, domicile, convenience or otherwise. Notwithstanding the submission to the exclusive jurisdiction of the courts of England and the waiver by the Kingdom of any objection to the courts of England being nominated as the forum to hear and determine any proceedings and to settle any disputes, based on the laws of Jordan currently in effect, it may be possible in certain circumstances for the Jordanian courts to accept jurisdiction in any suit to which the Kingdom is party. Such laws of Jordan would not affect the validity of any proceedings in the courts of England or the ability to enforce its decisions as outlined below in this Base Offering Circular. It may however result in parallel proceedings taking place in the courts of England and the courts of Jordan.

The Kingdom's waiver of sovereign immunity constitutes a limited and specific waiver for the purposes of the Notes and the Programme. Investors should not under any circumstances interpret the Kingdom's waiver as a general waiver by the Kingdom or a waiver of immunity in respect of legal actions arising out of or based on English law, or, in respect of (i) present or future "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963 or (ii) military property or military assets of the Kingdom related thereto or (iii) property and assets located in the Kingdom and dedicated to a public or governmental use (as distinct from property in use or intended for use for commercial purposes) by the Kingdom. See "*Terms and Conditions of the Notes—20. Governing Law and Dispute Resolution*" and "*Risk Factors—Risks Relating to the Kingdom—Jurisdiction and sovereign immunity*".

The enforcement of a judgment in Jordan issued by foreign courts is subject to the limitations set forth in the Enforcement of Foreign Judgments Law № 8 of 1952. A foreign judgment can be enforced in Jordan through filing an enforcement request before the Jordanian First Degree Court.

The court may only decline the request to enforce a foreign judgment if:

- the foreign court issuing the judgment lacked jurisdiction;
- the party against whom the enforcement is sought (i) had no business operations within the jurisdiction of the foreign court or was not domiciled within its jurisdiction, (ii) did not voluntarily appear before that court and (iii) did not acknowledge such court's jurisdiction;
- the defendant was not notified to appear before the court (or tribunal) which issued the judgment (or award) or was not duly or properly served with notice;
- the judgment was fraudulently procured;
- the court is persuaded that the foreign judgment is not final;
- the judgment relates to a claim that will not be heard by the courts of the Kingdom due to a conflict with public policy and public morals; or
- the judgment is issued by any court (or tribunal) of a country whose laws prohibit the enforcement of the judgment issued by the courts (or tribunals) of the Kingdom.

In relation to the enforcement of a final judgment against the Kingdom, Article 11 of the State Cases Law № 25 of 1958 (the "**State Cases Law**") provides that a certified copy of the final judgment must be submitted to the Prime Minister who must issue an enforcement order. Parliament enacted the Management of State Cases Law № 28 of 2017 (the "**Management of State Cases Law**"), which repealed and replaced the State Cases Law upon its entry into effect on 28 December 2017. Article 14 of the Management of State Cases Law replicates the enforcement procedure against the Kingdom set out in the State Cases Law.

Prospective investors in the Notes should be aware that, pursuant to applicable Jordanian law (including the Enforcement Law № 25 of 2007), the Kingdom's properties and assets in Jordan are immune from execution, attachment or other legal or judicial process and, in any Proceeding brought in Jordanian courts against the Kingdom or brought in those courts to enforce or seek recognition of a judgment obtained outside Jordan, the Kingdom's waiver of immunity referred to above would not be given effect to the extent it violates the Enforcement Law № 25 of 2007. Investors should therefore be aware that the waiver of immunity is likely to be ineffective in respect of the attachment of assets and properties located in Jordan. In addition, a Jordanian court may not uphold a contractual provision providing for the submission by a Jordanian party, such as the Kingdom, to the jurisdiction of a non-Jordanian court, or a defence by a non-Jordanian party based on lack of jurisdiction in respect of a legal action instituted by a Jordanian party against a non-Jordanian party in such Jordanian court.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the "Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW

The following is an overview of certain information contained elsewhere in this Base Offering Circular. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Base Offering Circular. Prospective investors should also carefully consider the information set forth in "Risk Factors" below prior to making an investment decision.

Overview of the Kingdom

The Hashemite Kingdom of Jordan is bordered on the north by Syria, on the east by Iraq, on the east and south by Saudi Arabia and on the west by Israel and the occupied West Bank. Jordan's only outlet to the sea, the Gulf of Aqaba, which leads into the Red Sea, is to the south. Jordan occupies an area of 89,241 square kilometres, including its territorial waters in the Dead Sea and the Gulf of Aqaba; its land area is 88,911 square kilometres.

Under the Jordanian Constitution (the "**Constitution**"), Islam is the official religion of the Kingdom. The vast majority of the population is Sunni Muslim, estimated at 92%. A further 6% of the population is predominantly Christian, consisting primarily of Greek Orthodox Christians, with smaller numbers of Greek Catholics, Roman Catholics, Syrian Orthodox, Coptic Orthodox, Armenian Orthodox and Protestants. The remaining 2% consists of other religious minorities including Shia Muslims and Druze.

Jordanians are predominantly Arab (approximately 98%), with small communities of Circassians, Armenians and Chechens. The official language according to the Constitution is Arabic, but English is used widely in civic life, including in commerce and government.

Jordan is a constitutional monarchy. The Constitution was adopted on 1 January 1952 and has been amended on a number of occasions (most recently in 2022). The latest amendments to the Constitution were made to further strengthen rule of law, enforce the principle of separation of powers, and enhance the independence of parliamentary work in a manner that ensures the effectiveness of the parliamentary blocs, and the oversight role of members of the National Assembly guaranteed by the Constitution. In addition, it aims to develop, strengthen and advance legislative performance, empowering women, youth and people with disabilities, and promoting their role and participation in society. It also establishes the National Security and Foreign Policy Council to handle all issues related to the Kingdom's defence, national security and foreign policy. These amendments have been made following a review by the Royal Committee to modernise the political system. The committee was established in June 2020, and its remit is to: (i) prepare new draft electoral and political parties' laws; (ii) consider the necessary constitutional amendments connected to such new laws and the mechanisms of parliamentary work; and (iii) make recommendations on developing legislation regulating local administration, expanding participation in decision-making, and creating a political and legislative environment conducive to the active engagement of youth and women in public life.

Under the Constitution, the King is the Head of State, the Commander-In-Chief of the armed forces and the head of the three branches of government. The King exercises his executive authority through the Prime Minister and the Council of Ministers. The King appoints and dismisses the Prime Minister and the various ministers, upon recommendation from the Prime Minister. The Council of Ministers is accountable to the Kingdom's bicameral parliament, the National Assembly, which constitutes the legislative branch of government and comprises two bodies: (i) a lower house, the Chamber of Deputies, whose members are elected in a general direct election; and (ii) an upper house, the Senate, whose members are directly appointed by the King. The judicial branch is an independent branch of government.

Jordan's current government is led by Prime Minister Bisher al Khasawneh, a veteran diplomat, who was appointed in early October 2020. Khasawneh's appointment came after the dissolution of the parliament in later September 2020, at the end of its four-year term, and the resignation of Dr. Omar Razzaz, in accordance with constitutional requirements. Following the appointment of the new government, elections for the 19th Lower House of Parliament took place in November 2020.

The size of the economy in Jordan, measured in terms of GDP at current market prices, was JD 32,123 million in 2021, having experienced growth of 2.2% in 2021, as compared to contracting by 1.6% in 2020. See "*The Economy*". Recent economic performance has been adversely affected to a significant extent by the COVID-19 pandemic and governmental responses. However, the economy started to recover in the second half of 2020 and throughout 2021, with real GDP returning to growth in 2021.

The current account recorded a deficit of JD 2,822.7 million in 2021, as compared to JD 1,778.9 million in 2020, representing an increase in the deficit of JD 1,043.8 million, or 58.7%, primarily as a result of a 33.7% increase in the trade deficit partially offset by an improvement in the services account, from a deficit of JD 421.7 million in 2020 to a surplus of JD 273.8 million in 2021. This increase was primarily due to an increase in tourism receipts in 2021 of 95.8%. See "*External Sector—Foreign Trade".*

The capital and financial account recorded a net inflow of JD 1,329.8 million in 2021, as compared to JD 1,900.0 million in 2020, a decrease of JD 570.2 million, or 30.0%. This inflow was primarily a result of net FDI inflows of JD 430.2 million, portfolio investment outflows of JD 165.0 million, other investment inflows of JD 2,739.5 million as a result of an increase in loans drawings by general government and other sectors of JD 1,235.3 million and JD 161.7 million, respectively, and an increase in currency and deposits of non-residents held by the banking system of JD 681.8 million. There was also an increase in CBJ reserve assets of JD 1,692.1 million.

Gross foreign reserves were U.S.$18,043.2 million as at 31 December 2021, as compared to U.S.$15,919.7 million as at 31 December 2020 and U.S.$14,329.3 million as at 31 December 2019. Gross foreign reserves represented approximately 9.5 months of imports of goods and services as at 31 December 2021, 8.7 months of imports as at 31 December 2020 and 9.4 months of imports as at 31 December 2019.

Public debt in Jordan is comprised of the domestic and external debt of the central government (including all ministries and agencies whose budgets make up the general budget) and state-owned enterprises and public agencies, to the extent guaranteed by the central government, but excludes government debt held by the Social Security Investment Fund (the "**SSIF**") and other debt of state-owned enterprises and public agencies (including the National Electric Power Company ("**NEPCO**")). As at 31 December 2021, Jordan's total outstanding net debt (excluding debt held by the SSIF) was JD 27,260.1 million (consisting of JD 15,137.5 million of external debt and JD 12,122.6 million of domestic debt (*i.e.*, central government debt, net of government bank deposits)), representing 84.9% of GDP. As at 31 December 2020, Jordan's total outstanding net debt was JD 25,163.2 million, representing 81.1% of GDP (consisting of JD 13,715.2 million of external debt and JD 11,448.0 million of net domestic debt). As at 31 December 2021, the SSIF held JD 6,634 million of government debt, representing 21.8% of GDP. See "*The Economy—Electricity and Water—Energy Policy and NEPCO*" for details of debt owed by NEPCO.

The budget deficit (including foreign grants as a component of revenue) decreased from JD 2,182.4 million in 2020 to JD 1,730.6 million in 2021. Accordingly, the budget deficit as a percentage of total GDP at current market prices decreased from 7.0% in 2020 to 5.4% in 2021. Foreign grants received in 2020 and 2021 amounted to JD 790.8 million and JD 803.3 million, respectively. Foreign grants received by the Kingdom in 2021 included JD 599.2 million from the United States, JD 52.9 million from the Gulf Co-operation Council ("**GCC**") Fund, JD 59.5 million from the EU and JD 91.8 million in other grants, including from Canada and the World Bank's global concessional financing facility (the "**GCFF**").

On 26 March 2020, the Executive Board of the IMF approved a four-year SDR 926.4 million (approximately U.S.$1.3 billion) extended fund facility ("**EFF**") for Jordan, of which SDR 102.9 million (approximately U.S.$139.2 million) was disbursed in March 2020. In December 2021, the Executive Board of the IMF approved the third review of Jordan's EFF, bringing total IMF disbursements to Jordan since the start of 2020 to the equivalent of SDR 881.68 million (approximately U.S.$1.2 billion), which includes emergency financial assistance provided in May 2020 under the 'Rapid Financing Instrument', equivalent to approximately U.S.$396 million, to support the Government's spending on health and social protection in response to the COVID-19 pandemic. Upon completion of second review on 30 June 2021, the Executive Board approved the authorities request to increase access under the EFF arrangement by approximately U.S.$200 million, which brought the total size of the program to approximately U.S.$1.5 billion. The third review of the EFF was completed, confirming that all fiscal targets had been met and structural benchmarks complied with. The domestic programme underpinning the EFF combines a set of growth-focused structural reforms while ensuring fiscal and monetary stability, predicated on a downward debt trajectory. The structural reforms focus on achieving growth and job creation through measures that will improve the business environment, enhance competitiveness, and attract FDI. The Government also intends to implement governance measures to increase transparency and accountability. Jordan will remain committed to fiscal and monetary stability through adopting measures that will bring public debt to a sustainable level, strengthen tax and customs administration and fight tax evasion. Additionally, the Government intends to take measures to contain spending, limit losses in the water and electricity sectors, and improve targeting of social safety nets. On the monetary side, the Central Bank of Jordan remains committed to maintaining the Jordanian Dinar/U.S. Dollar peg, and will take additional measures to promote stability and financial inclusion in the financial sector. See "*The Economy—Government Programmes—EFF Reform Measures*".

Principal Economic Indicators

The following table sets forth the principal economic indicators for Jordan as at the end of, or for, the periods indicated.

Principal Economic Indicators[1]

	2017	2018	2019	2020[2]	2021[2]
GDP at current market prices *(JD millions)*[3]	29,400	30,482	31,597	31,025	32,123
GDP at constant market prices *(JD millions)*[4][5]	28,915	29,474	30,050	29,584	30,238
Growth rate of GDP at constant market prices *(%)*[4][5]	2.1	1.9	2.0	(1.6)	2.2
GDP per capita at current market prices *(JD)*	2,925	2,957	2,994	2,871	2,905
Unemployment rate *(%)*[6]	18.3	18.6	19.1	23.2	24.1
Change in CPI *(%)*[7]	3.3	4.5	0.8	0.3	1.4
Current account balance *(JD millions)*[8]	(3,119.1)	(2,103.4)	(549.1)	(1,778.9)	(2,822.7)
Net trade balance *(JD millions)*[8]	(7,593.3)	(7,314.5)	(6,201.9)	(5,243.9)	(7,009.2)
Capital and financial account balance *(JD millions)*[8]	(2,391.9)	(2,835.7)	(779.6)	(1,900.0)	(1,329.8)
Gross foreign reserves *(U.S.$ millions)*[8]	14,391.8	13,392.2	14,329.3	15,919.7	18,043.2
Current account balance *(as % of GDP)*[8]	(10.6)	(6.9)	(1.7)	(5.7)	(8.8)
Gross foreign reserves coverage (*in months of prospective imports of goods and non-factor services*)[8]	7.5	7.3	9.4	8.7	9.5
Total revenues and grants *(JD millions)*	7,425.3	7,839.6	7,754.3	7,028.9	8,128.2
Total expenditure *(JD millions)*	8,173.2	8,567.3	8,812.7	9,211.3	9,858.8
Government budget deficit[9]					
Including foreign grants (JD millions)	*(747.9)*	*(727.6)*	*(1,058.4)*	*(2,182.4)*	*(1,730.6)*
Excluding foreign grants (JD millions)	*(1,455.9)*	*(1,622.3)*	*(1,846.8)*	*(2,973.3)*	*(2,533.9)*
as % of GDP (including grants)	(2.5)	(2.4)	(3.3)	(7.0)	(5.4)
as % of GDP (excluding grants)	(5.0)	(5.3)	(5.8)	(9.6)	(7.9)
Primary balance (*as % of GDP*)	(2.0)	(2.0)	(2.3)	(5.6)	(3.5)
Gross public debt (excluding debt held by the SSIF) *(JD millions)*	22,356.5	22,883.3	23,958.5	26,499.3	28,763.1
as % of GDP	76.0	75.1	75.8	85.4	89.5
Net public debt[10]					
in JD millions	20,523.1	21,475.6	22,680.4	25,163.2	27,260.1
as % of GDP[3][11]	69.8	70.5	71.8	81.1	84.9
Total external public debt *(as % of GDP)*[3]	40.2	38.9	37.9	44.2	47.1
Exchange rate *(U.S.$ per JD)*[11]	1.410	1.410	1.410	1.410	1.410
Exchange rate *(€ per JD)*[8]	1.175	1.234	1.270	1.159	1.248

Sources: Department of Statistics, CBJ, Ministry of Finance

Notes:

(1) Certain figures in this table have been revised and may differ from previously published data.

(2) Preliminary data. Data provided for 2021, where available, is taken from the Ministry of Finance's General Government Finance Bulletin for January 2022 and is given as at 31 December 2021.

(3) GDP at current market prices. See "*The Economy—Gross Domestic Product*".

(4) GDP at constant market prices. See "*The Economy—Gross Domestic Product*".

(5) Base year is 2016.

(6) See "*The Economy—Employment and Labour*".

(7) Period average to period average. Index based upon basket determined by the Department of Statistics, (2018 = 100). See "*Monetary System—Inflation*".

(8) Calculated as period average.

(9) Total central government revenues (including privatisation proceeds and grants) minus total central government expenditure. See "*Public Finance—Public Accounts*".

(10) Total net public debt is comprised of the external and net domestic debt of the central government and debt guaranteed by the central government, excluding debt held by the SSIF. See "*Public Debt*". Net domestic debt is central government debt, net of government bank deposits. See "*Public Debt—Domestic Debt*".

(11) In October 1995, Jordan adopted a pegged exchange rate system, whereby the Jordanian Dinar is pegged to the U.S. Dollar. The exchange rate of the Jordanian Dinar against the other major currencies is determined according to the exchange rates of these currencies against the U.S. Dollar in the international financial markets. See "*Monetary System – Foreign Exchange Rates*".

Overview of the Programme

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this overview.

The Issuer	The Hashemite Kingdom of Jordan
Legal Entity Identifier (LEI) of the Issuer	5493000JZ4MYPVMBVN50
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".
Description	Global Medium Term Note Programme
Programme Size	The Programme is unlimited in amount.
Arrangers	Citigroup Global Markets Limited, Goldman Sachs International and HSBC Bank plc.
Dealers	Citigroup Global Markets Limited, Goldman Sachs International and HSBC Bank plc and any other Dealers appointed in accordance with the Programme Agreement from time-to-time.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time-to-time (see "*Subscription and Sale and Transfer and Selling Restrictions*") including the following restrictions applicable at the date of this Base Offering Circular. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale and Transfer and Selling Restrictions*".
Principal Paying Agent, Exchange Agent and Transfer Agent	Citibank N.A., London Branch
Registrar	Citibank Europe plc, Ireland
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. There will be no public offer of securities in the United States.
Currencies	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.

Maturities..	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time-to-time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. Pursuant to the Public Debt Management Law (as defined below) as in effect as of the date of this Base Offering Circular, maturity of the Notes must not exceed 30 years.
Issue Price	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.
Fixed Rate Notes.....................................	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions or the 2021 ISDA Definitions (each as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of a reference rate set out in the applicable Pricing Supplement. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on the Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Zero Coupon Notes	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Benchmark Discontinuation....................	In the event that a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Pricing Supplement, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Notes and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 5.2(c) (*Floating Rate Note Provisions – Benchmark Replacement*) for further information.
Redemption...	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions: Notes having a maturity of less than one year*" above.
Denomination of Notes............................	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time-to-time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions: Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than Euro, the equivalent amount in such currency) and in the case of any Legended Notes, the minimum specified denomination shall be U.S.$200,000.
Taxation	All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law, including without limitation any withholding or deduction on account of income tax and National Contribution Tax imposed under the Income Tax Law № 34 of 2014. In that event the Issuer will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, subject to customary exceptions. See Condition 8 (*Taxation*).

Status of the Notes.................................. The Notes are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured Public External Indebtedness of the Issuer, from time-to-time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public External Indebtedness and, in particular, shall have no obligation to pay other Public External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.

See Condition 3 (*Status of the Notes*).

Negative Pledge....................................... The terms of the Notes will contain a negative pledge provision, which is subject to certain exceptions.

See Condition 4 (*Negative pledge*).

Events of Default .... The Conditions permit the holders of the requisite percentage of Notes of a series to accelerate them following the occurrence of certain events of default. The Conditions also contain a cross default provision.

See Condition 10 (*Events of Default*).

Meetings of Noteholders .... As with past issuances, the Conditions contain a "collective action" clause, which permits defined majorities to bind all Noteholders. If the Issuer issues debt securities that contain collective action clauses in substantially the same form as the collective action clause in the terms of the Notes, the Notes would be capable of aggregation for voting purposes with any such debt securities, thereby allowing "cross-series" modifications to the terms and conditions of all affected Series of Notes (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on).

See Condition 15 (*Meetings of Noteholders, Modification and Waiver*) and "*Risk Factors—Risks related to Notes Generally—The conditions of the Notes contain provisions which may permit their modification without the consent of all investors*".

Ratings...	The Programme is expected to be rated B+ by Standard & Poor's, B1 by Moody's and BB- by Fitch. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Pricing Supplement. The Kingdom's long-term foreign currency debt has been assigned a rating of "B+ (stable)" by Standard & Poor's, a rating of "B1 (stable)" by Moody's and a rating of "BB- (stable)" by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agencies. Any adverse change in an applicable credit rating could adversely affect the trading price of the Notes. Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Each of Standard & Poor's and Fitch is established in the United Kingdom and is registered in accordance with the UK CRA Regulation. The ratings issued by Moody's have been endorsed by Moody's Investors Service Limited in accordance with the UK CRA Regulation. Moody's Investors Service Limited is established in the United Kingdom and is registered under the UK CRA Regulation. Neither Standard & Poor's, Moody's nor Fitch is established in the EU, included in the list of credit rating agencies published by ESMA in accordance with the CRA Regulation or registered under the CRA Regulation. The rating issued by Standard & Poor's, Moody's and Fitch have been endorsed by S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, respectively, in accordance with the CRA Regulation. Each of S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is established in the EU and is registered under the CRA Regulation. As such, each of Standard & Poor's Global Ratings Europe Limited, Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is included in the list of credit rating agencies published by ESMA on its website.
Listing and Admission to Trading.........	Application may be made for Notes issued under the Programme to be admitted to the Official List and admitted to trading on the London Stock Exchange's Main Market. Notes may be listed or admitted to trading, as the case may be, on further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading may also be issued. The Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Clearing Systems....................................	Clearstream, Luxembourg and Euroclear for Bearer Notes, Clearstream, Luxembourg, Euroclear and DTC for Registered Notes and, in relation to any Tranche, any other clearing system as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer. See "*Form of the Notes*".
Governing Law.......................................	The Notes, the Agency Agreement (as defined in "*Terms and Conditions of the Notes*"), the Deed of Covenant (as defined in "*Terms and Conditions of the Notes*") and all non-contractual obligations arising out of or in connection with them will be governed by English law.

Selling Restrictions................................. There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the United Kingdom, Canada, the Hashemite Kingdom of Jordan, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Kuwait, Japan, Hong Kong and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*".

U.S. Selling Restrictions.......................... Regulation S Compliance Category 1, Rule 144A, TEFRA C, TEFRA D and/or TEFRA not applicable, as specified in the applicable Pricing Supplement.

Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended ("**TEFRA D**"), unless (i) the applicable Pricing Supplement state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended ("**TEFRA C**"), or (ii) the Notes have a term of one year or less (taking into account any unilateral right to extend or rollover the term).

RISK FACTORS

In general, the purchase of Notes issued under the Programme involves substantial risks and is suitable only for, and should be made only by, investors that are fully familiar with the Kingdom and that have such other knowledge and experience in financial and business matters, as may enable them to evaluate the risks and the merits of an investment in the Notes. The risks listed below do not necessarily comprise all those associated with an investment in the Notes but do comprise those which the Kingdom regards as material or significant in respect of the Notes issued under the Programme and in relation to the Kingdom's obligations under the Notes. Additional risks and uncertainties not presently known to the Kingdom, or those which the Kingdom currently considers to be immaterial may also have an adverse effect on the Kingdom.

Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information set forth herein and, in particular, the risk factors set forth below. Prospective purchasers of Notes should make such inquiries, as they think appropriate, regarding the Notes issued under the Programme and the Kingdom without relying on the Kingdom or the Dealers.

Risks Relating to the Kingdom

COVID-19 Pandemic

The COVID-19 pandemic has had serious economic and social effects around the world. Besides the major health crisis, the pandemic has resulted in lower economic growth at regional and global levels, significant volatility in financial markets, reduced global liquidity and trade, decreases in tourism and export-related industries, all of which affected countries around the world, including Jordan.

Since the outset of the COVID-19 pandemic, the Government has introduced a number of policies aimed at limiting the spread of the virus, as well as financial measures activated as orders under Defense Law № 13 of 1992, which aimed to mitigate the potential economic impact of the crisis. See "*Response to COVID-19*". In 2020, Jordan's GDP contracted by 1.6%, primarily due to the impact of the COVID-19 pandemic and the resulting restrictions on economic activity, although such contraction was lower than that initially projected by the IMF (around 3.4% as of July 2020). The Government took measures to allow the highest GDP- and revenue-contributing industries to continue, to mitigate economic harm while managing the health crisis. For example, the Government allowed mining companies to use quarantine procedures to enable them to maintain operations during COVID-19 lockdowns. These and other measures have allowed Jordan to reopen its economy and ease restrictions relatively quickly, although these may continue to be affected by future restrictions or a surge of COVID-19 infections. According to IMF estimates, Jordan's GDP returned to 2.0% growth in 2021 and is forecast to grow by 2.7% in 2022. There can be no assurance that new variants or other developments relating to COVID-19 will not result in the reintroduction of restrictions on travel and economic activity in the future.

Although Jordan was able to contain the health and economic ramifications of COVID-19 better than some other countries, the crisis has left the Kingdom with a widened primary deficit and increased public debt. Fiscal accounts witnessed a decrease in domestic revenues in 2020 (to JD 6,238.0 million in 2020, as compared to JD 6,965.9 million in 2019) and an increase in expenditures (to JD 9,211.3 million in 2020, as compared to JD 8,812.7 million in 2019), although domestic revenues did return to pre-pandemic levels in 2021 (JD 7,324.9 million, according to preliminary figures). The net public debt-to-GDP (net of SSIF holdings) grew by 11.2% in 2020 to 81.1% of GDP as at 31 December 2020 and further increased to 84.9% as at 31 December 2021. The COVID-19 pandemic has also resulted in increased unemployment levels, with the unemployment rate reaching 23.2% in 2020 and 24.1% in 2021, as compared to 19.1% in 2019. Unemployment is especially high among women and young people. Should unemployment not return to pre-crisis levels, there may be social dislocation and unrest. In addition, it cannot be determined what long-term impact the crisis will have on inflation and other macro-economic indicators. It may take a long time for the public finance impact of the COVID-19 pandemic to be addressed and such impact may reduce Jordan's ability to respond to the challenges or pursue agenda items.

As vaccinations became available, the Government implemented a national campaign for the population, making Jordan the first country in the world to offer vaccinations for citizens and refugees alike. As of 10 March 2022, approximately 46.2% of the population have received at least one dose of an approved vaccine, according to statistics published by *Our World in Data*.

Global trade and economic conditions in other countries have also been adversely affected to a significant extent and they have had, and may continue to have, an adverse impact on Jordan (for example, through lower trade). In addition, while economies have continued to re-open in 2022 no prediction can be made as to the scope or the scale of systemic changes to the Kingdom's economy that will result from the crisis. The COVID-19 pandemic had a direct and severe impact on tourism and exports in 2020 and 2021.

Furthermore, the emergence of new COVID variants (especially those for which the current vaccines are less effective) and uncertainty around their health risks and the efficacy of vaccinations, as well as expectations of monetary policy tightening by the U.S. Federal Reserve, pose potential risks to Jordan's economic, external and fiscal positions. Given the uncertainty of the lasting effect of the COVID-19 pandemic and the Kingdom's measures to mitigate its effects, the financial impact on the Kingdom's economy cannot be determined, but the Government expects the impact to be significant and adverse.

Regional Risks

Jordan is located in a region that is, and has been, subject to political and security concerns. Political instability in the Middle East has increased in recent years, including as a result of the ongoing disputes involving Israel and Palestinians, as well as the ongoing conflict in Syria, including attacks by the so-called "Islamic State of Iraq and Syria" ("**Daesh**"). As a result of these and other events, some Middle Eastern and North African countries, including certain of the Kingdom's neighbours, have experienced in the recent past, or are currently experiencing, political, social, and economic instability, extremism, terrorism, conflicts and war (including civil war), some of which have negatively affected the Kingdom in the past and may do so again.

Since the Arab Spring, a number of Arab countries have experienced significant political and military upheaval, including Tunisia, Egypt, Yemen, Libya and Syria. In particular, the conflict in Syria has resulted in over five million Syrian refugees fleeing to neighbouring countries, including some 1.3 million who fled to Jordan. The ongoing conflict in Syria has been the subject of significant international attention, and its impact and resolution are difficult to predict. Any further escalation of the conflict, additional international military intervention in Syria or a more aggressive stance by parties to the conflict could be a further destabilising factor for the region, including Jordan. The instability caused by the ongoing conflict was exacerbated by terrorist attacks by Daesh and various other rebel groups in both Syria and Iraq, which, in turn, increased the security challenges faced by the Kingdom. In January 2020, the King warned of the renewed threat posed by Daesh in the region, which had temporarily decreased towards the end of 2019. The re-establishment of Daesh in south-eastern Syria and western Iraq could destabilise the region significantly. In January 2022, a Jordanian army officer was killed and three other army personnel were injured when drug smugglers trying to enter the Kingdom from Syria fired on them at a border post.

Events involving the Israeli-Palestinian conflict, in particular those involving Jerusalem and the holy places in Jerusalem have also often had a "spill-over" effect in Jordan, including demonstrations by Jordanian citizens in cities across Jordan and strains on Israeli-Jordanian relations.

The continuation or escalation of conflicted-related events or the outbreak of new events in the region could further strain political stability in Jordan and the Government's finances and have had, and are likely to continue to have, a material adverse impact on the Kingdom and its economy, including, but not limited to, reductions in trade flows between Jordan and its neighbours (for example, through a disruption to the transit of Jordanian and international goods through Iraq and Syria resulting in lower exports to Iraq and Syria, higher transit fees for Jordanian exporters and losses incurred by Jordanian transportation companies and companies with subsidiaries or affiliates in Syria or Iraq) and declines in tourism flows (which are an important source of foreign receipts) as tourists seek to avoid the region. For example, any of the foregoing could also lead to a reduction in, and increased difficulty in attracting, foreign direct investment ("**FDI**") to the Kingdom, as well as the diversion of Government resources towards military and security spending (which could, in turn, reduce overall economic growth and increase the Kingdom's budget deficit).

The ongoing conflict between Russia and Ukraine could negatively impact the Kingdom

In February 2022, the Russian Federation recognised the independence of the so-called Donetsk People's Republic and Lugansk People's Republic, two separatist regions within Ukraine, and a military conflict has since commenced between Russia and Ukraine. These actions led the United States, the European Union and the United Kingdom, among others, to impose economic sanctions against Russia, government officials and Russian corporates and financial institutions, and the ongoing conflict has had an immediate impact on international capital markets, investor sentiment and commodity prices (including oil and gas, which has led to rising fuel prices). There remains a risk of escalation and an ongoing impact on geopolitical conditions. The United States and other countries could impose wider sanctions and take other actions should the conflict further escalate.

In response to the recent military operations of Russia in Ukraine and Russia's recognition of the independence of the self-proclaimed republics of Donetsk and Luhansk in the Donbas region of Ukraine, the governments of the United States, the United Kingdom, the European Union, Japan and other jurisdictions have announced the imposition of extensive sanctions on certain industry sectors in Russia and the regions of Donetsk and Luhansk and on certain individuals in Russia and abroad. The sanctions announced to date include restrictions on selling or importing goods, services or technology in or from affected regions, travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia, severing Russia's largest bank from the U.S. financial system, barring some Russian enterprises from raising money in the U.S. market and blocking the access of Russian banks to financial markets.

Syrian Refugees

As at February 2022, according to Ministry of Interior statistics, Jordan was host to approximately 1.3 million Syrians, of which 673,335 are registered with the U.N. High Commissioner for Refugees (the "**UNHCR**"). According to Ministry of Interior statistics, 90% of these refugees are living in host communities, while the other 10% live in camps. According to the UNHCR, approximately 50% of the refugees are children and a similar proportion are female. In some areas, refugees outnumber residents, and the impact on inflation, employment and access to public services and community resources has fuelled local tensions and threatened to spark social unrest. In general, the existing infrastructure in Jordan does not have adequate capacity to accommodate a large number of refugees on a permanent basis.

In response to these issues and with no near-term prospect for a political resolution to the events in Syria, the Government developed, together with the United Nations and international partners, the *Jordan Response Plan for the Syrian Crisis* (the "**JRP**"), which was launched in 2015 and focused on refugees and host communities. This was followed by three-year rolling plans in 2016 (the *JRP 2016-2018*), 2017 (the *JRP 2017-2019*) and 2018 (the *JRP 2018-2020*), and a single-year plan in 2019, which aimed to consolidate major national and international humanitarian and development efforts into a single framework. The JRP for 2020-2022 and its updated iterations of JRP 2021 and JRP 2022 have been revised to reflect the current situation and to align it with the Jordan Compact, the Global Compact on Refugees, the UN Sustainable Development Goals and the Kingdom's response to the COVID-19 pandemic. However, there can be no assurance that these efforts will be adequate or effective, which could increase the strain on Jordan's infrastructure and finances by a significant margin, and there can be no assurance that pledged foreign assistance will ultimately be received.

Providing for the needs of the Syrian refugees in Jordan has materially impacted Jordan's public finances and will continue to do so, as the Government attempts to meet the needs of the Syrian refugees in Jordan and provide security throughout the Kingdom. In addition, Government subsidies are available not only to Jordanian citizens but also to all those who reside in Jordan, including Syrian refugees.

The Ministry of Planning and International Cooperation ("**MOPIC**") estimates that the annual cost to the budget of hosting Syrian refugees is U.S.$1.4 billion. The cumulative cost of hosting Syrian refugees from 2011 to 2021 was approximately U.S.$15.8 billion, which represented 13% of the general budget (including education, health, electricity subsidies, water and sanitation, infrastructure, municipal services, subsidized materials and goods, transport losses, and security costs). The Government has sought, and continues to actively seek, assistance from the international community to mitigate the fiscal impact of the Syrian refugees, including through the conference on Supporting Syria and the Region held in London in February 2016, which led to the Jordan Compact (a new approach to the Syrian refugee crisis which aims to encourage economic development and opportunities in Jordan for the benefit of Jordanians and refugees in Jordan), and Brussels I, II and III conferences. The MOPIC estimated the cost of implementing the JRP in 2019, 2020 and 2021 at approximately U.S.$2.4 billion, U.S.$2.2 billion and U.S.$2.4 billion, respectively, of which only approximately 50%, 49.4% and 30.6%, respectively, has attracted committed funding. Accordingly, there is currently a material funding gap between funds required and funds available from donors, and there can be no assurance as to whether all or a material portion of this gap will be funded. The JRP for 2022 has just been published and significant international funding has not yet been committed. In past years, the funding gap has not been filled. The published financing needs for the JRP 2020, 2021 and 2022 are approximately U.S.$6.9 billion, of which the cost budgeted for hosting Syrian refugees is U.S.$2.8 billion.

If the Kingdom does not receive additional and sufficient assistance from the international community, existing assistance levels are reduced or eliminated or refugee numbers increase beyond expectations, the presence of large numbers of Syrian refugees in Jordan will continue to materially strain the general resources of the Government and negatively affect the Kingdom's economy.

Conflict with Daesh

In June 2014, Daesh and aligned irregular forces began an offensive in northern and western Iraq against the Iraqi government, proclaiming itself to be a caliphate and capturing much of the territory in western Iraq. Daesh has also taken control of a number of cities in Syria and is active near the border crossings between Iraq and Syria, making it difficult and dangerous for the Iraqi and Syrian governments to control the movement of persons, goods and arms between the two countries. Although the territory it controls has been reduced, Daesh has become more active in recent months.

In addition to Iraqi and Syrian recruits, Daesh has recruited foreign combatants from a number of countries in the region and beyond, including the Kingdom. Due to the proximity of Jordan to Daesh-controlled territories and the relative ease for Jordanians to enter such territories from Jordan, a significant number of Jordanians have joined Daesh, and it is not possible to track their movements in and out of Jordan. Foreigners who join Daesh have generally been "radicalised" and pose a risk to their home countries, including Jordan, both because they may seek to recruit others to join Daesh or similar organisations and because they may return to their home countries, including Jordan, and seek to carry out terrorist attacks.

In addition to the territories controlled by Daesh, the Iraqi and Syrian governments have also lost control over other portions of their respective territories, including certain territories contiguous with Jordan, leading to occasional spill-over of conflict into the Kingdom and an extra burden on Jordan to secure its border. The lack of any government control in such territories has resulted in certain of these areas neighbouring Jordan becoming effectively lawless, and neither the Iraqi nor Syrian government is in control of its entire border with Jordan. If Daesh were to take control of these territories, it would pose a further risk to Jordan.

The Kingdom joined the U.S.-led military coalition formed to combat Daesh in September 2014 and has carried out a number of strikes in Syria on Daesh targets. In response, Daesh killed a Jordanian pilot who was captured and published lists of other Jordanian pilots and offered bounties. Daesh also claimed responsibility for an attack on a border crossing at Tureibil (on the Kingdom's border with Iraq) in April 2015. In June 2016, Jordan sealed entry points for Syrian refugees following a suicide bomb attack on the Kingdom's border with Syria. In response to these attacks, the Government has designated sections of the northern and north-eastern border with Syria as closed military zones. See "*—Terrorism risk*" and "*Description of the Hashemite Kingdom of Jordan—Defence and National Strategy*".

These events have had, and are likely to continue to have, a material adverse impact on the economic and political situation in the Kingdom, including potential further overspill of the conflict into the Kingdom and similar effects on the Kingdom and its economy, trade and tourism flows, FDI and diversion of Government resources.

Terrorism risk

In common with other countries in the region, Jordan has experienced occasional terrorist attacks in recent years, including, most recently in November 2019. On 6 November 2019, an individual armed with a knife carried out an attack at the popular Roman tourist site in Jerash in which eight people were injured. On 10 August 2018, an explosive device destroyed a gendarmerie vehicle in Fuheis, killing two officers and injuring several others. On 18 December 2016, an attack in Kerak resulted in the death of ten people and at least 29 people suffering injuries. In June 2016, five employees of the National Intelligence Agency, including three intelligence officers, were killed in a terrorist attack in a Palestinian refugee camp near Amman. Also in June 2016, Jordan sealed entry points for Syrian refugees following a suicide bomb attack on the border, which killed four Jordanian soldiers, a police officer and a civil defence officer. In response to these attacks, the Government has designated sections of the northern and north-eastern border with Syria as closed military zones. Despite Government efforts to maintain prevailing levels of domestic order and stability, there can be no assurance that extremists or terrorist groups will not continue or escalate such violent activity in Jordan. Terrorist incidents have in the past, and may in the future, negatively affect tourism and the general economy in the Kingdom and, as a result, strain the general resources of the Government.

Immigration

In addition to the Syrian refugees in Jordan, the Kingdom has long been host to a large migrant population. In the past, external events have resulted in large numbers of immigrants coming to the Kingdom. Jordan has become the home of many Palestinians from the West Bank and Gaza following a decree issued in 1948 allowing the Minister of Interior to grant citizenship to them. On 29 April 1950, the Kingdom issued a decree unifying the East Bank (Jordan) and the West Bank, which lasted until 1988 when the Kingdom renounced its claims to the West Bank. Under the *Instructions on Disengagement of 1988*, citizens residing on the West Bank before 31 July 1988 were designated Palestinian and not Jordanian. More recently, Jordanians and Palestinians moved to Jordan from the Gulf States following the 1990 invasion of Kuwait by Iraq and following the 2003 invasion of Iraq, as well as Iraqis fleeing both the aftermath of the 2003 invasion and the ongoing conflict in Iraq involving Daesh. There are also a significant number of Egyptian workers in Jordan and Syrians not classified as refugees. In addition to the fiscal impact of immigrants on the Kingdom, which can be similar to the impact of refugees, the Government faces challenges in the integration of immigrant populations into the socioeconomic fabric of Jordan, which, if not managed successfully, could result in tensions or unrest and increase the strain on Jordan's infrastructure. Future waves of immigration could also further strain the general resources of the Government and negatively affect the Kingdom's economy.

Foreign grants

The Government's budget is dependent, to a significant extent, on foreign grants. Foreign grants amounted to JD 803.3 million, or 9.9% of total revenue and grants and 2.5% of estimated GDP in 2021, JD 790.8 million in 2020, or 9.3% of Government revenues and 2.5% of GDP, and JD 788.4 million, or 10.2% of total Government revenues and 2.5% of GDP in 2019. In particular, the Kingdom relies on the commitment of the United States to provide U.S.$1.275 billion per year over the period 2018-2022 in economic and budget support, as well as military support, which totalled U.S.$375 million over the same period. Additionally, the U.S. government has approved supplemental support on yearly basis above existing levels totalling U.S.$1.65 billion per year. In addition, the Kingdom has benefited from the GCC funds since 1975 and has received concessional financing totalling approximately U.S.$1.2 billion for a large number of development projects. In February 2016, approximately U.S.$700 million of grants were pledged in support of the JRP at the conference on Supporting Syria and the Region in London. In 2018 Saudi Arabia and the United Arab Emirates committed a further U.S.$250 million each in budget support to Jordan over the next five years and Kuwait pledged U.S.$500 million in project finance.

Notwithstanding this support, the amount of foreign grants available to the Kingdom has generally been reduced in recent years, principally as a result of the impact of the COVID-19 pandemic and lower international oil prices on donors' own budgets and funds diverted to conflicts in the region. In addition, foreign grants, which form part of the assumptions used in preparation of the annual budget, are not always disbursed within the expected timeframe or at all. Moreover, foreign grants may be subject to economic, political or geographical conditions by the grantor and changes in political relations (including as a result of elections or following transitions of power) or geopolitics outside Jordan's control, or public opinion may result in a decrease or elimination of grants by one of the Kingdom's existing or future grantors. There can be no assurance that the Kingdom will fully satisfy the conditions necessary for receiving full or partial amounts of such grants. The failure to receive the budgeted amount of foreign grants would increase the budget deficit. Continued reliance on foreign grants, reductions in foreign grants available to the Kingdom, a significant delay in the disbursement of such grants or the withdrawal of such aid could strain the Government's finances and negatively affect the Kingdom's economy.

Subsidy and tax reform

The Government has been generally reducing its spending on subsidies since such spending peaked in 2012. In November 2012, the Government eliminated fuel pump subsidies and re-established an automatic pricing mechanism, which was accompanied by introducing targeted cash transfers to low- and middle-income families representing approximately 70% of the population in an effort to offset fuel price increases. The announcement of the lifting of fuel subsidies in 2012 resulted in demonstrations in Amman and other cities in Jordan, some of which were violent. This followed demonstrations earlier in 2012 in response to the Government's decision to increase electricity prices. In January 2017, the Kingdom withdrew electricity subsidies and in 2018, the Government withdrew bread subsidies. In line with the Government's continuing subsidy policy, water subsidies are being eliminated. The Government still provides simple subsidies to support farmers. In addition, the Government continues to provide subsidies for non-financial public institutions to cover the financial needs of these institutions including Jordanian universities, the King Hussein Cancer Center and the Jordan Tourism Board. Lower international oil prices in recent years have lessened the fiscal impact of reduced subsidy spending. Any increase in international oil prices would, however, increase the cost of electricity, which could, in turn, generate calls for the reinstatement of certain subsidies.

While the Government is committed to implementing subsidy reforms, its ability to do so will depend on its ability to finance such reforms, whether through increased fiscal revenues, reduced fiscal expenditures or additional borrowing. In addition, social pressures may limit the ability of the Government to pursue certain fiscal reforms and to remove certain subsidies. The Government has transitioned from a system of subsidies to targeted social spending, implemented through its National Aid Fund. As a result, the Government has been able to eliminate fuel, bread and other subsidies, and limit subsidy allocation to basic commodities such as wheat. Commodity subsidy allocation was JD 119.2 million in 2017, JD 55.7 million in 2018, nil in 2019 and 2020, and JD 55 million in 2021. Commodity subsidy expenditure in the first two months of 2022 was nil. National Aid Fund spending has increased from JD 91.2 million in 2017 to JD 184.4 million in 2021. In the first two months of 2022, spending on National Aid Fund was approximately JD 17.9 million compared to JD 19.8 million in the same period of 2021.

The budgets for 2020, 2021 and 2022 were and are heavily dependent on reforming revenue administration and combatting tax evasion by reforming tax and customs administration. Whilst progress has been made and is evident in fiscal revenues, continued success in these areas may take longer than expected or result in less benefit than currently budgeted for. See "*Public Finance—Public Accounts—Revenues*".

In addition, subsidy reform will likely have an inflationary impact, as prices rise to international market prices. There can be no assurance that either current or planned subsidy or tax reforms will be implemented, that funding will be available or that the Government will not face social resistance to the implementation of subsidy and tax reforms. Nor can there be any assurance that an increase in electricity or water prices will not also result in social unrest, exacerbate any adverse impacts of such reforms or otherwise have a negative impact on profitability and growth in key sectors of the economy. In addition, increases in the prices of electricity and water, or fluctuations in electricity prices as a result of exposure to input price changes, resulting from the elimination of Government subsidies may adversely impact economic activity and hamper investment planning. A failure to introduce or implement its subsidy or tax reforms, in full or in part, or the combined effect of these subsidy reforms with potential increasing prices for the goods and services the existing subsidies offset could have a material adverse impact on the Kingdom, its economy and its budget deficit and, consequently, the public debt.

Jordan 2025

In response to external factors, which have affected Jordan's economy, including the political unrest in the region, the influx of refugees into the Kingdom and the significant reduction in the Kingdom's natural gas supply from the Arab Gas Pipeline, as well as the Kingdom's exposure to international oil prices (due to a lack of domestic production) and other domestic economic challenges, including structural unemployment, low labour productivity, gender inequality, limited access to financing and bureaucratic and administrative hurdles faced by businesses, in May 2015, the Government announced a new vision for Jordan, known as "*Jordan 2025*". Jordan 2025 sets out more than 400 policies and measures to be implemented by the Government, the private sector and civil society to support economic development. Jordan 2025 is the overarching framework for the Government's reforms and encompasses plans relating to different sectors, which are aligned with Jordan 2025. The ability to execute some or all of this programme, and the timing thereof, is under regular assessment and subject to change.

Jordan 2025 sets out detailed macro-economic targets for each of 2017, 2021 and 2025, including, *inter alia*, with respect to GDP growth, unemployment, inflation, reduction of corruption, ease of starting a business and the entrepreneurial environment, reduction of the fiscal deficit and public debt and government effectiveness. It also contains similar sector targets (*e.g.,* in respect of health, education, trade) and social targets (*e.g.,* in respect of poverty reduction, security, workforce participation). There can be no assurance that the targets will be met, the reforms will be as effective as planned, that certain important assumptions upon which such belief is based will prove correct, will be socially or politically accepted or that there will be adequate funding to implement the reforms contemplated by Jordan 2025 in full or in part. If the Jordan 2025 policies and measures are not implemented, prove less effective or more costly than planned or the targets are not met, it could also damage the Government's reputation and increase the risk of social conflict. There is also a risk that if the Government is unable to meet Jordan 2025's funding requirements, through a failure to receive expected concessional loans, grants or otherwise, certain Jordan 2025 initiatives may not be implemented or may be materially delayed. Any such developments could have a material adverse impact on the Kingdom, its economy and the Government's reputation and affect the delivery of benefits of Jordan 2025 that are being targeted.

Public debt and budget deficit

In recent years, the Government has incurred significant internal and external debt, principally for purposes of financing its budget deficits. In addition, the Jordanian economy, in common with economies around the world, was negatively impacted by the COVID-19 pandemic, with GDP contracting by 1.6% in 2020 and the impact continuing throughout 2021. Jordan's budget deficit (including grants), as a percentage of GDP, has increased from 4.9% in 2019 to 7.0% in 2020 and 5.3% in 2021. See "*—COVID-19 Pandemic*".

As a result, the Kingdom has high levels of public debt, as measured by the ratio of net public debt (excluding debt held by the SSIF and other debt of state-owned enterprises and public agencies (including NEPCO)) to GDP, which was 84.4% of GDP (JD 27.5 billion) as at end of March 2022, 84.9% (JD 27.3 billion) as at 31 December 2021, as compared to 81.1% (JD 25.2 billion) as at 31 December 2020, and 71.8% (JD 22.7 billion) as at 31 December 2019. Domestic debt held by the SSIF was JD 6.8 billion as at 31 March 2022, JD 6.6 billion as at 31 December 2021, JD 6.2 billion as at 31 December 2020 and JD 5.8 billion as at 31 December 2019. The ratio of gross public debt to GDP (excluding the SSIF) was 88.1% at at 31 March 2022, 89.5% (JD 28.8 billion) as at 31 December 2021, as compared to 85.4% (JD 26.5 billion) as at 31 December 2020 and 75.8% (JD 24.0 billion) as at 31 December 2019. The ratio of external public debt to GDP was 45.9% as at 31 March 2022, 47.1% as at 31 December 2021, as compared to 44.2% as at 31 December 2020 and 39.7% as at 31 December 2019, and the ratio of net domestic debt to GDP (excluding the SSIF) was 38.5% as at 31 March 2022, 37.7% as at 31 December 2021, as compared to 36.9% as at 31 December 2020 and 33.9% as at 31 December 2019. Net public debt (excluding debt held by the SSIF and other debt of state-owned enterprises and public agencies (including NEPCO)) increased from JD 20.5 billion as at 31 December 2017 to JD 27.3 billion as at 31 December 2021 (an increase of 32.8% over the period). Relatively high levels of indebtedness, if not reduced, could negatively affect the Kingdom's credit rating and could have a material adverse effect on the Kingdom's economy and, as a result, on its capacity to repay principal and make payments of interest on the Notes and affect the market price of the Notes. See "*The Economy—Electricity and Water—Energy Policy and NEPCO*" for details of debt owed by NEPCO.

The Government remains committed to reduce the budget deficit and put public debt on a downward trajectory under the EFF. The Government undertook revenue enhancement measures such as overhauling customs and tax administrations and closing evasion and avoidance loopholes. As a result, tax revenue in 2021 was higher than that of 2019 (pre-pandemic) levels, with domestic revenue collection reaching 100.4% of budget targets. Expenditures remained in line with budget targets. In order to achieve programme targets, the EFF includes additional fiscal consolidation measures of JD 457 million in 2023. There can be no assurance that these or other revenue enhancing measures will be implemented in full or in part or, if implemented, will be successful in increasing revenues. These tax reforms carry similar risks to the subsidy reforms described above.

In addition, pursuant to the Public Debt Management Law № 26 of 2001 (the "**Public Debt Management Law**"), outstanding net domestic public debt and outstanding external public debt each may not exceed 40% of GDP at current prices of the latest year for which data is available (under Articles 21 and 22 of the Public Debt Management Law, respectively) and total net public debt (domestic and external) may not exceed 60% (under Article 23 of the Public Debt Management Law). Article 24 of that law provides that the Council of Ministers shall determine the date on which Articles 22 and 23 enter into force. The Council of Ministers adopted resolution № 6743 during its meeting of 26 November 2014 suspending the resolution by which Articles 22 and 23 came into force thereby suspending the application of Articles 22 and 23 of the Public Debt Management Law for a period of three years, commencing on 26 November 2014. On 19 October 2015, the Special Council for the Interpretation of Laws issued a decision interpreting Article 24 of the Public Debt Management Law and confirming the authority of the Council of Ministers to suspend application of the Council of Ministers' decision by which Articles 22 and 23 came into force for such period or periods as it deems appropriate. As such, the legality of resolution № 6743 has been confirmed by the decision of the Special Council for the Interpretation of Laws and, accordingly, Articles 22 and 23 of the Public Debt Management Law are currently suspended until the end of 2024. Pursuant to the Jordanian Constitution, the resolutions of the Special Council for the Interpretation of Laws, once published in the *Official Gazette*, are binding and authoritative.

Although the Government intends to reduce the Kingdom's debt to GDP ratio, a commitment supported by the IMF programme, there can be no assurance that it will be successful in doing so or that it will be able to comply with the debt to GDP ratios set forth in the Public Debt Management Law, as and when these ratios are once again in effect. Failure to so comply could limit the Government's ability to finance deficits or refinance existing debt. The Government has been in excess of the debt to GDP ratios set out in the Public Debt Management Law in the past. Any past, existing or future breach of the borrowing limits set out in the Public Debt Management Law, however, will not invalidate the issuance of the Notes.

Current account deficit

In 2020 and 2021, Jordan's current account deficit increased as a result of, *inter alia*, the impact of reduced tourism (as measured by both visitor numbers and spending by visitors) and reduced export levels resulting from the impact of the COVID-19 pandemic. The current account deficit was JD 2.8 billion in 2021 (accounting for 8.8% of GDP), as compared to JD 1.8 billion in 2020 (accounting for 5.7% of GDP) and JD 0.5 billion in 2019 (accounting for 1.7% of GDP). Although, following the re-opening of the economy, there are signs that tourism arrivals are recovering, there can be no assurance that the deficit will not remain high or widen further in the future due to higher commodity prices (including as linked to the ongoing conflict in Ukraine and the corresponding sanctions on Russia and certain Russian entities) and other geopolitical factors. A continued high, or further increase in the, account deficit could materially adversely affect the Kingdom's economy and finances.

Tourism

Tourism has traditionally been a source of foreign exchange, although the number of tourists and volume of tourism revenues have historically fallen in times of instability and tension in the Middle East. The impact of the instability on Jordan's tourism sector is compounded by the fact that visitors in the past visited Jordan as part of a trip to other places in the region that are no longer tourist destinations. The COVID-19 pandemic had a material impact on the tourism seasons in 2020 and 2021. In 2020 and 2021, tourism receipts were JD 1,000.3 million and JD 1,958.6 million, respectively, as compared to JD 4,108.2 million in 2019, as overnight and same-day visitor numbers in 2021 and 2020 were 2.4 million and 1.2 million, respectively, as compared to 5.4 million in 2019. In the first four months of 2022, tourism receipts increased by 252.7% to JD 860.5 million, as compared to JD 244.0 million in the same period of 2021. While 2021 numbers indicate some recovery and eased mobility, they are still below pre-pandemic levels. The outlook for tourism in 2022 remains uncertain. A slow recovery in tourism levels or a further reduction in such levels may have a material adverse effect on the Kingdom's economy.

Reliance on multilateral and bilateral creditors

As at 31 December 2021, multilateral and bilateral debt accounted for 37.6% and 19.0% of the Kingdom's external debt (excluding debt held by the SSIF), respectively. The Government expects to rely on multilateral and bilateral support to provide a significant portion of its public and external financing requirements in the coming years. Changes in the level of support by the Kingdom's multilateral and bilateral creditors or changes in the terms on which such creditors provide financial assistance to the Kingdom or fund new or existing projects could materially adversely affect the Kingdom's economy and finances.

In March 2020, the Executive Board of the IMF approved a four-year U.S.$1.3 billion extended fund facility (EFF) for Jordan to support further structural reform with Government ownership. The EFF replaced the previous extended fund facility in place between 2016 and 2019. The EFF is being deployed to promote growth and increase job creation through deep structural reforms focussing on: (i) enhancing revenue mobilisation through administrative reforms and tackling tax evasion and avoidance; (ii) reducing the cost of doing business, *e.g.*, electricity and labour costs; and (iii) improving government transparency. The IMF approved a further U.S.$396 million of emergency funding under the EFF in May 2020. Upon completion of second review on 30 June 2021, the Executive Board approved the authorities request to increase access under the EFF arrangement by approximately U.S.$200 million, which brought the total size of the program to approximately U.S.$1.5 billion. Disbursements under the EFF are subject to the completion of reviews by the IMF and the meeting of certain targets. In December 2021, the third review was completed, with the Kingdom meeting all fiscal targets and passing various milestones such as a reform of electricity tariffs. Total disbursements from the IMF to Jordan since the start of the COVID-19 pandemic are U.S.$1.2 billion.

There can be no assurance that any further reviews will be successful or that compliance with certain targets set by the IMF in connection with the EFF can be achieved, which may result in the IMF delaying, reducing or eliminating further disbursements under the EFF.

The Government also relies on funding from the World Bank through the World Bank's Country Partnership Strategy for Jordan and project-specific funding. In July 2016, the World Bank approved its Country Partnership Strategy for Jordan for the period 2017-2022, which provides for a total of U.S.$1.4 billion of funding to be available over the six years of the Country Partnership Strategy, including U.S.$300 million in concessional rate loans supported by the World Bank's GCFF (comprised of a U.S.$51 million contribution from the GCFF and a U.S.$249 million loan from IBRD and IDA). In May 2018 and June 2019, the World Bank approved further funding in the form of development loans totalling an aggregate of approximately U.S.$2.0 billion as part of a five-year reform programme. There can be no assurance that the IMF, World Bank or other international organisations will continue to provide such funding on the same or similar concessionary conditions, or at all.

In addition, in past years, the Kingdom has issued bonds that benefit from guarantees issued by the United States of America, acting through the U.S. Agency for International Development ("**USAID**"). Access to such guaranteed funding reduced the Kingdom's borrowing costs with respect to such bonds as their respective interest rates are lower due to the U.S. guarantee. There can be no assurance, however, that funding at such costs will be available in the future or that the United States will continue to provide aid to the Kingdom at historic levels or at all.

The entry into, and continued availability of funds under, the Kingdom's multilateral and bilateral funding arrangements, in particular, the EFF, are important to attracting additional multilateral and bilateral aid, as well as other support, and, accordingly, maintaining the Kingdom's relationship with the IMF (including by continuing to work toward its structural and fiscal reform objectives) and other international financial institutions is very important to the Kingdom. If the Kingdom is unable to meet the conditions to benefit from disbursements under existing credit agreements or benefit from similar future credit agreements with its multilateral and bilateral creditors, its borrowing costs may increase, which could, in turn, materially adversely affect the Kingdom's economy and finances and materially impair the Kingdom's capacity to service its debt, including the Notes.

Energy

Energy imports and NEPCO

In 2020, the Kingdom generated 80% of its electricity from imported gas, with 20% coming from domestic renewable sources. Since 2011, the Arab Gas Pipeline, which supplies natural gas to several countries from Egypt, has been attacked in Egypt on a number of occasions. Although a long-term natural gas supply agreement between Jordan and Egypt sets fixed volumes to be delivered to Jordan, deliveries came to an almost complete halt. Consequently, Jordan had to import replacement fuels, such as liquefied natural gas ("**LNG**") and fuel oil, to power its power plants, which cost the Jordanian economy an estimated U.S.$7 billion. The Arab Gas Pipeline in Egypt reopened in October 2018. In September 2016, Noble Energy Inc. ("**Noble Energy**") announced the execution of a gas sales and purchase agreement to supply gas from the Leviathan natural gas field, which is located in the eastern Mediterranean Sea off the coast of Israel, to the publicly-owned NEPCO for consumption in Jordan's power production facilities. This supply commenced in January 2020 and constituted 85% of NEPCO's gas imports in 2021. Piped gas is now responsible for 100% of the gas utilised in the country after Jordan's final contracted LNG shipment was received in the first quarter of 2021. There can be no assurance, however, that this piped gas supply will not be disrupted due to the regional political situation or actions taken by the State of Israel or other actors. Should this occur, the Government will be required to seek other, potentially more expensive, energy sources and finding alternative sources may be costly and highly disruptive to economic activity. In addition, following the announcement, there were political protests regarding the purchase of natural gas from a field located in Israel. Although these have subsided, there can be no assurance that political pressure and domestic opposition, or geopolitics, will not have an impact on gas deliverables under this agreement.

As a result of the Kingdom's dependence on energy imports, NEPCO's operating loss margin has been high in previous years, recording losses equivalent to 5.0% of GDP in 2011 and 5.3% in 2012. Such losses had been decreasing and NEPCO was effectively breakeven in 2019. Due to the impact of the COVID-19 pandemic, losses of NEPCO increased to 0.2% of GDP in 2020 and 0.5% of GDP in 2021. There can be no assurance that NEPCO will not incur significant losses in the future. The Government's policy, as agreed with the IMF, is that NEPCO shall operate on a cost recovery basis and that its tariffs shall be set accordingly. As at 31 December 2021, NEPCO's total current and non-current liabilities amounted to approximately JD 6.035 billion.

Since 2015, the Government has implemented a suite of new energy generation projects, including renewable solar and wind projects, which accounted for 20% of the Kingdom's electricity generation in 2020, a percentage that is targeted to rise to more than 50% by year end 2030. In March 2017, the Government commissioned a new 470MW power plant to be powered by oil shale. The project, which has been built by its external shareholders, was scheduled to commence operations in 2020, but its opening has been delayed due to challenges in achieving commercial operation.

In 2014, the Government developed new LNG import facilities in Aqaba, including a floating storage and regasification unit ("**FSRU**"). NEPCO began importing LNG through this facility in July 2015. The Kingdom will remain dependent on energy imports, which are subject to disruptions and price increases, as described above, for the foreseeable future. The reopening of the Arab Gas pipeline and the commencement of gas supply from the Noble Gas Field have, and are expected to continue to, substantially reduce the Kingdom's exposure to spot energy prices that are linked to Brent oil prices. While the Kingdom has benefited from the lower oil prices in 2019 and 2020, increases in international oil prices, such as those seen in the first quarter of 2022, as well as in other commodity prices, as a result of market forces or regional instability would negatively impact the Kingdom's current account deficit and as it moves away from LNG, its participation in oil price falls will be reduced. Accordingly, any further significant disruptions of energy supplies or future increases of energy commodity prices could materially adversely affect the Kingdom's economy and finances.

Water

Water scarcity

The Kingdom is one of the most water-deprived countries in the world. It has extremely limited water resources and is highly dependent on unpredictable and limited rainfall. Although the Government is undertaking a number of projects to increase the water supply available in the Kingdom, the population and the economy of the Kingdom remain subject to the risk of adverse changes in rainfall patterns and disruptions to ground and other water supplies. In order to meet the country's growing demand for water, groundwater aquifers are being exploited on average at more than double their sustainable yield. For a number of years, water demand in the Greater Amman Area has outstripped supply; in the summer months, the Water Authority of Jordan has had to implement a rationing mechanism to deal with the shortage. The Government has plans to reduce this water shortage, principally relying on the development of a desalination and conveyance project from the Red Sea ("**The National Water Conveyor Project**"). The Government has also signed a declaration of intent with Israel for a deal to supply desalinated water in exchange for electricity produced in Jordan. Such projects are expensive, are reliant on local and international funding and will take years to complete once funded. Accordingly, there can be no assurance that the Kingdom will not suffer from water shortages in the future, which could materially adversely affect the Kingdom's economy and may lead to social unrest.

Water Authority

The financial performance of the Water Authority has been severely affected in recent years by the additional demand from Syrian refugees and increased electricity prices, and its losses have been funded by the Government. In the context of the SBA with the IMF, in August 2013, the Government launched a medium-term strategy to bring the Water Authority to cost recovery through revenue improvement and cost reduction. Targeted actions under the strategy included increasing collection efficiency, reducing accounts receivable, reducing illegal connections, adjusting tariffs, increasing energy efficiency, introducing renewable energy in the water sector and restructuring the water systems. In 2020, the Water Authority's losses represented 1.0% of GDP, partially reflecting higher-than-expected capital expenditures and borrowing costs. The Government has announced its intention to allocate budgetary resources to help finance the Water Authority's capital expenditures (representing approximately 0.7% of GDP in 2019) and has updated its medium-term strategy for the Water Authority with the aim of achieving operations and maintenance cost recovery by 2023. Any failure to prevent further losses by the Water Authority could have a material adverse effect on the economy and finances of the Kingdom.

Unemployment

In 2021, the general unemployment rate in Jordan was 24.1%, as compared to 23.2% in 2020 and 19.1% in 2019. The COVID-19 pandemic has severely impacted employment, especially those working in the tourism sector, and as such unemployment levels increased throughout 2020 to a high of 25% in the first quarter of 2021, before decreasing to 24.8% in the second quarter and then to 24.1% at the end of the year. The full impact of the COVID-19 pandemic on employment will only become clearer when remaining restrictions imposed in various countries are eased and the timescale for unrestricted international travel, and the extent of leisure travel, become known. The unemployment rates for graduates and young people (between the age of 15 and 24) has historically been higher than the general unemployment rate, and at 31 December 2021 were 27.2% and 52.1%, respectively, according to figures published by the Department of Statistics. The large and growing youth population in Jordan has contributed to this high unemployment rate. Immigration from neighbouring countries has led in the past, and may lead in the future, to increased unemployment and downward pressure on wages. Such difficulties in the labour market could also be exacerbated by the influx of non-Jordanian refugees fleeing the Syrian crisis. Sustained high levels of unemployment or increases in unemployment may materially adversely affect the Kingdom's economy and lead to social tensions.

Inflation

Inflation, as measured by the CPI, has fluctuated in recent years and was 3.3% in 2017, 4.5% in 2018, 0.8% in 2019, 0.3% in 2020 and 1.4% in 2021 but is rising. The unprecedented global developments that emerged during the COVID-19 pandemic in early 2020 led central banks across the world to adopt expansionary monetary policies. The CBJ has also cut its monetary policy rates twice in March 2020 to counter the economic impact of the COVID-19 pandemic on the national economy. The COVID-19 pandemic has affected the economy from both a demand and supply perspective. The disruption of supply chains and economic recovery from the repercussions of the COVID-19 pandemic in 2020 and 2021 caused an inflationary wave in global prices. The impact of this inflation on the Jordanian economy was mitigated by various measures taken by the Government, including imposing ceilings on transport costs for imported goods for the purposes of calculating taxes and customs duties until the end of the 2021, and stabilising prices in civil and military institutions until the end of 2021. Consequently, the inflation rate did not exceed 1.4% in 2021. However, in the first four months of 2022, the inflation rate rose to 2.6%, primarily as a result of a 3.8% rise in food prices and a 5.4% increase in transportation costs. These two items contributed 68% of the inflation rate in the first four months of 2022, reflecting increased food and energy prices globally. The Government expects the inflation rate to remain around 2.5% during 2022 and 2023, consistent with the pace of recovery in economic activity, but local price trends remain dependent on developments in oil and food prices in global markets, as well as the impact of geopolitical events and inflation may be materially higher than expected, including due to the high inflation in various international markets. Inflation rates in the Kingdom are susceptible to large fluctuations in international commodities and energy prices. Fiscal consolidation measures, which include the reduction or removal of fuel subsidies, may lead to increases in domestic commodity prices, which may, in turn, lead to an increase in inflation.

Foreign direct investment and remittances

FDI and remittances play an important role in the Kingdom's economy. Net FDI decreased by 17.4% to JD 430.2 million in 2021, following an increase of 6.9% in 2020. As a percentage of GDP, net FDI has declined from 4.9% in 2017 to 1.3% of GDP in 2021. In 2021, workers' remittances increased slightly by 1.0% to JD 2,170.9 million, as compared to JD 2,150.4 million in 2020. In the first quarter of 2022, workers' remittances also increased slightly, by 0.6% to JD 602.8 million, as compared to JD 599.4 million in the same period of 2021. Workers' remittances are expected to be consistent in 2022 and to return to pre-pandemic levels in the medium term, as the precautionary measures related to COVID-19 are phased out, international oil prices increase and economic growth returns to the GCC. FDI and remittances are central to building foreign currency reserves, encouraging growth in employment rates and raising standards of living. Accordingly, a failure to attract FDI and remittances could materially adversely affect the Kingdom's economy and its finances.

Perceived risks of corruption and business environment

Jordan was ranked 58 out of 180 countries in Transparency International's 2021 Corruption Perceptions Index. Jordan's score in the 2021 index was 49 (with 1 the most corrupt score and 100 being the least corrupt). Jordan's business climate and competitive indicators are also negatively affected by the need for reform in investor protection arrangements, the cost of establishing a business, the tax system, resolving insolvency and contract enforcement. Jordan was ranked 49th out of 64 countries in the International Institute for Management Development's 2021 Competitiveness Index and 75th out of 190 countries in the World Bank's 2020 Doing Business rankings. Failure to address continued or perceived corruption and governance failures in the public sector and any future allegations, or perceived risk, of corruption in Jordan, as well as failure to implement the proposed reforms to improve Jordan's business climate, including the initiatives to increase trade and competitiveness set out in Jordan 2025, could have a material adverse effect upon Jordan's ability to attract foreign investment and lead to further instances of political instability, which could, in turn, have a material adverse effect on the Jordanian economy.

Informal Economy

A significant portion of the Jordanian economy is comprised of an informal, or shadow, economy. The informal economy is not recorded and is only partially taxed, resulting in a lack of revenue for the Government, ineffective regulation, unreliable statistical information (including the understatement of GDP and the contribution to GDP of various sectors) and an inability to monitor or otherwise regulate this portion of the economy. According to a study published in 2018 by the IMF, the average size of the informal economy in Jordan during the period 1991-2015 was estimated at approximately 17.4% of the Kingdom's GDP. This may have increased in recent years, as a result of the arrival of large numbers of Syrian refugees, in particular, in the agriculture, construction, food services, retail trade and home-based production sectors.

The size of the informal economy may also limit the effectiveness of the Government's planned tax reforms. In October 2021, Jordan was placed on the Financial Action Task Force ("**FATF**")'s watch list and, in January 2022, the European Commission added Jordan to its list of 'high-risk third countries' identified as having strategic deficiencies in their anti-money laundering/combating the financing of terrorism ("**AML/CFT**") regimes. The Government is attempting to address the informal economy and, in line with IMF parameters under the EFF, Jordan has committed to implementing structural reforms in key areas to increase tax revenue, while maintaining fiscal and monetary stability. There can be no assurance that such reforms will adequately address the issues and bring the informal economy into the formal sector, which could, in turn, have a material adverse effect on the Jordanian economy.

Jordan maintains relations with certain sanctioned countries

In the past, Jordan has had trade relations with, and individuals and entities in Jordan have engaged, and may currently be engaged, in trading activities with, certain countries or entities that are the subject of sanctions administered by the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of the Treasury, the EU and other member states of the EU and the U.N. Security Council (collectively, "**Sanctions**"). Jordan also maintains diplomatic relations with, and has embassies in, certain countries that are the subject of Sanctions. Jordan believes that these trade relations and diplomatic activities have not violated, and do not violate, any Sanctions, and Jordan has maintained a strong and longstanding partnership with the United States and the EU. The existence of Sanctions, however, and the trading activities of Jordanian individuals and entities with parties in sanctioned countries, leaves open the possibility that Sanctions could be enforced against Jordanian individuals or entities, adversely affecting Jordan's trade flows or its international reputation. Moreover, further Sanctions could be imposed, which could further affect Jordan's trade flows due to its trade relations and proximity to sanctioned countries, which could adversely affect Jordan's trade flows and its economy.

Concentration of export markets

The Kingdom's exports are a significant source of foreign exchange. The Kingdom's exports are relatively concentrated, with the top seven export markets accounting for 67.5% of the Kingdom's total exports in 2021. In 2021, the United States accounted for 26.3% of the Kingdom's exports (due in part to a trade agreement between the Kingdom and the United States) and Saudi Arabia and Iraq accounted for 12.1% and 6.8%, respectively. In recent years, there has been a disruption to the transit of Jordanian and international goods through Syria resulting in lower exports to Syria, as well as higher transit fees for Jordanian exporters and losses incurred by Jordanian companies with subsidiaries or affiliates in Syria. Although the Kingdom is seeking to diversify its export markets, there can be no assurance that it will be able to do so. Unless the Kingdom is able to diversify its export markets, the ability of the Kingdom to continue its current levels of exports will be dependent, to an extent, on internal and external events affecting a small number of countries, as well as such countries' internal markets and government policies. If there is a significant decline in the economic growth of any of the Kingdom's major trading partners, this could have a material adverse impact on the Kingdom's balance of trade and the Kingdom's economy.

Exchange rate

Since October 1995, the Jordanian Dinar has been pegged to the U.S. Dollar. The Government and the CBJ believe that maintaining the peg is important to support financial stability in Jordan. While the CBJ has been successful during the past several years in maintaining the peg, through the use of its foreign exchange reserves and interest rate policy, which is indirectly tied to U.S. monetary policy, there is no assurance that the CBJ will continue to do so in the future. If the CBJ cannot maintain a stable exchange rate or the peg to the U.S. Dollar, it could reduce confidence in the Jordanian economy, reduce FDI and adversely affect the Kingdom's finances and economy.

In addition, because of the peg to the U.S. Dollar, the CBJ does not have any flexibility to devalue the Jordanian Dinar to stimulate the Kingdom's exports market, and the CBJ's ability to manage interest rates in order to stimulate internal economic activity is constrained. Interest rate movements generally follow those of the Federal Reserve Bank of the United States. The CBJ raised interest rates in January 2017, March 2017, June 2017, February 2018, March 2018, October and December 2018, peaking at 4.75%, in part, to preserve foreign exchange stability. Interest rates were subsequently cut in August 2019, September 2019 and October 2019 and additional cuts were made in March 2020 as a result of the COVID-19 pandemic to the level of 2.5%. In March and May 2022, the CBJ raised the interest rates on all its monetary policy instruments by 75 basis points to preserve monetary and financial stability in the Kingdom, and to sustain the strength and attractiveness of JD-denominated assets against other currencies, in addition to contain the anticipated domestic inflationary pressures that are fuelled by the increase in global prices due to supply chain disruptions and global geopolitical uncertainties. Further future increases in interest rates may adversely affect economic growth and lead to an increase in non-performing loans, which could, in turn, negatively impact Jordan's banking sector. The CBJ's lack of flexibility could have a material adverse effect on the Kingdom's foreign trade and the Kingdom's economy, and have corresponding adverse effects on unemployment and other related matters. The Kingdom also has debt denominated in other currencies, such as Euros and Japanese Yen. Any appreciation of such currencies against the U.S. Dollar would increase the burden of servicing and repaying the Kingdom's foreign currency debt.

Refinancing risk

The Kingdom faces significant debt maturities in the coming years, with JD 2,126 million in external debt due in 2022 and JD 948 million in 2023, based on outstanding debt as at 31 December 2021. In addition, Jordanian banks have historically held a substantial majority of the Kingdom's domestic debt, holding JD 11,699 million, or 57.8%, as at 31 December 2021 and JD 10,934 million, or 57.7%, as at 31 December 2020. These banks' ability to continue purchasing such securities is tied, in large part, to the continued growth of their deposits. Any significant net deposit outflows would adversely affect these banks' ability to purchase securities issued by the Government, including the Notes, which could, in turn, limit the ability of the Kingdom to refinance its debt. If the Kingdom is not able to refinance its debt on favourable terms or at all, it could materially impair the Kingdom's capacity to service its debt, including the Notes. Domestic debt held by institutions other than banks increased from JD 5,897 million as at 31 December 2017 to JD 8,561 million as at 31 December 2021, of which JD 6,634 million is debt held by the SSIF as at 31 December 2021, as compared to JD 4,869 million as at 31 December 2017.

The Kingdom's credit ratings

The Kingdom's long-term foreign currency debt has been re-assigned a rating of "B+" with a stable outlook by Standard & Poor's on 10 September 2021 and a rating of "B1" with a stable outlook by Moody's as at November 2020. On 7 December 2021, Fitch Ratings affirmed its rating of "BB-" to the Kingdom, revising its outlook to stable.

The Kingdom's ratings are sub-investment grade. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes.

The Kingdom cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant. A suspension, downgrade or withdrawal at any time of the credit rating assigned to the Kingdom may adversely affect the market price of the Notes and cause trading in the Notes to be volatile.

Jurisdiction and sovereign immunity

The Kingdom is a sovereign state. Consequently, it may be difficult for investors to obtain or execute judgments of the courts of England or any other country against the Kingdom. The Kingdom's waiver of sovereign immunity constitutes a limited and specific waiver for the purposes of the Agency Agreement and the Notes. Investors should not under any circumstances interpret the Kingdom's waiver as a general waiver by the Kingdom or a waiver of immunity in respect of legal actions arising out of or based on English law, or, in respect of: (i) present or future "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963; (ii) military property or military assets of the Kingdom related thereto; or (iii) property and assets located in the Kingdom and dedicated to a public or governmental use (as distinct from property in use or intended for use for commercial purposes) by the Kingdom.

In addition, Article 28 of the Jordanian Code of Civil Procedures provides that Jordanian courts have jurisdiction in suits or actions instituted against a non-Jordanian party that has no domicile or residency in Jordan if, *inter alia*: (i) the subject matter of the action relates to property (movable or immovable) located in Jordan; (ii) the action arises from an obligation created in Jordan; or (iii) the action arises from an obligation performed or ought to have been performed in Jordan. Accordingly, a Jordanian court may not uphold a contractual provision providing for the Kingdom's submission to the exclusive jurisdiction of a non-Jordanian court or a defence of a non-Jordanian party based on lack of jurisdiction in respect of a legal action instituted by a Jordanian party, such as the Kingdom, against a non-Jordanian party. This may result in parallel proceedings taking place in the courts of England and the courts of Jordan.

Prospective investors in the Notes should be aware that, pursuant to applicable Jordanian law (including the Enforcement Law № 25 of 2007), the Kingdom's properties and assets in Jordan are immune from execution, attachment or other legal or judicial process and, in any Proceeding brought in Jordanian courts against the Kingdom or brought in those courts to enforce or seek recognition of a judgment obtained outside Jordan, the Kingdom's waiver of immunity referred to above would not be given effect to the extent it violates the Enforcement Law № 25 of 2007. Investors should therefore be aware that the waiver of immunity is likely to be ineffective in respect of the attachment of assets and properties located in Jordan.

Statistics

A range of Government ministries, the Department of Statistics and the CBJ produce statistics relating to the Kingdom and its economy, including those relating to the GDP, monetary and financial statistics, balance of payments, revenues and expenditure of the Government and the indebtedness of the Kingdom. Although efforts are being made by the relevant Government agencies and ministries to produce accurate and consistent social and economic data, there may be inconsistencies in the compilation of data and methodologies used by some of these bodies, and, in common with many developing economies, given the relative size of the informal economy in Jordan, there may be material omissions or misstatements in the statistical data prepared by such bodies. The statistical data appearing in this Base Offering Circular have been obtained from public sources and documents, but may not have been prepared in accordance with the standards of, or to the same degree of accuracy as, equivalent statistics produced by the relevant bodies in more developed countries. Monetary and financial statistics published by the CBJ are prepared according to the IMF's Monetary and Financial Statistics Manual 2000. The CBJ provides the IMF with monetary statistics in Standardised Report Forms and is in the process of moving to the 2016 manual. Investors may be able to obtain similar statistics from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source and there can be no assurance that the statistical data appearing in this Base Offering Circular are as accurate or as reliable as those published by other countries.

The Kingdom subscribed to the IMF's Special Data Dissemination Standard in January 2010, but data improvements in certain areas are still required. In its Staff Report for the 2014 Article IV Consultation, dated 23 March 2014, the IMF noted that "while progress has been made over the last few years in improving quarterly estimates of the national accounts from the production approach, Jordan has still to develop quarterly national accounts from the expenditure approach." These and other statistical weaknesses, if they persist, may impede the ability to accurately assess the level of indebtedness and the general economic condition of the Kingdom. Fiscal data published by the Ministry of Finance are in line with the IMF's *2014 Government Finance Statistics Manual*.

The Kingdom's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may differ from previously published figures and may be subsequently adjusted or revised. Certain of the information and data contained in this Base Offering Circular for all or part of the fiscal year 2020 and interim periods in 2021 are preliminary and subject to further adjustment or revision. No assurance can be given that material changes will not be made.

The Jordanian legal system

Jordan's legal and regulatory systems and institutions are in various stages of development and are not yet as sophisticated as similar institutions characteristic of more developed markets. As a result, procedural safeguards, as well as formal regulations and laws, may not be applied consistently. In certain circumstances, it may not be possible to obtain the legal remedies provided under the relevant law and regulations in a timely manner. As the legal environment remains subject to ongoing development, investors in Jordan may face uncertainty as to the security of their investments. Any unexpected changes in Jordan's legal system may have a material adverse effect on the rights of Noteholders.

Risk Relating to the Structure of a Particular Issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer: If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned, and an investor may not be able to reinvest the redemption proceeds in a manner that achieves a similar effective return

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, it may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes that are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do market values for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (including the Euro interbank offered rate ("**EURIBOR**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective, whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences, which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/2011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation among, other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK-supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to, or referencing, a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

The working group on Euro risk-free rates for the Euro area has published a set of guiding principles and high level recommendations for fallback provisions in, *inter alia*, new Euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, *inter alia*, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the Euro area financial system. On 11 May 2021, the euro risk free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The conditions of the Notes provide for certain fallback arrangements in the event that an original Reference Rate (as defined in the conditions of the Notes) and/or any page on which an original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event (as defined in the conditions of the Notes) otherwise occurs. Such fallback arrangements include the possibility that the Rate of Interest (or the relevant component part thereof) could be set by reference to a Successor Rate or an Alternative Reference Rate, with or without the application of an Adjustment Spread (as defined in the conditions of the Notes) and may include amendments to the conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser, acting in good faith and following consultation with the Issuer, or the Issuer (acting in good faith and in a commercially reasonable manner), as applicable, and without the requirement for the consent or sanction of Noteholders. An Adjustment Spread, if applied, is a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread which (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the original Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined in the conditions of the Notes) (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), or (ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Issuer) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the original Reference Rate, or (iii) (if the Independent Adviser (following consultation with the Issuer) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be, or (iv) (if the Independent Adviser (following consultation with the Issuer) determines that there is no such industry standard) the Independent Adviser (following consultation with the Issuer) or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate. Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the original Reference Rate were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest (or the relevant component part thereof). The use of a Successor Rate or Alternative Reference Rate (including with or without the application of an Adjustment Spread) may still result in any Notes linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of the calculation of the Rate of Interest (or the relevant component part thereof) for the relevant immediately following Interest Period may result in the Rate of Interest (or the relevant component part thereof) for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Risks Relating to Notes Generally

Set out below is a description of material risks relating to the Notes generally.

Security of the Notes

The Notes will constitute unsecured obligations of the Kingdom.

No obligation to effect equal or rateable payment(s) with respect to the Notes or any other Public External Indebtedness

The Notes will at all times rank at least *pari passu* in right of payment with all other unsecured Public External Indebtedness (as defined in the conditions of the Notes) of the Issuer, from time-to-time outstanding. However, the Issuer will have no obligation to effect equal or rateable payment(s) at any time with respect to the Notes or any other Public External Indebtedness and, in particular, will have no obligation to pay other Public External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa. See Condition 4 (*Status of the Notes*).

No limitation on issuing pari passu securities

There is no restriction on the amount of securities which the Kingdom may issue and which rank equally in right of payment with the Notes, which may or may not be consolidated with such Notes. Such further issuances may affect the Kingdom's ability to make payments on the Notes and may reduce the amount investors could recover in respect of such Notes in certain scenarios.

The conditions of the Notes contain provisions, which permit their modification without the consent of all investors

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally or to pass resolutions (for example relating to amendments, modifications and waivers) in writing or through the use of electronic consents without the need for a meeting. Such provisions are commonly referred to as "collective action clauses". These provisions permit defined majorities to bind all Noteholders, including any Noteholders who did not attend and vote at the relevant meeting or, as the case may be, sign the relevant written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority. In addition, the conditions of the Notes permit "cross-series modifications" to be made to more than one series of debt securities, provided that each affected series of debt securities also contains a cross-series modification provision. This means that a defined majority of the holders of such debt securities (when taken in aggregate) would be able to bind all holders of debt securities in all the relevant aggregated series, including the Notes. The Issuer expects that all Series of Notes issued under the Programme will include such collective action clauses, thereby giving the Issuer the ability to request modifications or actions in respect of reserved matters across multiple Series of Notes.

Any modification or actions relating to any Reserved Matter (as defined in the conditions of the Notes), including in respect of payments and other important terms, may be made (a) to a single Series of Notes with the consent of the holders of 75% of the aggregate nominal amount of the outstanding Notes, and (b) to multiple series of securities which may be issued by the Issuer with the consent of both (i) the holders of at least two thirds of the aggregate nominal amount of all outstanding securities being aggregated and (ii) the holders of at least 50% in aggregate nominal amount of the outstanding securities of each series being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the conditions of the Notes), any such modification or action relating to any Reserved Matter may be made to multiple series of the Issuer's securities with the consent of 75% of the aggregate nominal amount of the outstanding securities of all affected series, without requiring a particular percentage of the holders of any individual affected securities to vote in favour of or approve any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of certain series of securities only and, for the avoidance of doubt, the collective action provisions may be used for different groups of two or more securities simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

It is, therefore, possible that the conditions of the Notes may be amended, modified or waived in circumstances whereby the holders of securities voting in favour of or signing a written resolution in respect of an amendment, modification or waiver may be holders of different series of securities and, as such, the majority of Noteholders of the relevant Series would not necessarily have voted in favour of or signed a written resolution in respect of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple series of securities may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to the Notes may adversely affect their trading price.

The conditions of the Notes restrict the ability of an individual holder to declare an Event of Default, and permit a majority of holders to rescind a declaration of such a default

The Notes contain a provision which, if an Event of Default occurs, allows the holders of at least 25%, in aggregate nominal amount of the outstanding Notes of the relevant Series to declare all the Notes to be immediately due and payable by providing notice in writing to the Issuer, whereupon the Notes shall become immediately due and payable at their Early Redemption Amount (as defined in the conditions of the Notes) with accrued interest (if any), without further action or formality.

The conditions of the Notes also contain a provision permitting the holders of at least 50%, in aggregate nominal amount of the outstanding Notes of the relevant Series to notify the Issuer to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn. The Issuer shall give notice thereof to the Noteholders, whereupon the relevant declaration shall be withdrawn and shall have no further effect.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The conditions of the Notes are based on English law in effect as at the date hereof. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date hereof, and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes, which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount, which is less than the minimum Specified Denomination in its account with the relevant clearing system, would not be able to sell the remainder of such holding without first purchasing a nominal amount of Notes at, or in excess of, the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount, which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time, may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a nominal amount of Notes at, or in excess of, the minimum Specified Denomination, such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes, which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC (each, as defined in "*Form of the Notes*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Legal Investment Considerations May Restrict Certain Investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Notes are legal investments for it; (ii) the Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Transferability of the Notes may be limited under applicable securities laws

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. Notes issued under the Programme may not be offered, sold or otherwise transferred in the United States other than to persons that are QIBs. Each purchaser of Notes will be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended by the Issuer to restrict transfers of Notes as described under "*Subscription and Sale and Transfer and Selling Restrictions*". It is the obligation of each purchaser of Notes to ensure that its offers and sales of Notes comply with all applicable securities laws.

Withholding tax on payments

Under the Income Tax Law № 34 of 2014, all payments by the Issuer of interest on the Notes will be subject to income tax in Jordan. Accordingly, all such amounts payable to a non-resident of Jordan will be subject to withholding taxes as set forth under "*Taxation—Jordanian Taxation*". The Issuer has undertaken to gross up all payments of interest on the Notes to take account of these withholding taxes, subject to the exceptions set forth in Condition 8 (*Taxation*).

Risks Relating to the Market Generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

Volatility of the trading market

The market for the Notes issued is influenced by economic and market conditions in the Kingdom and, to varying degrees, interest rates, currency exchange rates and inflation rates in other countries, such as the United States, EU countries and elsewhere. There can be no assurance that events in Jordan, the Middle East or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions, including the COVID-19 pandemic and the downturn of the global economy, will not have any other adverse effect. The Notes may trade at a discount to the offering price for the Notes, depending upon prevailing interest rates, the market for similar securities, defaults or the risk of potential defaults (particularly in Europe and the Gulf region), general economic conditions and the financial condition of the Kingdom.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Notes, which are not denominated in the investor's home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors in such jurisdiction may receive less interest or principal than expected, or no interest or principal.

Credit ratings assigned to the Issuer or any Notes do not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings do not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (x) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (y) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Offering Circular.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary bearer global note (a "**Temporary Bearer Global Note**") or, if so specified in the applicable Pricing Supplement, a permanent bearer global note (a "**Permanent Bearer Global Note**" and, together with a Temporary Bearer Global Note, a "**Bearer Global Note**"), which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Notes issued pursuant to TEFRA D must be initially represented by a Temporary Bearer Global Note.

While any Bearer Global Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**"), which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement in the case of TEFRA D Bearer Notes), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

The option for an issue of Bearer Global Notes to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Global Notes should not be expressed to be applicable in the applicable Pricing Supplement if the Bearer Global Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency).

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. On the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Global Notes (other than Temporary Bearer Global Notes), interest coupons and talons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

"ANY U.S. PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986".

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Global Notes, interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, interest coupons or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

For as long as the Central Bank of Jordan (or, as applicable, the Issuer), is required to maintain a register of holders of any Notes pursuant to the Public Debt Management Law or any other laws or regulations applicable from time to time, no Notes will be issued in bearer form under the Programme.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States, will initially be represented by a global note in registered form (a "**Regulation S Global Note**").

The Registered Notes of each Tranche offered and sold in the United States may only be offered and sold in private transactions to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("**QIBs**"). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, a "**Registered Global Note**").

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**"); or (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form and in the case of Regulation S Global Notes, outside the United States and its possessions.

The Registered Global Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available; or (ii) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions*".

General

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued on terms that it will from a date after its date of issue form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until such time as the two Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and the Principal Paying Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 6 June 2022 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

APPLICABLE PRICING SUPPLEMENT

[**EU MiFID II product governance / Professional investors and ECPs only target market** - Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**EU MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][1]

[**UK MiFIR product governance/ Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**") and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended ("**UK MiFIR**"), only and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s]/[s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s]/[s'] target market assessment) and determining appropriate distribution channels.][2]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, "**EU MiFID II**")]/[EU MiFID II]; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][3]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the "**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared.][4]

[**Notification under Section 309B of the Securities and Futures Act (Chapter 289) of Singapore** – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"), and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Hashemite Kingdom of Jordan has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'capital markets products other than prescribed capital markets products' (as defined in the CMP Regulations 2018) and are Specified Investment Products (as defined in Monetary

1 To be included if a dealer in relation to the Notes is subject to EU MiFID II.

2 To be included if a dealer in relation to the Notes is subject to UK MiFIR.

3 To be included where item 8 of Part B (*Prohibition of Sales to EEA Retail Investors*) specifies "Applicable."

4 To be included where item 8 of Part B (*Prohibition of Sales to UK Retail Investors*) specifies "Applicable."

Authority of Singapore ("**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.][5]

[*Date*]

THE HASHEMITE KINGDOM OF JORDAN

Legal entity identifier (LEI): 5493000JZ4MYPVMBVN50

Issue of [Aggregate Nominal Amount of Tranche][Title of Notes]

under the

Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Offering Circular dated 6 June 2022 [and the supplement[s] to it dated [ ] [and [ ]]] [together] (the "**Base Offering Circular**"). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Offering Circular in order to obtain all the relevant information. The Base Offering Circular has been published on the website of the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

1.	Issuer:		The Hashemite Kingdom of Jordan
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [ ]]/[Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ]% of the Aggregate Nominal Amount [plus accrued interest from [ ]]
6.	(a)	Specified Denominations:	[ ]
	(b)	Calculation Amount (in relation to calculation of interest in relation to Notes in global form see (Conditions)):	[ ]
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[ ]/Issue Date/Not Applicable]
8.	Maturity Date:[6]		[ ]/[Interest Payment Date falling in or nearest to [ ]]
9.	Interest Basis:		[[ ]% Fixed Rate] [[[ ] EURIBOR]] +/- [ ]% Floating Rate]

[5] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer. Notice to be included if classification of the Notes is not 'prescribed capital markets products', pursuant to Section 309B of the SFA.

[6] Pursuant to the Public Debt Management Law as in effect as of the date of the Base Offering Circular, maturity of the Notes must not exceed 30 years.

		[Zero Coupon] (see paragraph [14]/[15]/[16])
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[ ]/[100]]% of their nominal amount
11.	Change of Interest Basis	[ ][Not Applicable]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [(see paragraph [17]/[18] below)] [Not Applicable]
13.	(a) Status of the Notes:	Senior
	(b) Date(s) approval(s) for issuance of Notes obtained:	[ ]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions	[Applicable/Not Applicable]
	(a) Rate(s) of Interest:	[ ]% *per annum* payable in arrear on each Interest Payment Date
	(b) Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date]
	(c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[ ] per Calculation Amount
	(d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ][Not Applicable]
	(e) Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f) Determination Date(s):	[[ ] in each year] [Not Applicable]
15.	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(a) Specified Period(s)/Specified Interest Payment Dates:	[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
	(b) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
	(c) Additional Business Centre(s):	[ ]
	(d) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Citibank N.A., London Branch as Principal Paying Agent):	[ ] (the "**Calculation Agent**")
	(f) Screen Rate Determination:	
	• Reference Rate:	[ ] month EURIBOR
	• Interest Determination Date(s):	[ ]
	• Relevant Screen Page:	[ ]
	(g) ISDA Determination:	

	•	ISDA Definitions	[2006 ISDA Definitions]/[2021 ISDA Definitions]
	•	Floating Rate Option:	[ ] (*If "2021 ISDA Definitions" is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions)*)
	•	Designated Maturity:	[ ]/[Not Applicable] (*A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate*)
	•	Reset Date:	[ ]
	(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
	(i)	Margin(s):	[+/-] [ ]% *per annum*
	(j)	Minimum Rate of Interest:	[ ]% *per annum*
	(k)	Maximum Rate of Interest:	[ ]% *per annum*
	(l)	Day Count Fraction:	[[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]]
16.	Zero Coupon Note Provisions		[Applicable/Not Applicable]
	(a)	Accrual Yield:	[ ]% *per annum*
	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call:		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[[ ] per Calculation Amount]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[ ] per Calculation Amount
		(ii) Maximum Redemption Amount:	[ ] per Calculation Amount
	(d)	Notice period:	Minimum period: [15] days Maximum period: [30] days
18.	Investor Put:		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[[ ] per Calculation Amount]
	(c)	Notice periods:	Minimum period: [15] days Maximum period: [30] days
19.	Final Redemption Amount:		[ ] per Calculation Amount
20.	Early Redemption Amount payable on event of default and:		[ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	Form of Notes:	[Bearer Notes [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes upon an Exchange Event] [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for Definitive Notes upon an Exchange Event] [Registered Notes: [Regulation S Global Note registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [and] [Rule 144A Global Note registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]
22.	Additional Financial Centre(s):	[Not Applicable/give details]
23.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Hashemite Kingdom of Jordan:

By: ....

Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(a)	Listing and Admission to trading:	[Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Main Market of the London Stock Exchange plc and to be listed on the Official List of the United Kingdom Financial Conduct Authority] with effect from [ ].]/[*None*.]
(b)	Estimate of total expenses related to admission to trading:	[ ]

2. **RATINGS**

Ratings: [The Notes to be issued have been rated:

[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[Standard & Poor's: [ ] ("**S&P**")] [Moody's: [ ] ("**Moody's**")]

[Fitch: [ ] ("**Fitch**")]

[*Include brief rating description(s)*]

[[None of S&P, Moody's and Fitch][•] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**")]

[[Each of] [S&P] [and] [Fitch] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**UK CRA Regulation**")]

[•]]

[Not applicable]

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business, for which they may receive fees.]

4. **[YIELD (FIXED RATE NOTES ONLY)**

Indication of yield: [ ]%

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. **[HISTORIC INTEREST RATES (FLOATING RATE NOTES ONLY)**

Details of historic EURIBOR rates can be obtained from [Reuters].]

6. **USE OF PROCEEDS**

(a)	User of proceeds:	[See "*Use of Proceeds*" in the Base Offering Circular]/ [ ]
(b)	Estimated amount of net proceeds:	[ ]

7. **OPERATIONAL INFORMATION**

(a)	ISIN:	[ ]
(b)	Common Code:	[ ]
(c)	CUSIP:	[ ]
(d)	CINS:	[ ]
(e)	CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(f)	FISN:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(g)	Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable]/[ ]
(h)	Delivery:	Delivery [against/free of] payment
(i)	Names and addresses of additional Paying Agent(s) (if any):	[ ]

8. **DISTRIBUTION**

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable]/[ ]
(c)	Date of Subscription Agreement:	[ ]
(d)	Stabilisation Manager(s) (if any):	[Not Applicable]/[ ]
(e)	If non-syndicated, name of relevant Dealer:	[Not Applicable]/[ ]
(f)	U.S. Selling Restrictions:	[Reg. S Compliance Category 1; Rule 144A; TEFRA D/TEFRA C/TEFRA not applicable]
(g)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable]
(h)	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Pricing Supplement" for a description of the content of Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by The Hashemite Kingdom of Jordan (the "**Issuer**"), pursuant to the Agency Agreement (as defined below).

References herein to the Notes shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;

(b) any Global Note;

(c) any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and

(d) any definitive Notes in registered form ("**Registered Notes**") (issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time-to-time, the "**Agency Agreement**") dated 6 June 2022 and made between the Issuer, Citibank N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent), as exchange agent (the "**Exchange Agent**", which expression shall include any successor exchange agent) and as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and Citibank Europe plc, Ireland as registrar (the "**Registrar**", which expression shall include any successor registrar). The Principal Paying Agent, the Exchange Agent, the Transfer Agents, the Paying Agents, the Calculation Agent (if any is specified in the applicable Pricing Supplement) and the Registrar are together referred to as the "**Agents**".

Interest bearing definitive Bearer Notes have interest coupons ("**Coupons**") in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The pricing supplement for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note which complete these Terms and Conditions (the "**Conditions**"). References to the "**applicable Pricing Supplement**" are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading), and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as amended and/or supplemented and/or restated from time-to-time, the "**Deed of Covenant**") dated 6 June 2022 and made by the Issuer. The original of the Deed of Covenant is held by the Principal Paying Agent.

Copies of the Agency Agreement (including the forms of Global Notes, the Notes in definitive form, the Coupons and the Talons) and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Principal Paying Agent. Copies of the applicable Pricing Supplement will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of and are bound by, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Pricing Supplement which are applicable to them. Certain statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Pricing Supplement. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery, and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by applicable law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder** " and related expressions shall be construed accordingly.

For so long as The Depository Trust Company ("**DTC**") or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

For Registered Notes, the Registrar will maintain a register (the "**Register**") in accordance with the provisions of the Agency Agreement. Under the terms of the Agency Agreement, the Registrar will provide to the Issuer or, at the Issuer's request to the Central Bank of Jordan, an updated copy of the Register prior to the opening of the business day immediately following the business day on which any changes to the Register are made.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in Conditions 2.1 and 2.5, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time-to-time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within ten business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate from the transferor to the effect that such transfer is being made in accordance with Regulation S; or

(b) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person who the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(c) otherwise pursuant to an exemption from, or, in a transaction not subject to, the registration requirements of the Securities Act, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State or other jurisdiction of the United States,

and, in each case, in accordance with any applicable securities laws of any State or other jurisdiction of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2.6 Definitions

In this Condition, the following expressions shall have the following meanings:

"**Legended Note**" means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a "**Legend**");

"**QIB**" means a "qualified institutional buyer" within the meaning of Rule 144A;

"**Regulation S**" means Regulation S under the Securities Act;

"**Regulation S Global Note**" means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

"**Rule 144A**" means Rule 144A under the Securities Act;

"**Rule 144A Global Note**" means a Registered Global Note representing Notes sold in the United States or to QIBs; and

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

3. STATUS OF THE NOTES

The Notes and any relative Coupons are the direct, unconditional and unsecured obligations of the Issuer and rank and shall rank *pari passu*, without preference among themselves, with all other unsecured Public External Indebtedness of the Issuer, from time-to-time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public External Indebtedness and, in particular, shall have no obligation to pay other Public External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.

4. NEGATIVE PLEDGE

So long as any Note of a Series of Notes remains outstanding (as defined in the Agency Agreement), the Issuer shall not create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues to secure any Public External Indebtedness of the Issuer or any other Person or any guarantee or indemnity thereof unless (a) at the same time or prior thereto securing such Notes equally and rateably therewith or (b) providing such other security for such Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

In these Conditions:

"**Indebtedness**" means any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

"**Permitted Security Interest**" means:

(a) any Security Interest arising by operation of law which has not been foreclosed or otherwise enforced against the assets to which it applies; or

(b) any Security Interest securing or providing for the payment of Public External Indebtedness incurred in connection with any Project Financing provided that such Security Interest applies to (A) properties which are the subject of such Project Financing or (B) revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss of, or failure to complete, or damage to, such properties; or

(c) the renewal or extension of any Security Interest described in subparagraphs (a) to (b) above, provided that the nominal amount of the Public External Indebtedness secured thereby is not increased; or

(d) any Security Interest granted over the underlying assets forming part of any *shari'ah* compliant offering of certificates or other instruments provided that such Security Interest is limited in recourse only to such assets;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, trust or other juridical entity including, without limitation, any state entity or agency of a state or other entity, whether or not having separate legal personality;

"**Project Financing**" means any arrangement for the provision of funds which are to be used solely to finance a project for the acquisition, construction, development or exploitation of any property pursuant to which the persons providing such funds agree that the principal source of repayment of such funds will be the project and the revenues (including insurance proceeds) generated by such project;

"**Public External Indebtedness**" means any Indebtedness, which is (A) in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) outside of The Hashemite Kingdom of Jordan and (B) is denominated or payable, or at the option of the creditor or holder thereof payable, in a currency other than the lawful currency of The Hashemite Kingdom of Jordan; and

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) *per annum* equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes, which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Registered Notes; or

(b) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rate Notes, which are Registered Notes in definitive form, or the Calculation Amount in the case of Fixed Rate Notes, which are Bearer Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

(i) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of :

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

"**Calculation Amount**" means the amount specified as such in the applicable Pricing Supplement;

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, one cent.

5.2 Interest on Floating Rate Notes

(a) ***Interest Payment Dates***

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur; or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (C) below shall apply *mutatis mutandis*; or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (b) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means:

(1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than the TARGET2 System) specified in the applicable Pricing Supplement;

(2) if "TARGET2 System" is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open; and

(3) either (x) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian Dollars or New Zealand Dollars shall be Sydney and Auckland, respectively); or (y) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

(b) ***Rate of Interest***

The Rate of Interest payable from time-to-time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) *ISDA Determination for Floating Rate Notes*

Where "ISDA Determination" is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating (i) if "2006 ISDA Definitions" is specified in the applicable Pricing Supplement, the 2006 ISDA Definitions or (ii) if

"2021 ISDA Definitions" is specified in the applicable Pricing Supplement, the 2021 ISDA Interest Rate Derivative Definitions, each as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (together the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), "**Floating Rate**", **Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(ii) *Screen Rate Determination for Floating Rate Notes*

Where "Screen Rate Determination" is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate *per annum*) for the Reference Rate (as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) ***Benchmark Replacement***

Notwithstanding the other provisions of this Condition 5.2, if the Issuer, following consultation with the Calculation Agent, determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Pricing Supplement when any Rate of Interest (or the relevant component part thereof) applicable to the Notes for any Interest Period remains to be determined by such Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-Off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

(ii) if (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Issuer fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread in accordance with this Condition 5.2(c) prior to the relevant IA Determination Cut-Off Date, then the Issuer (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or, in either case, an Adjustment Spread itself for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 5.2(c) applying *mutatis mutandis*) to allow such determinations to be made by the Issuer without consultation with the Independent Adviser;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods in respect of such Notes (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(c));

(iv) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be), provided however, that if the Independent Adviser (following consultation with the Issuer), or the Issuer (acting in good faith and in a commercially reasonable manner) fails to determine the Adjustment Spread in accordance with this Condition 5.2(c) prior to the relevant Interest Determination Date, then the Successor Rate or Alternative Reference Rate, as determined in accordance with this Condition 5.2(c), will apply without an Adjustment Spread;

(v) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 5.2(c) and the Independent Adviser (following consultation with the Issuer) or the Issuer (acting in good faith and in a commercially reasonable manner), as applicable, determines: (A) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Interest Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Issuer and subject to delivery of a notice in accordance with Condition 5.2(c)(vi): (x) the Issuer shall vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Agents shall (at the Issuer's expense), without any requirement for the consent or sanction of the Noteholders, be obliged to concur with the Issuer in effecting such Benchmark Amendments.

For the avoidance of doubt, no Agent shall be liable to the Noteholders or any other person for so acting or relying on such notice, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Noteholder or person;

(vi) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Agents and, in accordance with Condition 14, the Noteholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5.2(c);

(vii) if, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest (or the relevant component part thereof) on the immediately following Interest Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Rate of Interest (or the relevant component part thereof) shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period). For the avoidance of doubt, this 5.2(c)(vii) shall apply to the relevant immediately following Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 5.2(c); and

(viii) the Independent Adviser appointed pursuant to this Condition 5.2(c) shall act and make all determinations pursuant to this Condition 5.2(c) in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud or, in the case of the Issuer, a breach of the requirements of this Condition 5.2, neither the Independent Adviser nor the Issuer shall have any liability whatsoever to the Principal Paying Agent, the Paying Agents, the Noteholders or the Couponholders in connection with any determination made by it or, in the case of the Independent

Adviser, for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 5.2(c).

For the purposes of this Condition 5.2(c):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Issuer) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate; or

(iii) (if the Independent Adviser (following consultation with the Issuer) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or

(iv) (if the Independent Adviser (following consultation with the Issuer) determines that there is no such industry standard) the Independent Adviser (following consultation with the Issuer) or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate;

"**Alternative Reference Rate**" means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Issuer) determines, in accordance with this Condition 5.2(c), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes and of a comparable duration to the relevant Interest Period or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in their sole discretion is most comparable to the relevant Reference Rate;

"**Benchmark Event**" means: (i) the relevant Reference Rate ceasing to be published as a result of such benchmark ceasing to be calculated or administered or ceasing to exist for at least five Business Days; or (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will, by a specified future date, cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will, by a specified future date, be permanently or indefinitely discontinued; or (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which, by a specified future date, the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of the such supervisor, such Reference Rate is or will be (or is or will be deemed by such supervisor to be) by a specified future date, no longer representative of an underlying market or (vi) it has become unlawful for the Issuer, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate, provided that, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) and (v) above and the relevant specified future date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such specified future date;

"**Financial Stability Board**" means the organisation established by the Group of Twenty (G20) in April 2009;

"**Independent Adviser**" means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Issuer at the Issuer's expense;

"**Relevant Nominating Body**" means, in respect of a Reference Rate: (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which the Reference Rate relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; (C) a group of the aforementioned central banks or other supervisory authorities; or (D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser (in consultation with the Issuer) or the Issuer, as applicable, determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

(d) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(e) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Principal Paying Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(f) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(g) ***Notification of Rate of Interest and Interest Amounts***

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Principal Paying Agent and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(h) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of manifest or proven error) be binding on the Issuer, the Agents and all Noteholders and Couponholders and (in the absence of manifest or proven error) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than Euros will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian Dollars or New Zealand Dollars, shall be Sydney and Auckland, respectively); and

(b) payments in Euros will be made by credit or transfer to a Euros account (or any other account to which Euros may be credited or transferred) specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

6.2 Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented.

6.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than Euros) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian Dollars or New Zealand Dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in Euros) any bank which processes payments in Euros.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the nominal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. Dollars shall be paid by transfer by the Principal Paying Agent to an account in the relevant Specified Currency of the Exchange Agent for conversion into and payment in U.S. Dollars unless the participant in DTC with an interest in the Notes has elected to receive any part of such payment in that Specified Currency, in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. Dollars, such U.S. Dollar payments of principal and/or interest in respect of such Notes may be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and

(c) such payment is then permitted under U.S. law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) each Additional Financial Centre (other than the TARGET2 System) specified in the applicable Pricing Supplement; and

(iii) if "TARGET2 System" is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open;

(b) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian Dollars or New Zealand Dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euros, a day on which the TARGET2 System is open; and

(c) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. Dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has made no election to and will receive any part of such payment in U.S. Dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City and London.

6.7 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 8;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes; and

(e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

7.2 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption) and the Principal Paying Agent, redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes be selected individually by lot, not more than 30 days prior to the date fixed for redemption, and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

7.3 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any common depositary for Euroclear or Clearstream, Luxembourg to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time-to-time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC by a holder of any Note pursuant to this Condition 7.3 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.3 and instead to give written notice to the Principal Paying Agent to declare such Note forthwith due and payable subject to, and in accordance with, Condition 10.

7.4 Early Redemption Amounts

For the purpose of Condition 10:

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^{y}$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.5 Purchases

The Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent or the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 15.

7.6 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.5 (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.7 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2 or 7.3 or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.4(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Hashemite Kingdom of Jordan or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law, including without limitation any withholding or deduction on account of income tax and National Contribution Tax imposed under the Income Tax Law № 34 of 2014. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(a) held by a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with The Hashemite Kingdom of Jordan other than the mere holding of the Note or Coupon; or

(b) where (in the case of a payment of principal or interest on redemption) the relevant Note or Coupon is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant Note or Coupon on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 (*Taxation*).

9. PRESCRIPTION

Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. EVENTS OF DEFAULT

In respect of a series of Notes, if any of the following events (each an "**Event of Default**") occurs and is continuing:

(a) the Issuer fails to pay any amount of principal in respect of such Notes on the due date for payment thereof or fails to pay any amount of interest in respect of such Notes within 14 days of the due date for payment thereof; or

(b) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of such Notes or the Deed of Covenant and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer by any relevant Noteholder, has been delivered to the Issuer or to the specified office of the Principal Paying Agent; or

(c) *Cross-default of Issuer*:

(i) any Public External Indebtedness of the Issuer is not paid when due or (as the case maybe) within any originally applicable grace period; or

(ii) any Public External Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity (as extended by any originally applicable grace period) otherwise than at the option of the Issuer (provided that no event of default, howsoever described, has occurred); or

(iii) the Issuer fails to pay when due any amount payable by it under any guarantee or indemnity of any Public External Indebtedness;

provided that the aggregate amount of Public External Indebtedness in respect of which one or more of the events mentioned in this paragraph (c) exceeds U.S.$20,000,000 (or its equivalent in any other currency or currencies); or

(d) a moratorium on the payment of principal of, or interest on, the Public External Indebtedness of the Issuer is declared by the Issuer; or

(e) the validity of such Notes is contested by the Issuer or the Issuer shall deny any of its obligations under such Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise); or

(f) it shall become unlawful for the Issuer to perform or comply with all or any of its obligations set out in such Notes or any such obligations shall be or become unenforceable or invalid, in each case as a result of any law or regulation in The Hashemite Kingdom of Jordan or any ruling of any court in The Hashemite Kingdom of Jordan whose decision is final and unappealable; or

(g) The Hashemite Kingdom of Jordan ceases to be a member of the International Monetary Fund ("**IMF**") (or any successor thereto performing substantially the same function as the IMF) or to be eligible to use the general resources of the IMF,

then the holders of at least 25% in aggregate nominal amount of the relevant Series of outstanding Notes may, by notice in writing to the Issuer (with a copy to the Principal Paying Agent), declare all the Notes of the relevant Series to be immediately due and payable, whereupon they shall become immediately due and payable at their nominal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders of the relevant Series by the Issuer.

If the Issuer receives notice in writing from holders of at least 50% in aggregate nominal amount of the relevant Series of outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders of the relevant Series wish the relevant declaration to be withdrawn, the Issuer shall, give notice thereof to the Noteholders of the relevant Series (with a copy to the Principal Paying Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder of the relevant Series in relation thereto.

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The names of the initial Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. Dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London (which is expected to be the *Financial Times*) or published on the website of the London Stock Exchange plc or, if in either case such publication is not practicable, in a leading English language newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for mailing or such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

15.1 Convening Meetings of Noteholders; Written Resolutions; Conduct of Meetings of Noteholders

(a) The Issuer may convene a meeting (including, for the avoidance of doubt, by way of conference call or by use of a videoconference platform) of the Noteholders at any time in respect of the notes of a series of Notes in accordance with the Agency Agreement and will determine the time and place of the meeting. The Issuer will notify the Noteholders of the relevant Series of Notes of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(b) The Issuer or the Principal Paying Agent, on behalf of and under instruction of the Issuer, will convene a meeting of Noteholders of a series of Notes if the holders of at least 10% in nominal amount of the relevant Series of the outstanding Notes (as defined in the Agency Agreement documentation and described in Condition 15.9) of the relevant Series have delivered a written request to the Issuer or the Principal Paying Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Principal Paying Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Principal Paying Agent, as the case may be, will notify the Noteholders within ten days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(c) The Issuer (with the agreement of the Principal Paying Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Principal Paying Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(d) The notice convening any meeting will specify, *inter alia*;

(i) the date, time and location of the meeting;

(ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

(iii) the record date for the meeting, which shall be no more than five Business Days before the date of the meeting;

(iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

(vi) whether Condition 15.2, Condition 15.3 or Condition 15.4 shall apply and, if relevant, in relation to which other series of debt securities it applies;

(vii) if the proposed modification or action relates to two or more series of debt securities issued by the Issuer and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(viii) such information that is required to be provided by the Issuer in accordance with Condition 15.6;

(ix) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 15.7; and

(x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(e) In addition, the Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to Condition 15.1(d) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(f) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

(g) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(h) "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(i) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities (which for these purposes include any *sukuk* representing the credit of The Hashemite Kingdom or Jordan or any other similar instruments) issued directly or indirectly by or without recourse to the Issuer in one or more series with an original stated maturity of more than one year.

(j) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 15 and Condition 16 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities, including the U.S.$500,000,000 4.950% Notes due 2025 of the Issuer issued on 7 July 2020, the U.S.$1,250,000,000 5.850% Notes due 2030 of the Issuer issued on 7 July 2020, the U.S.$1,000,000,000 7.375% Notes due 2047 of the Issuer issued on 10 October 2017, the U.S.$500,000,000 6.125% Notes due 2026 of the Issuer issued on 29 January 2017 and the U.S.$500,000,000 6.125% Notes due 2026 of the Issuer issued on 10 November 2015 (forming a single series), and the U.S.$1,000,000,000 5.750% Notes due 2027 of the Issuer issued on 1 November 2016.

15.2 Modification of this Series of Notes only

(a) Any modification of any provision of, or any action in respect of, these Conditions, the Agency Agreement in respect of a Series of Notes and/or the Deed of Covenant in respect of a Series of Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(b) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to Condition 15.1 by a majority of:

(i) in the case of a Reserved Matter, at least 75% of the aggregate nominal amount of the outstanding Notes; or

(ii) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate nominal amount of the outstanding Notes.

(c) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(i) in the case of a Reserved Matter, at least 75% of the aggregate nominal amount of the outstanding Notes; or

(ii) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate nominal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

(d) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be and on all Couponholders.

15.3 Multiple Series Aggregation – Single limb voting

(a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

(b) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to Condition 15.1, as supplemented if necessary, which is passed by a majority of at least 75% of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(c) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75% of the aggregate nominal amount of the outstanding debt securities of all affected series of

Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.

(e) The "**Uniformly Applicable**" condition will be satisfied if:

(i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).

(f) It is understood that a proposal under Condition 15.3(a) will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(g) Any modification or action proposed under Condition 15.3(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

15.4 Multiple Series Aggregation – Two limb voting

(a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(b) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to Condition 15.1, as supplemented if necessary, which is passed by a majority of:

(i) at least 66⅔% of the aggregate nominal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50% of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(c) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(i) at least 66⅔% of the aggregate nominal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50% of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Couponholders and couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.

(e) Any modification or action proposed under Condition 15.4(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

15.5 Reserved Matters

In these Conditions, "**Reserved Matter**" means any proposal:

(a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(d) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(e) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(f) to change the definition of "Uniformly Applicable";

(g) to change the definition of "outstanding" or to modify the provisions of Condition 15.9;

(h) to change the legal ranking of the Notes;

(i) to modify the provisions of this Condition 15.5;

(j) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 10;

(k) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 20;

(l) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or

(n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in these Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(o) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

(p) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate nominal amount.

15.6 Information

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 15.2, Condition 15.3 or Condition 15.4, the Issuer shall publish in accordance with Condition 16 and provide the Principal Paying Agent with the following information:

(i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(ii) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 15.1(d)(vii).

15.7 Claims Valuation

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 15.3 and Condition 15.4, the Issuer may appoint a calculation agent (the "**Calculation Agent**"). The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with the par value of the Notes and such affected series of debt securities will be calculated. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

15.8 Manifest error, etc.

The Notes, these Conditions and the provisions of the Agency Agreement may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

15.9 Notes controlled by the Issuer

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 15 and (c) Condition 10, any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled, directly or indirectly, by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

(i) "**public sector instrumentality**" means the Central Bank of Jordan or any department, ministry or agency of the government of the Issuer or any corporation, trust, financial institution or other entity owned or controlled by the government of the Issuer or any of the foregoing; and

(ii) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Principal Paying Agent a copy of the certificate prepared pursuant to Condition 16.4, which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled, directly or indirectly, by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Principal Paying Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

15.10 Publication

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 16.7.

15.11 Exchange and Conversion

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders and Couponholders.

16. AGGREGATION AGENT; AGGREGATION PROCEDURES

16.1 Appointment

The Issuer will appoint an aggregation agent (the "**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required nominal amount outstanding of Notes, and, in the case of a multiple series aggregation, by the required nominal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or applicable bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

16.2 Extraordinary Resolutions

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate nominal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

16.3 Written Resolutions

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate nominal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

16.4 Certificate

For the purposes of Condition 16.2 and Condition 16.3, the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 15.2, Condition 15.3 or Condition 15.4, as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(a) list the total nominal amount of Notes and, in the case of a multiple series aggregation, the total nominal amount of each other affected series of debt securities outstanding on the record date; and

(b) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 15.9 on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

16.5 Notification

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 16 to be notified to the Principal Paying Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

16.6 Binding nature of determinations; no liability

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 16 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

16.7 Manner of publication

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement, including any matters required to be published pursuant to Condition 10, Condition 15 and this Condition 16:

(a) through Euroclear Bank SA/NV, Clearstream Banking SA, DTC and/or any other clearing system in which the Notes are held;

(b) in such other places and in such other manner as may be required by applicable law or regulation; and

(c) in such other places and in such other manner as may be customary.

17. FURTHER ISSUES

The Issuer may from time-to-time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as a series of Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes; provided that any additional Notes having the same CUSIP, ISIN or other identifying number of outstanding Notes or any Series must be fungible with such outstanding Notes for U.S. federal income tax purposes if either the outstanding Notes or the additional Notes were or are issued under Rule 144A.

18. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. GOVERNING LAW AND DISPUTE RESOLUTION

20.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of, or in connection with, the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are and shall be governed by, and construed in accordance with, English law.

20.2 Jurisdiction

(a) Subject to Condition 20.2(c) below, the Issuer agrees for the benefit of the Noteholders or Couponholders that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceedings which may arise out of or in connection with the Notes ("**Proceedings**") and to settle any dispute or difference of whatever nature howsoever arising under, out of or in connection with the Notes (including dispute or difference as to the breach, existence or validity of the Notes) ("**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

(b) The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being chosen as the forum to hear, determine and settle any Disputes, and agrees not to claim that the courts of England are not a convenient or appropriate forum, whether on the grounds of venue, residence, domicile, convenience or otherwise.

(c) The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder or Couponholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

20.3 Service of process

The Issuer irrevocably appoints the Ambassador of The Hashemite Kingdom of Jordan in to the Court of St. James's, currently residing at the Embassy of The Hashemite Kingdom of Jordan at 6 Upper Phillimore Gardens, London, W8 7HA, England or, in his absence, his designate as its authorised agent for service of process in England.

20.4 Consent to enforcement etc.

Subject to Condition 20.5 and for the purposes of the State Immunities Act 1978, the Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings. The Issuer also hereby irrevocably submits to the jurisdiction of the courts in any jurisdiction other than England in which any judgment of any English court may be enforced.

20.5 Waiver of immunity

To the extent that the Issuer may be entitled in any jurisdiction to claim for itself or its assets or revenues immunity from jurisdiction, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its property (including bank accounts), assets or revenues, the Issuer irrevocably and unconditionally agrees not to claim, and irrevocably and unconditionally waives such immunity, and irrevocably and unconditionally consents to the giving of any relief, including post-judgment enforcement sought against the Issuer, or the issue of any process to the fullest extent permitted by the laws of such jurisdiction, provided however, that immunity is not waived in respect of (i) present or future "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963 or (ii) military property or military assets of the Issuer related thereto or (iii) property and assets located in The Hashemite Kingdom of Jordan and dedicated to a public or governmental use (as distinct from property in use or intended for use for commercial purposes) by The Hashemite Kingdom of Jordan.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer to fund the permitted purposes set out in the Public Debt Management Law, and may not be applied for the Issuer's general budgetary purposes.

The permitted purposes under the Public Debt Management Law are:

(i) funding of deficit of the public budget;

(ii) supporting of the budget of payments;

(iii) financing of projects that are of national priority and are included in the public budget;

(iv) providing the necessary funding as set out in the public budget or any temporary law to respond to disasters and urgent circumstances; and

(v) restructuring of internal and external debt.

If there is a particular identified use of proceeds, it will be stated in the applicable Pricing Supplement.

RESPONSE TO COVID-19

In common with most other countries, the COVID-19 pandemic has and will continue to have a significant effect on the Kingdom. As at 25 March 2022, the Ministry of Health reported a cumulative number of infections in the Kingdom totalling 1.7 million and a cumulative number of 14,000 deaths since the outbreak of the pandemic. Actual numbers may be even higher due to infections and deaths that remain undiscovered. See "*Risk Factors—Risks Relating to the Kingdom—COVID-19 Pandemic*". The Government launched a vaccination campaign via an online platform with equal access to all citizens and non-citizens resident in the Kingdom. According to the UNHCR, Jordan was the first country to offer vaccinations to hosted refugees. According to data published by the Ministry of Health, as of 11 March 2022, 4.7 million people have received at least one dose of a vaccination, of which 4.41 million have received a second dose and 608,000 have received a third 'booster' shot.

Government Policy Response

The Government has taken a number of steps in response to the COVID-19 pandemic.

Since the outbreak of the COVID-19 pandemic, the Government has taken a number of measures to protect the safety of its citizens and refugees alike and to mitigate the economic impact of the pandemic on the Kingdom. A curfew was put in place, spending on healthcare has been prioritised and steps have been taken to lessen the negative effects on businesses and households, as further detailed below.

At the outset of the pandemic, the Government put in place strict measures to protect lives and livelihoods of its citizens, before shifting to more targeted and adaptive measures. The Jordanian authorities were able to mitigate the surge and death toll more quickly and completely than many wealthier countries through a series of health and economic measures including imposing lockdowns and work from home instructions, while increasing the capacity of the health sector. Moreover, economic measures included covering emergency medical spending, allowing tax, customs, and utility bill deferrals, expanding social safety nets and reducing sales tax on certain sectors like tourism and medical supplies.

Emergency Health Measures

In March 2020, the Government imposed a curfew and social distancing measures as part of its emergency measures to limit the spread of the COVID-19 virus. The Government also quarantined approximately 5,000 foreign visitors in 36 hotels (mostly located near the Dead Sea). On 6 June 2020, the Government announced a relaxation of restrictions by reducing the curfew to six hours (from 12 midnight to 6 a.m.) and permitting free movement in private cars, to allow for the opening of more industrial and economic institutions. In conjunction with the relaxation of restrictions, surveillance measures have been strengthened by increasing daily random testing to 10,000 tests.

Since early June 2021, all public sector services have been fully functional and public sector employees (except those considered higher risk) have returned to work, operating under prescribed safety guidelines. Private companies are allowed to self-determine working practices, with many individuals still choosing to work from home. Public parks, shopping centres, restaurants and places of worship have reopened but are now operating with social distancing and personal hygiene controls.

As vaccinations became available, the Government implemented a national campaign for the population, making Jordan the first country in the world to offer vaccinations for citizens and refugees alike. As of 25 March 2022, approximately 46% of the population have received at least one dose of a vaccination.

Transportation

In April 2020, the Government announced a number of measures designed to restrict the spread of COVID-19. These included closing land borders, grounding passenger flights, suspending movement between governorates, suspending public and private sector activity except in critical sectors, issuing guidelines to work from home and switching to online learning, and imposing mandatory quarantine on visitors to the Kingdom.

Since June 2020, movement within municipalities and domestic tourism are permitted. Since August 2020, international flights to and from the Kingdom have resumed, although some COVID-19 formalities remain in place for people arriving in Jordan. Since February 2022, restrictions have been eased further, allowing all international travellers regardless of their vaccination status to travel to Jordan without testing for COVID-19.

Education

All schools and universities in the Kingdom were closed whilst the full curfew was in place. The Ministry of Education launched an '*Education During Emergency Plan 2020/2022*', which set out the strategy for education during and after the COVID-19 pandemic. The plan includes a response phase, with guidance for the immediate future provision for including distant learning, an intermediary phase to assist with remedial measures to make up for gaps in learning suffered during lockdown, and a sustainability phase to integrate distant learning and other novel techniques into a framework for education in the longer term. Some private examination centres reopened in June 2020, with online teaching continuing. In February 2022, in-person education was resumed.

Activation of Defense Law

On 18 March 2020, the Government activated the Defense Law № 13 of 1992 under which Defense Order No.1 and No.5 for the year 2020 were activated on 19 and 31 March 2020 respectively. These Orders introduce a range of measures to help assist companies during the crisis. This includes: (i) relaxing some Social Security Contribution requirements, such as giving the option to entities operating in the private sector to suspend payment of old-age insurance in relation to private sector's employees for a period of three months as at 1 March 2020 and apply a reduced social security subscription ratio for entities and its employees from 21.75 % (14.25 % employer's contribution in addition to 7.5% deducted from the employee on a monthly basis) to 5.25 % (4.25% as employer's contribution in addition to 1% deducted from the employee); (ii) extending the Income Tax returns filing deadline; and (iii) suspending the period for submitting General Sales Tax and Excise Sales Tax returns.

Thus far, 36 Defence Orders have been activated. These orders ranged from imposing lockdown and curfew regulations, online learning, work from home, fees for non-compliance with the regulations, enforcing health and safety measures while gradually reopening the economy until Defence Order 36 in March 2022, which reopeoned the economy fully and removed mask requirements, indoor and outdoor group activity, and maximum capacity requirements for restaurants, social and religious gatherings. The orders also included regulating the work of the private sector, and schemes for preserving private sector jobs through SSC programs.

Financial Measures

Ministry of Finance

During 2020, the Ministry of Finance deployed a stimulus package of JD 500 million to support the Jordanian economy, combining increased spending and subsidy, for example by deferment or reduction of tax income. In particular, it provided financial support directly to households, and to businesses in the private sector to enable them to continue commercial activity. The Government established a fund to increase healthcare spending, exempted medical supplies from sales tax, postponed deadlines for income and sales taxes, and reduced the general sales tax on hotels and restaurants from 16% to 8% and postponed collection of taxes for 2019 for businesses in the tourism sector. The Government also implemented a hiring freeze and reduced salaries of cabinet ministers and senior officials, delaying wage increases for government employees, including teachers and military personnel, and suspending overtime bonuses, transportation allowances and travel bonuses. Additionally, fiscal and monetary policy interventions were used to expand credit to the private sector, including programs designed to benefit the hardest-hit sectors, while the Social Security Corporation reduced contributions temporarily and provided unemployment benefits. Other economic measures included covering emergency medical spending, allowing tax, customs, and utility bill deferrals, expanding social safety nets, reducing sales tax on certain sectors like tourism and medical supplies. These measures together with reduced economic activity resulted in lower government reserves and higher expenditure, and therefore a larger budget deficit than expected before the COVID-19 pandemic.

The Government believes that the prudent fiscal and monetary policy limited the direct economic impact: the economic contraction in 2020, at 1.6% of GDP, remained lower than expected. The Government took measures to allow the highest GDP- and revenue-contributing industries to continue, to mitigate economic harm while managing the health crisis. For example, the government allowed mining companies to use quarantine procedures to enable them to maintain operations during the lockdowns. Measures such as those described above allowed Jordan to reopen its economy and ease restrictions relatively quickly. Despite limited fiscal flexibility and a widened primary deficit, the Government measures mitigated the need to incur significantly more public debt. Fiscal accounts suffered a significant decline of domestic revenue, equivalent to JD 726 million relative to domestic revenue in 2019. Domestic revenue experienced a large decline in 2020 relative to the much smaller increase in spending (JD 399 million). The public debt-to-GDP (net of SSIF holdings) grew by 11.2% in 2020.

Central Bank of Jordan

The CBJ has implemented a number of measures to contain the negative effects of the COVID-19 pandemic on the local economy, totalling approximately JD 2.7 billion, equivalent to 8.6% of GDP. These measures include: (i) allowing banks to restructure consumer and business (particularly SME) loans; (ii) injecting over JD 1,050 million of liquidity into the domestic banking sector by reducing the compulsory reserve ratio on banks' deposits and repurchase agreements from 7% to 5%, to enable banks to lower interest rates for consumers and businesses; (iii) reducing financing costs and lengthening the maturity of the existing and future loans made under the CBJ's refinancing programme (iv) supporting the procedures of the Jordan Loan Guarantee Corporation (the "**JLGC**") by reducing commissions and raising the insurance coverage rate for the local sales guarantee programme to 85% and granting a loan to the JLGC of JD 700 million; (v) revising procedures and guidelines for the safe handling of cash; and (vi) ensuring the continued availability of ATMs and point-of-sale systems. Additionally, the CBJ cut policy rates by 150 basis points, although it has recently begun to increase interest rates.

Social Safety Nets

The Ministry of Social Development established a dedicated fund '*Al Khair*' for the benefit of families directly affected by the COVID-19 pandemic, including workers who lost their jobs due to the lockdown. A separate '*Himmat Watan*' fund was also established to collect local and international donations that have been made to support the Kingdom's efforts to eradicate the COVID-19 virus. Other social security measures implemented include support for private sector employees, reduced social security payments for businesses and individuals, and initiatives to support job stability and business continuity. The funding for social security measures is included in the Ministry of Finance allocation of JD 500 million.

U.S. Government Support

In April 2020, the U.S. Government agreed it would provide U.S.$8 million to Jordan to help mitigate the spread of the virus. This amount includes U.S.$6.5 million in humanitarian assistance from the US State Department of Migration and Refugee Assistance which is aimed at helping the large number of refugees in Jordan by providing health assistance, additional hours of electricity in refugee camps, support for remote education and short-term cash assistance for those refugees residing outside of camps, and an additional U.S.$1.5 million in health assistance to support the strengthening of laboratories to enable them to carry out large-scale testing for COVID-19. The U.S. Government also provided Jordan with half a million doses of the Pfizer-manufactured vaccine in 2021 to support its vaccination programme.

The United States has provided financial assistance for Jordan's COVID-19 response totalling approximately U.S.$35.4 million, including approximately U.S.$20.8 million in humanitarian assistance to support vulnerable individuals in Jordan, including refugees and members of host communities. It also includes U.S.$13.1 million in humanitarian assistance to provide emergency food assistance, and U.S.$1.5 million in health assistance to support efforts to stop the spread of the disease, as well as strengthening laboratories for large-scale COVID-19 testing.

UNHCR

On 11 May 2020, the UNHCR announced it would provide one-off emergency cash assistance to approximately 18,000 refugee families. Since the beginning of the COVID-19 pandemic, the UNHCR has provided direct cash assistance to 54,000 families, thanks to funding from donors such as the United States, Germany and Canada. Following an initial appeal for U.S.$27 million over three months, the UNHCR revised its requirements for the rest of the year to a total of U.S.$79 million to help refugees affected by the COVID-19 crisis in Jordan. The UNHCR has already been supporting the Government of Jordan's national response plan, donating U.S.$1.2 million to the Ministry of Health to purchase essential medical equipment as well as six ambulances, delivering medicine direct to refugees' homes and maintaining the operation of essential services, including medical clinics and hospitals, in refugee camps.

IMF Programme and COVID-related Support

On 26 March 2020, the Executive Board of the IMF approved a U.S.$1.3 billion (SDR 926.4 million) Extended Arrangement under Jordan's Extended Fund Facility (EFF) to support the Kingdom's economic and financial reform program. Although the facility was designed before the COVID-19 outbreak, changes were made to the facility to support unbudgeted spending covering emergency outlays and medical supplies and equipment: the IMF provided Jordan with a further increased disbursement of U.S.$200 million under the EFF upon the completion of the second review in June 2021 as well as a COVID-specific spending adjustment of 0.5% of GDP. The IMF praised Jordan's containment efforts and economic responses to the COVID-19 crisis.

On 21 May 2020, the Executive Board of the IMF approved Jordan's request for emergency financial assistance of approximately U.S.$396 million (SDR 291.6 million). The 'Rapid Funding Instrument' will help alleviate the Kingdom's balance of payment needs and allow for higher spending on healthcare, containment, and assistance to households and companies most affected by the COVID-19 pandemic.

The World Bank

In response to the COVID-19 pandemic, the World Bank Board approved two financings to support Jordan's efforts to mitigate the impact of the pandemic on the health sector and to protect vulnerable groups. In March 2020, the World Bank approved U.S.$20 million financing to support the Kingdom's COVID-19 Emergency Response Project, which aims to strengthen Jordan's ability to prevent, detect and respond to the threat posed by the COVID-19 pandemic and to strengthen national systems for public health preparedness. In May 2020, the World Bank approved financing of U.S.$374.2 million to the Jordan Emergency Cash Transfer COVID-19 Response Project, which aims to provide cash support to poor and vulnerable households affected by the COVID-19 pandemic in Jordan, as well as support the regular Takaful Cash Transfer. The financing includes a grant of U.S.$24.2 million from the Jordan Inclusive Growth and Economic Opportunities Multi-Donor Trust Fund.

Further, in May 2020, the World Bank approved additional financing to the Economic Opportunities for Jordanians and Syrian Refugees Program for Results, with total financing of U.S.$100 million through the International Development Association. The additional financing expands the scope of the programme's activities with the goal of promoting job creation for Jordanians and Syrian refugees, safeguarding economic growth, and continuing support to Jordan in its recovery from the COVID-19 pandemic.

This support has continued throughout 2021. In 2021, the World Bank approved U.S.$290 million of additional financing to the Emergency Cash Transfer COVID-19 Response project, which aims to provide cash support to poor and vulnerable households and workers affected by the COVID-19 pandemic in Jordan. The second programme, *Istidama*, which was implemented by the Social Security Corporation in December 2020, subsidised wages and social security contributions of 110,000 formal workers employed in firms most affected by the COVID-19 pandemic over six months. The programme was extended by six months to the end of 2021 and has been extended again, to June 2022, to help institutions with their post-pandemic recovery.

Furthermore, the Bank approved U.S.$63.75 million of additional financing to the Jordan COVID-19 Emergency Response Project, of which U.S.$50 million will be financed through an IBRD loan, U.S.$12.5 million through a grant from the GCFF contribution and U.S.$1.25 million from the Health Emergency Preparedness and Response Fund (HEPR). This additional financing is aimed at better prevention of mortality and morbidity caused by COVID-19 through support for the expansion of COVID-19 vaccine coverage and other interventions to identify vulnerable groups and strengthen the immunisation system. In addition, the financing objective is to support the Government's advance purchase mechanism including the procurement and deployment of COVID-19 vaccines, also strengthening the cold chain for both COVID-19, and further strengthen case management capacity for Syrian refugees.

For 2022, the government has contracted the World Bank on two COVID-19 response related projects: first, a U.S.$112 million programme to support private sector employment and skills, which will help firms strengthen their post-pandemic recovery; second, an additional financing for the Emergency Cash Transfer COVID-19 Response Project of approximately U.S.$350 million, financed through the IBRD. The financing aims to provide cash support to poor and vulnerable households and workers affected by the COVID-19 pandemic in Jordan. This financing will include an increase to the Takaful 1 Cash Transfer Programme as well as the budget allocation for supporting workers in firms affected by the COVID-19 pandemic.

See "*Public Debt—International Institutions—World Bank*".

DESCRIPTION OF THE HASHEMITE KINGDOM OF JORDAN

Overview of the Kingdom

The Hashemite Kingdom of Jordan is bordered on the north by Syria, on the east by Iraq, on the east and south by Saudi Arabia and on the west by Israel and the occupied West Bank. Jordan's only outlet to the sea, the Gulf of Aqaba, which leads into the Red Sea, is to the south. Jordan occupies an area of 89,241 square kilometres, including its territorial waters in the Dead Sea and the Gulf of Aqaba; its land area is 88,911 square kilometres.

Population growth in Jordan has been relatively high over the past 50 years. The Department of Statistics estimated that, in 2021, the population of Jordan was 11.1 million, as compared to 10.8 million in 2020, 10.6 million in 2019 and 9.5 million in 2015. Population growth was 4.8% during the period 2004-2016, 2.5% during the period 2016-2019 and 2.4% in 2020. The relatively high rates of population growth in Jordan have resulted from a combination of high birth rates and several waves of migration, including Palestinians from the West Bank and the Gaza Strip in the late 1960s, Jordanians returning and Palestinians arriving from Gulf states following the 1990 invasion of Kuwait, Iraqis and other migrants following the 2003 invasion of Iraq and, more recently, the influx of migrants as a result of the unrest in Syria. As at June 2020, according to Ministry of Interior statistics, Jordan was host to approximately 1.36 million Syrians, of which 657,287 are registered with the UNHCR. The actual number of Syrian refugees in the Kingdom may be significantly higher than published estimates. More than eight years into the crisis, the UNHCR reported that 91% of Syrian refugees do not plan on returning over the next year. See "*Risk Factors—Risks Relating to the Kingdom—Syrian refugees*".

Jordan's population has become increasingly urbanised in recent years, which has contributed to rapid population growth in the Kingdom's cities. From 1980-2013, the percentage of the population living in cities (the largest of which are Amman, the capital, Zarqa and Irbid) increased from approximately 70% to 83%, according to figures published by the Department of Statistics. Overall, the estimated population density in 2020, including Syrian refugees, was 114.9 people per square kilometre.

The population of Jordan is young; in 2020, 34.4% of Jordan's population was under the age of 15 and 3.7% was at least 65 years old. Additionally, there were more males than females in Jordan with an overall gender ratio in 2020 of 52.9% males to 47.1% females.

Jordanians are predominantly Arab (approximately 98%), with small communities of Circassians, Armenians and Chechens. The official language according to the Constitution is Arabic, but English is used widely in commerce and government.

Under the Constitution, Islam is the official religion of the Kingdom. The vast majority of the population is Sunni Muslim, estimated at 92%. A further 6% of the population is predominantly Christian, consisting primarily of Greek Orthodox Christians, with smaller numbers of Greek Catholics, Roman Catholics, Syrian Orthodox, Coptic Orthodox, Armenian Orthodox and Protestants. The remaining 2% consists of other religious minorities including Shia Muslims and Druze.

Jordan is a constitutional monarchy. The Constitution was adopted on 1 January 1952 and has been amended on a number of occasions (most recently in 2022). The latest amendments to the Constitution were made to further strengthen rule of law, enforce the principle of separation of powers, and enhance the independence of parliamentary work in a manner that ensures the effectiveness of the parliamentary blocs, and the oversight role of members of the National Assembly guaranteed by the Constitution. In addition, it aims to develop, strengthen and advance legislative performance, empowering women, youth and people with disabilities, and promoting their role and participation in society. It also establishes the National Security and Foreign Policy Council to handle all issues related to the Kingdom's defence, national security and foreign policy. These amendments have been made following a review by the Royal Committee to modernise the political system. The committee was established in June 2020, and its remit is to: (i) prepare new draft electoral and political parties' laws; (ii) consider the necessary constitutional amendments connected to such new laws and the mechanisms of parliamentary work; and (iii) make recommendations on developing legislation regulating local administration, expanding participation in decision-making, and creating a political and legislative environment conducive to the active engagement of youth and women in public life. See "*—Constitution and Political System*".

Under the Constitution, the King is the Head of State, the Commander-In-Chief of the armed forces and the head of the three branches of government. The King exercises his executive authority through the Prime Minister and the Council of Ministers. The King appoints and dismisses the Prime Minister and the various ministers, upon recommendation from the Prime Minister. The Council of Ministers is accountable to the Kingdom's bicameral parliament, the National Assembly, which constitutes the legislative branch of government and comprises two bodies: (i) a lower house, the Chamber of Deputies, whose members are elected in a general direct election; and (ii) an upper house, the Senate, whose members are directly appointed by the King. The last election for members of the Chamber of Deputies was held on 10 November 2020, which were the second elections held under the 2016 Electoral Law. The European Union deployed an Election

Observation Mission to monitor the elections, which noted in its preliminary statement that the Independent Electoral Commission (the "**IEC**") delivered a well-administered and inclusive election. The judicial branch is an independent branch of government. See "*—Elections and Political Parties*".

The size of the economy in Jordan, measured in terms of GDP at current market prices, was JD 31,025 million in 2020, as compared to JD 32,123 million in 2021. Jordan's GDP at constant market prices contracted by 1.6% in 2021, as compared to growth of 2.2% in 2020. In the first three months of 2022, Jordan's GDP at constant market prices grew by 2%, as compared to the corresponding period in 2021. Recent economic performance has been adversely affected to a significant extent by the COVID-19 pandemic and governmental responses. See "*The Economy*".

Geography

Three climatic zones characterise Jordan, running from west to east in the country. These include: the Jordan River valley, which is largely below sea level and considered semi-tropical; the highlands east of the Jordan River valley, which range in elevation from 400 to 1,500 metres above sea level and have a Mediterranean-style climate; and the low-lying desert to the east of the highlands. Over 80% of the total area of Jordan is characterised by semi-desert or desert conditions; however, there are wetlands, including the Azraq Basin in the north-east of the Kingdom.

Jordan has extremely limited water resources and demand frequently exceeds supply. A significant portion of the land in Jordan could be arable if adequate water resources were available. According to statistics published by the Food and Agricultural Organization in 2016, only 2.7% of its land was arable. A number of initiatives are currently underway including the Zara Ma'in, Jerash and North Aqaba Water Treatment Plants, Na'our Wastewater Network, and most recently, the National Water Conveyor Project, a desalination and conveyance project between Aqaba and Amman, with the assistance of development partners, as well as strategies to reduce water loss in the world's second most water-scarce country. Jordan depends heavily on rainfall. Other sources of water come from non-renewable (fossil water) reservoirs, such as the Disi reservoir on the Jordanian-Saudi border, and desalinated water. The Jordan River and the Yarmouk River are also sources of water for Jordan, but both have been reduced in importance due to upstream diversion and overuse by Syria and Israel. The King Talal Dam, completed in 1977, created Jordan's largest above-ground water reservoir. See "*Risk Factors—Risks Relating to the Kingdom—Water—Water scarcity*" and "*The Economy—Production Sectors—Electricity and Water—Water*".

A major part of Jordan is comprised of a plateau lying 700-1,000 metres above sea level. The plateau stretches to Jordan's neighbours, including Syria, Iraq and Saudi Arabia. To the west of the plateau is a mountainous area rising a further 300-700 metres above the plateau, which falls to the Jordan River valley to the west. This valley, at the northern end of the Great Rift Valley, contains the Dead Sea, which is the lowest point on the earth's surface at 416 metres below sea level, with a maximum depth of 396 metres. The valley also contains the Jordan River, some 152 kilometres of which lies within Jordanian territory and which is the country's most fertile area.

Weather and Climate

Jordan's weather is similar to the Mediterranean climate and is characterised by hot, dry summers and cold, wet winters, with the main seasonal changes falling in November and April. The rainy season usually runs from October to the end of April. In addition to the diversity in topography that creates different climatic zones, Jordan is also exposed to multiple different atmospheric systems, which can lead to varied weather depending on the region and the time of year.

Jordan faces significant climate challenges. The National Action Plan for Green Growth 2020-2024 has become a model for the identification of "green growth" projects and Jordan achieved Sustainable Development Goal ("**SDG**") 13 on Climate Action in 2019, including limiting persons affected by climate-related disasters and reaching key targets for CO_2 emissions per capita, on imports, and embodied in fossil fuel exports. See "*The Economy—Environment and Climate*".

History

The area comprising modern Jordan has been home to some of the oldest civilisations on earth. Archaeological remains on the west bank of the Jordan River date back as far as 9000 B.C., and those at Beidha, in the south of the country close to Petra, are thought to be the remains of the first ever recorded human settlement. In around 2000 B.C., Semitic Amorites settled around the Jordan River in the area called Canaan, and the warring kingdoms of Edam, Gilead and Moab prevailed on the east bank of the river and in the nearby mountains. Subsequent invaders and settlers included Hittites, Egyptians, Israelites, Assyrians, Babylonians, Persians, Greeks, Romans, Arab Muslims, Christian Crusaders, Mameluks and Ottoman Turks. Jordan was part of the Ottoman Empire until the end of World War I.

At the end of World War I, the League of Nations awarded the territory now comprising Israel, Jordan and the occupied Palestinian territories (the West Bank, the Gaza Strip and Jerusalem) to the United Kingdom, as the mandate for Palestine and Transjordan. In 1922, the British divided the mandate in two, establishing the then-semi-autonomous Emirate of Transjordan ruled by the Hashemite Prince Abdullah (who later became King Abdullah I), while continuing the administration of Palestine under a British High Commissioner. Six years later in 1928, Transjordan obtained a further degree of independence from the United Kingdom. Transjordan became fully independent on 25 May 1946, three days after the British mandate ended.

In 1948, Transjordan was one of the Arab states that took part in the war with the newly-founded State of Israel. On conclusion of the hostilities, the armistice agreements of April 1949 left Jordan in control of the West Bank but provided that the demarcation lines be without prejudice to future territorial settlements or boundary lines. In 1950, Transjordan became The Hashemite Kingdom of Jordan, and the Kingdom issued a decree unifying Jordan and the West Bank. In 1957, Jordan ended its special defence treaty relationship with the United Kingdom.

In May 1967, Jordan signed a mutual defence pact with Egypt. Jordan took part in the June 1967 war against Israel with Syria, Egypt and Iraq following Israel's attacks on the Kingdom, Syria and Egypt. During the 1967 war, Israel gained control of the West Bank and all of Jerusalem, and large numbers of Palestinians moved to Jordan, resulting in the Palestinian refugee population in the Kingdom growing to approximately one million. The power and importance of Palestinian resistance elements within the Palestinian *diaspora* in Jordan constituted a threat to the sovereignty and security of the Kingdom, and open fighting broke out in September 1970 between the Jordanian armed forces and Palestinian militants. A ceasefire was signed on 25 September 1970 under which Palestinian militants withdrew from Jordanian towns and cities.

No fighting occurred in the October 1973 war with Israel along the 1967 Jordan River ceasefire line, although Jordan sent a brigade to Syria to fight Israeli units on Syrian territory. In 1988, Jordan renounced all claims to the West Bank in order to facilitate the establishment of a Palestinian state, but it retained an administrative role pending resolution of the Palestinian-Israeli conflict.

Jordan did not participate in the Gulf War in 1991. In 1991, together with Syria, Lebanon and Palestinian representatives, it agreed to participate in direct peace negotiations with Israel sponsored by the United States and Russia. Following the Oslo peace accords in 1993, the Kingdom negotiated an end to hostilities with Israel and signed a formal peace treaty with Israel in 1994, which also allowed for a continuing Jordanian role in administering Muslim holy places in Jerusalem. Jordan has since sought to remain at peace with all of its neighbours and to promote a resolution to the Palestinian-Israeli conflict.

Since the Syrian conflict began in March 2011, Jordan has called for a political solution to end the conflict. In response to the influx of Syrian refugees into Jordan, the Government has developed the JRP, which aims to integrate the refugee response into national development plans and to implement effective service delivery programmes to meet the needs of both refugees and host communities. Approximately U.S.$700 million of grants were pledged in support of the JRP for 2016 at the conference on Supporting Syria and the Region held in London in February 2016. The JRP has subsequently been reviewed and extended with annual grants pledged for every year up to and including 2020. According to statistics compiled by the Jordan Response Platform Information System for the Syria Crisis ("**JORISS**"), as at 31 December 2016, U.S.$1.6 billion in grants had been received from the international community (of which, a U.S.$493.0 million grant from the United States, U.S.$141.3 million in grants from the EU, U.S.$ 120.2 million from Germany, U.S.$103.8 million from the United Kingdom, U.S.$66.9 million from Canada and U.S.$52.6 million from multilateral grants) in support of the JRP for 2016 (of which, U.S.$600.6 million relates to refugee support and U.S.$646.7 million relates to resilience support). This represents approximately 61.5% of the estimated U.S.$2.7 billion funding requirement for the JRP in 2016. See "—*International Relations—Syria*" and "*Risk Factors—Risks Relating to the Kingdom—Syrian refugees*". In February 2016, the Jordan Compact was issued, which outlined a new approach to the Syrian refugee crisis to encourage economic development and opportunities in Jordan for the benefit of Jordanians and refugees.

Since September 2014, as part of a coalition led by the United States, Jordan has carried out air strikes on sites controlled by Daesh. See "*Risk Factors—Risks Relating to the Kingdom—Conflict with Daesh*", "*—International Relations—Syria*" and "*—International Relations—Iraq*".

In March 2015, a coalition of Arab countries led by Saudi Arabia and including Jordan, other GCC members, Egypt, Morocco, Sudan and others, supported by the United States and other western governments, intervened in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels, who have taken control of Yemen's capital, Sana'a, and most of the country, although government control has since been re-established in certain areas. The coalition conducted a number of air strikes in Sana'a and elsewhere, and the Saudi military has deployed troops and armour on the Saudi-Yemeni border. See "*Risk Factors—Risks Relating to the Kingdom—Regional Risks*".

In June 2016, five employees of the National Intelligence Agency, including three intelligence officers, were killed in a terrorist attack in a Palestinian refugee camp near Amman. In June 2016, Jordan closed certain entry points for Syrian refugees following a suicide bomb attack on the border, which killed four Jordanian soldiers, a police officer and a civil defence officer.

In June 2016, the King appointed Mr. Hani Al-Mulki as caretaker Prime Minister, after dissolving the Chamber of Deputies following the expiry of its four-year term. Pursuant to the Constitution, elections must take place within four months of the dissolution of the Chamber of Deputies, and such elections were held on 20 September. Candidates who supported the Government won a majority of the 130 seats. On 28 September 2016, the King reappointed Mr. Al-Mulki as Prime Minister and swore in the new Government. On 4 June 2018, Mr. Al-Mulki resigned as Prime Minister and was replaced by Dr. Omar Al-Razzaz on 5 June 2018. Prior to his appointment as Prime Minister, Dr. Omar Razzaz served as the Minister of Education where he oversaw plans to overhaul the country's traditional state education system. In 2020, following due parliamentary elections, Dr. Omar Razzaz's government resigned as instituted by constitutional rules, and the King appointed Prime Minister Dr. Bisher Al Khasawneh, who is currently the residing Prime Minister of Jordan. Dr. Al Khasawneh is a former diplomat and palace aide. Dr. Al Khasawneh's government announce the Government Indicative Executive Program (2021-2024) as a guiding framework for the government's priorities and reform agenda. See "*The Economy—Government Programmes*".

On 5 June 2017, three GCC countries, Saudi Arabia, the UAE and Bahrain, as well as Egypt and Yemen, severed diplomatic ties and cut trade and transport links with, and imposed sanctions on, Qatar. These countries have accused Qatar of supporting extremist groups. On 6 June 2017, Jordan downgraded diplomatic ties with Qatar. The Government has also revoked the licence of Doha-based television channel, Al Jazeera. On 5 January 2021, the KSA, the UAE, Bahrain and Egypt reached an agreement with Qatar to resolve the dispute between the countries. Diplomatic efforts to end the crisis are being undertaken by Kuwait and several other countries. See "*Risk Factors—Risks Relating to the Kingdom—Regional Risks*".

In August 2017, the main border crossing between Jordan and Iraq located at Tureibil was reopened for the first time since 2015. Before the border closure, domestic exports to Iraq represented 16.1%, or JD 828.7 million, of total Jordanian domestic exports in 2014, as compared to 7.5%, or JD 330.8 million in 2016. The reopening of the border crossing has had a positive impact on trade with Iraq, which constituted 8.5% of total exports in 2019, 8.8% in 2020 and 6.8% in 2021.

Social and Demographic Development

The following table sets forth selected comparative statistical data for the countries indicated.

Comparative Statistics(1)(2)

	Jordan	Tunisia	Morocco	Egypt	Philippines	South Africa	Indonesia
Gross national income *per capita* (*U.S.$*)(3)(4)	4,310	3,300	3,020	3,000	3,430	6,010	3,870
Annual growth of GDP (*%*)(4)	(1.6)	(9.2)	(6.3)	3.6	(9.6)	(6.4)	(2.1)
Life expectancy: Male (*years*)	73	75	75	70	67	61	70
Life expectancy: Female (*years*)	76	79	78	74	76	68	74
Literacy rate: Adult Male (*%*) ages 15 and older(5)	99	86	83	76	96	96	97
Literacy rate: Adult Female (*%*) ages 15 and older(5)	98	72	65	66	97	95	95
Under 5 mortality (*per 1,000 live births*)(4)	15	17	19	20	26	32	23
National poverty rate (*%*)(6)	15.7	15.2	4.8	32.5	16.7	55.5	9.8

Source: The World Bank, World Development Indicators

Notes:

(1) World Bank figures may differ from figures published by other organisations, including CAPMAS and other Government agencies.

(2) Figures are for 2019, except where indicated.

(3) Figures are calculated based on the World Bank atlas method. The atlas method represents the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output, plus net receipts of primary income (compensation of employees and property income) from abroad.

(4) Figures are for 2020.

(5) Survey year: Jordan, 2018; Tunisia, 2014; Morocco, 2018; Egypt, 2017; Philippines, 2019; South Africa, 2019; and Indonesia, 2020.

(6) Survey year: Jordan, 2018; Tunisia, 2015; Morocco, 2013; Egypt, 2017; Philippines, 2018; South Africa, 2014; and Indonesia, 2020.

Despite political instability and generally poor economic performance in the Middle East region, Jordan has been able to steer a path towards sustainable and equitable economic development.

Literacy in Jordan exceeds 98%, according to statistics published by UNESCO, and approximately 18.7% of the population had a university education in 2019, according to statistics published by the Department of Statistics. The Jordanian university system is extensive and attracts significant numbers of foreign students. It comprises over 75 public and private universities and institutes of higher learning, and is considered to be of a high standard, particularly in the Arab world. At the beginning of the academic year 2020/2021, according to statistics published by the Ministry of Higher Education, approximately 337,280 students were registered for university programs in Jordan, of which more than 35,000 were foreign students.

Jordan has a relatively low child mortality rate and a large, exporting pharmaceutical industry. It is also a centre for medical expertise in the region, serving thousands of patients annually from surrounding countries. The health sector is a major contributor to job creation, GDP and export of both goods and services, as are tourism and other service sectors.

Constitution and Political System

The Kingdom is a parliamentary government with a hereditary monarchy, ruled since February 1999 by King Abdullah II. His father, King Hussein, ruled from 1952 until his death in 1999. The Constitution was adopted on 1 January 1952 and has been amended on a number of occasions including in September 2011, following the establishment by the King in April 2011 of the Royal Committee on Constitutional Review and the Royal Committee's subsequent presentation of its conclusions to the King in August 2011. In 2011, 2014, 2016 and, most recently, in 2022, further constitutional amendments were passed. See "—*Constitutional and Political Reforms*". The National Assembly also approved a new law establishing the IEC in March 2012, new Political Parties Laws in May 2012, September 2015 and April 2022, and electoral laws in July 2012, March 2016 and April 2022. See "—*Elections and Political Parties—Electoral Laws and Electoral Reform*".

The Constitution outlines the functions and powers of the state, the rights and duties of Jordanians, the guidelines for interpretation of the Constitution and the conditions for constitutional amendments. It mandates the separation of powers in respect of the executive, legislative and judicial branches of government and outlines the framework of the budget, as well as the adoption and repeal of laws. The Constitution guarantees the rights of Jordanian citizens, including freedom of speech, press, association, academic freedom, organisation of political parties, freedom of religion and the right to elect parliamentary and municipal representatives.

Under Article 126 of the Constitution, the Constitution may be amended by a vote in favour by two-thirds of each house of the National Assembly, and amendments take effect following ratification by the King.

Constitutional and Political Reforms

Prior to the Arab Spring, Jordan had already begun the process of reforming institutions of state. Since 1989, Jordanian political institutions have worked to increase democracy, liberalisation and consensus building. Reforms, which were commenced by the late King Hussein and continued by King Abdullah II, have resulted in greater empowerment and involvement of citizens in Jordanian civic life, contributing to increased stability and stronger national institutions.

The Kingdom accelerated these efforts when, similar to other countries in the region, the Kingdom experienced civil demonstrations and some instances of social unrest during the Arab Spring. As part of such efforts, the Royal Committee proposed amendments to the Jordanian Constitution (representing approximately one-third of the Constitution), intended to, *inter alia*, strengthen the rule of law, enhance civil rights, establish the independence of the judiciary, increase the power of the National Assembly, establish a constitutional court and enhance accountability and transparency in Government. 36 of these amendments were implemented in 2011. Under the Royal Committee's proposals, the King retained his role as the head of the three branches of government and Commander-In-Chief of the Kingdom's armed forces.

The principal constitutional reforms included:

- the enhancement of civil liberties, including, *inter alia*, the right to privacy and freedom of speech, and the criminalisation of infringement on rights and public freedoms;
- the establishment of a constitutional court to monitor the constitutionality of laws and regulations, replacing a tribunal, which was headed by the speaker of the Senate (see "—*Legal System*");
- the resolution of electoral disputes by the judiciary instead of the National Assembly;
- the prohibition of torture;
- the introduction of limitations on the ability of the Council of Ministers to issue temporary laws when the National Assembly is not in session;

- the limitation of the State Security Court's jurisdiction to cases of high treason, espionage, and terrorism, with citizens being otherwise tried in civilian courts; and

- the introduction of the requirement that the Council of Ministers shall resign within one week from the date of dissolution of the National Assembly.

In addition, the Government enacted legislation providing for further political reforms, including strengthening political parties and the electoral process in Jordan. As part of these reforms, following the 2013 elections and although then not required to do so, the King consulted with the newly-elected Chamber of Deputies as to the selection of the Prime Minister.

See "*—Elections and Political Parties—Electoral Laws and Electoral Reform—Independent Electoral Commission*".

In August 2014, two further constitutional amendments were introduced to expand the jurisdiction of the IEC and to permit the King to appoint and dismiss the army's Joint Chiefs of Staff and the Director of the General Intelligence Department.

Further amendments were made in May 2016 granting the King certain additional powers, including the right to appoint the crown prince, the regent and the president of the Higher Judicial Council, and granting citizens with dual nationality the right to occupy senior public posts and parliamentary seats.

In May 2016, the National Assembly approved a new integrity and anti-corruption law, which merged the Jordan Anti-Corruption Commission and the Ombudsman Bureau to create the National Centre for Integrity with a broader anti-corruption mandate.

In June 2021, His Majesty King Abdullah entrusted H.E. Samir Rifai, former Prime Minister, with chairing the Royal Committee to modernise the political system. The committee was established in June 2020, and its remit is to: (i) prepare new draft electoral and political parties' laws; (ii) consider the necessary constitutional amendments connected to such new laws and the mechanisms of parliamentary work; and (iii) make recommendations on developing legislation regulating local administration, expanding participation in decision-making, and creating a political and legislative environment conducive to the active engagement of youth and women in public life. The committee is composed of 92 members from diverse political, ideological, and sectoral backgrounds, and comprised of six sub-committees; the elections committee, the political parties committee, the youth empowerment committee, the women empowerment committee, the local administration committee, and the committee for reviewing the aforementioned constitutional amendments.

In early 2022, the Chamber of Deputies approved by a majority of 104 to 8 votes 25 amendments to the Constitution. The latest amendments to the Constitution were made to modernise the political system by further strengthening the rule of law, enforcing the principle of separation of powers, and enhancing: (i) the independence of parliamentary work in a manner that ensures the effectiveness of the parliamentary blocs; and (ii) the oversight role of members of the National Assembly guaranteed by the Constitution. In addition, it aims to develop, strengthen and advance legislative performance, empowering women, youth and people with disabilities, and promoting their role and participation in society.

The amendments also give members of the Chamber of Deputies the right to elect their president for a reduced term of one year and two thirds of the members may vote for the removal of the president.

Furthermore, the amendments aim to protect political parties from external influences. They also enhance the independent commission's oversight, as a neutral body independent from the Government, in a way that enhances the principles of justice, transparency, equality and equal opportunities and distances itself from any government influences or conflict of interest between the parties and their members.

It also establishes the National Security and Foreign Policy Council to handle all issues related to the Kingdom's defence, national security and foreign policy.

National Government

The King

The King is the Head of State and the Commander-In-Chief of the Kingdom's armed forces. The King exercises his executive power through the Prime Minister and the Council of Ministers. Under Article 31 of the Constitution, the King ratifies laws and promulgates them and directs the enactment of such regulations, as may be necessary for their implementation. The King also has the constitutional authority to declare war and peace and to ratify treaties.

The King appoints the members of the Senate, subject to the eligibility criteria set forth in the Constitution. The King also appoints and dismisses regional governors and the mayor of Amman, approves Constitutional amendments and declares war. As head of state, the King concludes and ratifies treaties and international agreements, after the approval of the Council of Ministers and the National Assembly. The King may also grant special pardons and amnesties.

Pursuant to Article 28 of the Constitution, the throne of the Kingdom is passed down through the dynasty of King Abdullah I in the direct line of his male heirs. Since 1921, Jordan has been ruled by four kings: King Abdullah Ibn Al-Hussein (1921-1951), son of Sharif Hussein of Mecca; King Talal bin Abdullah (1951-1952), eldest son of King Abdullah; King Hussein bin Talal (1952-1999), eldest son of King Talal; and, King Abdullah II bin Al-Hussein (1999-present), eldest son of King Hussein.

The Crown Prince

The Crown Prince of Jordan is the eldest son of King Abdullah II bin Al-Hussein. He was named Crown Prince by Royal Decree on 2 July 2009. The Crown Prince holds the rank of captain in the Royal Jordanian Army and has been appointed as Regent several times during the King's travels abroad. The Crown Prince also accompanies the King on domestic and international visits and leads many initiatives within the country focused on youth, education, technology and entrepreneurship, among others.

In April 2015, the Crown Prince presided over the United Nations Security Council's open debate on the role of youth in countering violent extremism and promoting peace, making him the youngest person ever to chair a meeting at the Security Council. Under the Crown Prince's guidance and direction, Jordan hosted the first Global Forum on Youth, Peace and Security in August 2015, which presented the Amman Youth Declaration. In December 2015, these efforts culminated in the United Nations Security Council's adoption of Resolution 2250 on Youth, Peace and Security; the first of its kind, it calls for mechanisms that would enable youth to participate meaningfully in peace processes and dispute resolution echoing the calls from the Amman Youth Declaration.

The Government

The King appoints and dismisses the Prime Minister and the various ministers, upon recommendation from the Prime Minister and, since the 2013 elections, after consultation with the Chamber of Deputies. Every newly-formed Government must present a statement of the Government programme, including its key policies, to the Chamber of Deputies and request a vote of confidence on the Government programme within a month of its formation (or, if the Chamber of Deputies has been dissolved, within a month of the Chamber of Deputies' opening session). The Chamber of Deputies may consider motions of no confidence in the Government, the Prime Minister or any individual minister. If such a motion passes by an absolute majority of all members of the Chamber of Deputies, the relevant minister or ministers must resign. Ministers may also be impeached by a two-thirds majority in the Chamber of Deputies.

The day-to-day administration of Jordan's internal and external affairs is managed by the Prime Minister and the Council of Ministers. Article 51 of the Constitution provides that each minister is accountable to the Chamber of Deputies.

The National Assembly

The Kingdom's bicameral parliament, the National Assembly, constitutes the legislative branch of government and is comprised of two bodies: (i) a lower house, the Chamber of Deputies, which is comprised of 138 members and (ii) an upper house, the Senate, which is comprised of 60 members. The most recent elections for the Chamber of Deputies were held on 10 November 2020.

Members of the Chamber of Deputies are elected in a direct election in accordance with Jordan's 2020 Electoral Law, which also reserves 18 seats for female members, representing three from the Amman governorate, two from the Irid governorate, one from each of the remaining 10 governorates and one from each of the three *bedouin* districts. The Constitution sets forth certain eligibility criteria for members of the Chamber of Deputies. See "*—Elections and Political Parties*". Members of the Senate are appointed by the King.

The term of the National Assembly is four years and may, by Royal Decree, be extended for a period of not less than one year and not more than two years. The Senate meets simultaneously with the Chamber of Deputies and is suspended in the event that the Chamber of Deputies has been dissolved.

Laws must be approved by a majority of both houses of the National Assembly. The Constitution stipulates that the King must approve laws before they can take effect, although his power of veto can be overridden by a two-thirds majority in both houses of the National Assembly.

Local Government

The Kingdom is divided into twelve governorates, each headed by a governor who is appointed by the King on the nomination of the Minister of Interior and approval of the Council of Ministers, and subdivided into administrative regions. The governorates are an extension of the central government and are supervised by the Ministry of the Interior. Governors enjoy wide administrative authority and, in certain cases, can exercise the powers of ministers.

There are three types of council within local governments; the governorate council, which has an extension called the executive council, and the municipal council. The governorate council consists of a number of members that differs from one governorate to the other. Most of the members of this council are elected for 4 years within the governorate, however, the cabinet can appoint a maximum of 15% of its members. In addition to its elected seats, the council has a 10% quota specifically for women participating from the governorate.

The executive council in each governorate is headed by the governor, and constitutes of appointed members who are defined by the law such as the deputy governor and local administrators within the governorate, among others. The executive council has the role of preparing strategic and development plans for the governorate based on its needs and priorities, preparing the budget for the government within the financial limits of the Ministry of Finance, coordinating with public and private institutions that execute projects within the governorate, and preparing contingency plans for the governorates. The governorate council in turn discusses and decides on the budget and plans prepared by the executive council, and provides consultations on the development needs for each governorate.

Municipal councils within a governorate are elected by local residents for a four-year term. However, in cases of legal disputes or lack of a quorum, the governor can appoint a municipal committee for a renewable two-year term. Commencing in July 1995, municipal council elections were held nationwide, with a number of female candidates winning seats for the first time. Each governorate has multiple municipalities, for which there is a municipal council that provides public service. They have the responsibility of offering tenders for projects, investing financial resources in projects, and regulating the work of businesses and public services within the municipality compared to the developmental role of the other two councils. Municipal councils are supervised by the Ministry of Local Administration (known as the Ministry of Municipal Affairs prior to 2019).

New Municipalities Law

In December 2015, a new municipalities law, which grants eligible voters two votes each in municipal election, was approved by the King. Under the municipalities law, local councils are elected for a four-year term. The Government appoints 25% of the members of local councils.

New Decentralization Law

In April 2014, the Council of Ministers approved drafts of a plan for the decentralisation of governorate councils. However, following approval by the Chamber of Deputies and the Senate, this decentralisation law was vetoed by the King in November 2015. Jordan 2025 envisions the adoption and implementation of a decentralisation law, including through the formulation of a national strategy for reform. See *"The Economy— Government Programmes—Jordan 2025*".

New Local Administration Law

In 2019, the Ministry of Municipal Affairs was renamed the Ministry of Local Administration, and a new Local Administration Law has been approved by the Council of Ministers and referred to the Chamber of Deputies. The law aims to remedy the gaps and overlaps between the municipalities law and the decentralization law through consolidation, supervised by the Ministry of Local Administration.

Legal System

Article 97 of the Constitution guarantees the independence of the judiciary, stating that judges are "subject to no authority but that of the law." While under the Constitution, the King must approve the appointment and dismissal of judges for the civil and religious courts, in practice such matters are supervised by the Higher Judicial Council, which independently considers nominations submitted to it by the Ministry of Justice.

Jordan's courts are divided into three categories under Article 99 of the Constitution: (i) civil courts; (ii) religious courts; and (iii) special courts.

Civil courts exercise their jurisdiction in respect of civil and criminal matters and have jurisdiction over all persons in all civil and criminal matters, including cases brought against the Government. The civil courts include the

Magistrates Courts, the Courts of First Instance, the Courts of Appeal, the High Administrative Courts and the Court of Cassation (*i.e.*, the Supreme Court). The Jordanian civil legal system has its foundations in the *Code Napoléon*, the French legal code. Due to its historic ties with the United Kingdom during the British Mandate, English law and procedure are also influential in the civil courts.

Religious courts include *shari'a* (*i.e.*, Islamic law) courts and the tribunals of other religious communities, namely those of the Christian minorities. The religious courts are comprised of primary and appellate courts and deal only with matters involving personal status, such as marriage, divorce, inheritance and child custody. *Shari'a* courts also have jurisdiction over matters pertaining to the Islamic *waqfs,* or charitable trusts. In cases involving parties of different religions, civil courts have jurisdiction.

Special courts are courts that deal with cases outside the jurisdiction of regular and religious courts. They include the police court, military councils, the income tax and state security courts and the Constitutional Court. A special State Security Court, which is composed of both military and civilian judges, tries both military personnel and civilians, and its jurisdiction includes offences against the external and internal security of the Kingdom, as well as certain drug-related and other offences. The findings of this court are subject to appeal in the civil court system.

Article 58 of the amended Constitution of 2011 provided for the establishment of a constitutional court to oversee the Kingdom's legislation and its application. In May 2012, the National Assembly passed the Constitutional Court Law (№ 15 of 2012) establishing the Constitutional Court mandated by the constitutional amendments. The Constitutional Court passes on the constitutionality of laws and regulations in force and, when requested, interprets provisions of the Constitution. The Council of Ministers and each house of the National Assembly may refer questions to the Constitutional Court. On 6 October 2012, the King issued a decree appointing the president and the eight other members of the Constitutional Court, who are serving six-year terms. Members cannot be re-appointed.

Jordan 2025 identifies a number of initiatives to improve the rule of law, including measures to improve the efficiency of the judicial system, initiatives to ensure the quick enforcement of law and the introduction of automated processes to judicial proceedings.

Elections and Political Parties

The late H.M. King Hussein initiated a path to political reform and the resumption of elections in 1989, following the lifting of martial law and the legalisation of political parties. Under King Abdullah II, a number of reform initiatives have been implemented to establish and promote democratic institutions and encourage civic participation. These initiatives included the National Agenda Committee (2005 and 2007) and the National Dialogue Committee (2011).

Since the resumption of elections in 1989, Jordan has held regular multi-party elections, with parliamentary elections taking place in 1989, 1993, 1997, 2003 (following a two-year suspension), 2010, 2013 and, most recently, in 2016. The next election is due to take place in September 2020. Similarly, municipal elections have taken place in 1995, 1999, 2003, 2007 and 2013. Disagreements among political parties and controversies regarding the electoral law and electoral policies in place prior to 2012 led to widespread calls for electoral reform in Jordan. These calls resulted in the introduction of a new electoral law in July 2012 (the "**2012 Electoral Law**") and the establishment of the IEC in 2012. See "— *Electoral Laws and Electoral Reform*".

Members of the Chamber of Deputies are elected through direct, universal suffrage by all Jordanian citizens over the age of 18. The supplemental Naturalisation Law № 56 of 1949 granted Jordanian citizenship to all residents of the areas controlled by Jordan east and west of the Jordan River. Those individuals and their descendants are Jordanian citizens and have the right to vote and hold public office. Jordan has a multi-party political system, and the main political organisations include the Arab Ba'ath Socialist Party, the Ba'ath Arab Progressive Party, the Call Party, the Democratic People's Party, the Democratic Popular Unity Party, the Islamic Action Front, the Islamic Centre Party, the Jordanian Communist Party, the Jordanian National Party, the Jordanian United Front, the Life Party, the Message Party, the National Constitution Party and the National Movement for Direct Democracy. In total, there are over 30 political parties in Jordan of varied philosophies. However, political parties are not well developed, and citizens have generally voted for individuals rather than parties. Professional associations are also politically influential.

In November 2007, candidates who supported the Government won a majority of the seats. The Islamic Action Front, an Islamist opposition party, won six of the 22 seats it contested, having won 17 in the 2003 elections. Candidates in the 2007 election generally ran as independents, with the support of tribal or other groups, other than the candidates who ran as members of the Islamic Action Front.

The Chamber of Deputies was dissolved in November 2009 by Royal Decree. Elections to select a new Chamber of Deputies were held on 9 November 2010. The Islamic Action Front and several other groups boycotted the 2010 elections.

On 1 February 2011, following a series of demonstrations that began in January 2011, the King exercised his constitutional power to dismiss the then-Prime Minister and Council of Ministers. A new Prime Minister and Council of Ministers were sworn in on 9 February 2011. Members of the opposition Islamic Action Front were invited but declined to join the new Council of Ministers.

On 17 October 2011, the King again dismissed the then-Prime Minister and his Council of Ministers. The then-Prime Minister, Mr. Awn Khasawneh, a former judge of the International Court of Justice, took office and, among other things, directed the drafting of the 2012 Electoral Law and implemented measures to enhance government accountability. On 24 April 2012, Prime Minister Khasawneh resigned. Two days later, Mr. Fayez Al-Tarawneh was named Prime Minister by the King. The then-Government was sworn in on 2 May 2012 for a limited transitional period. During this period, the National Assembly passed a number of laws, including the 2012 Electoral Law. On 9 October 2012, one week after the Chamber of Deputies was dissolved and pursuant to the requirements of the Constitution, Prime Minister Al-Tarawneh and the Council of Ministers resigned and a new caretaker government, headed by Dr. Abdullah Ensour, an independent politician, was formed to hold office until the next parliamentary elections were held in 2013.

In the January 2013 parliamentary elections, candidates who supported the Government won a majority of the seats, while a minority of 37 seats were won by Islamist and other opposition candidates. 18 seats were won by female candidates, while Jordanians of Palestinian origin more than doubled their representation from 16 to 33 seats. The January 2013 parliamentary elections were the first elections to be conducted under the 2012 Electoral Law.

In March 2013, the King, after consultation with the Chamber of Deputies, reappointed Dr. Abdullah Ensour as Prime Minister.

In March 2016, the 2016 Electoral Law, which replaced the 2012 Electoral Law, was approved by the King. The 2016 Electoral Law introduced a proportional voting electoral system, which was first used in the September 2016 elections. In April 2022, the 2022 Electoral Law, which replaced the 2016 Electoral Law, was approved by the King. The 2022 Electoral Law, *inter alia*, increased the number of members in the lower house, the Chamber of Deputies, to 138 members and increased the number of seats reserved for women candidates to 18 seats. See "*—Electoral Laws and Electoral Reform*" and "*—Electoral Laws and Electoral Reform—2016 Electoral Law*".

In June 2016, the King appointed Mr. Hani Al-Mulki as caretaker Prime Minister, after dissolving the Chamber of Deputies following the expiry of its four-year term. Pursuant to the Constitution, elections must take place within four months of the dissolution of the Chamber of Deputies, and such elections were held on 20 September 2016. Turn out for these elections was 37%, which was lower than previous elections largely due to the fact that Jordanian expatriates were not permitted to cast ballots.

In the elections, candidates who supported the Government won a majority of the seats, with the minority of seats won by Islamist and other opposition candidates. The Islamic Action Front, the political wing of the Muslim Brotherhood in Jordan, won ten seats, having boycotted the parliamentary elections in 2013 and 2010. Female Candidates won 20 seats, including the 15 seats reserved for female candidates under the 2016 Electoral Law. Of the 50 registered political parties in Jordan, 39 contested the election with candidates, and the remaining 11 political parties supported the process. The election was contested with 226 candidate lists, including 1,252 individual candidates. The number of non-party affiliated-candidates exceeded the number of party-affiliated candidates by approximately four times. There were 252 female candidates, which represented an increase of approximately 25% from the 2013 parliamentary elections. According to statistics published by the IEC, voter turnout for the elections was approximately 36%. Following the elections, the Chamber of Deputies is composed of 37 party-affiliated, 16 female non-party affiliated and 77 male non-party affiliated Deputies. In accordance with the 2016 Electoral Law, there were 39 appeals contesting election results. These appeals were rejected by the relevant courts of appeals or abandoned by the claimants.

The elections were observed by 847 international observers and 13,000 domestic observers. The EU deployed an Election Observation Mission to monitor the elections, which noted in its preliminary statement that the IEC delivered a well-administered and inclusive election that was conducted in an overall transparent manner. The mission observed that there remained room for additional improvement to the legal framework, including respect for key principles, such as the universality and equality of the vote, and the enhancement of the right to stand as a candidate. The International Republican Institution and the National Democratic Institute also sent a joint international election observer delegation, which reported that the elections took place in a largely peaceful atmosphere and were efficiently organised.

Following the elections, Mr. Al-Mulki was reappointed as Prime Minister, and he and the members of his Government were sworn in by the King on 28 September 2016. Of the 29 ministers of the new Government, 22 held positions in Mr. Al-Mulki's interim Government formed in June 2016. The Chamber of Deputies opened its first session on 7 November 2016, and the Government's programme was approved by the Chamber of Deputies on 24 November 2016 by a majority of 84 deputies out of 128 deputies present. However, in June 2018 Mr. Al-Mulki resigned as Jordan's Prime Minister due to protests around his economic policy. Dr. Omar Al-Razzaz was appointed by the King as Prime Minister.

In September 2020, King Abdullah II dissolved the parliament at the end of its four-year term and called for the 19th parliamentary elections. This was accompanied by the resignation of Dr. Omar Razzaz's government, in accordance with constitutional rules. Following the appointment of the new government under the leadership of Prime Minister Dr. Bisher Al Khasawneh, the 19th Lower House representatives were elected in November 2020.

Electoral Laws and Electoral Reform

The constitutional amendments passed in 2011 included the requirement that parliamentary elections shall be organised by an independent electoral commission, rather than a Government ministry. In June and July 2012, the National Assembly passed two laws—a law establishing the IEC (the "**IEC Law**") and the 2012 Electoral Law. In March 2016, the 2016 Electoral Law was approved by the King. The 2016 Electoral Law replaced the 2012 Electoral Law.

In 2021, the Government approved a draft Electoral Law, which aims to further strengthen political life in the Kingdom and promote the active participation of all segments of society in the electoral process, especially women, young people and people with disabilities. It also organises the work of political parties and electoral blocs in order to ensure that the elected parliament is representative of groups and ideas, and enhances the oversight of the election process by the independent commission to ensure its fairness and transparency. On 7 April 2022, the Electoral Law № 4 of 2022 was passed and became effective on the same date. See "*—2022 Electoral Law*".

Independent Electoral Commission (IEC)

The IEC was established to supervise parliamentary and municipal elections, a function previously carried out by the Government. The law establishing the IEC requires it to act independently and impartially and establishes similar criteria for commissioners, who serve a single six-year term. Commissioners may only be removed in certain exceptional circumstances. The secretariat of the Commission is composed of professionals who do not have links with candidates standing for election. The Commission also plays a role in establishing electoral districts. The main functions of the IEC are to supervise and monitor all phases of the parliamentary election process, set the dates of parliamentary elections, draw up the schedules, plans and programmes necessary for the electoral process and take the necessary measures to manage candidate nominations and voter registration, in accordance with electoral laws.

The IEC issues the final elections results and may annul results from specific polling stations in the event of an irregularity and order a recount or repeat election. The 2016 Electoral Law also sets forth detailed rules for campaigning, which may be supplemented by additional regulations issued by the IEC. See "*—Constitution and Political System—National Government—The National Assembly*".

In May 2012, King Abdullah II appointed former Minister of Foreign Affairs, H.E. Abdel Elah Khatib, as the chairman of the IEC Board of Commissioners. The Board also includes H.E. Ryad al-Haka'ah, a former Minister of Justice. Currently, the chairman of the IEC is H.E. Khaled Al Kalaldeh, former Minister of Political and Parliamentary Affairs.

Municipal elections took place in August 2013. While the IEC did not then have a constitutional mandate to oversee such elections, it was tasked with a supervisory role. The municipal elections highlighted a number of inconsistencies between the municipal and parliamentary electoral processes. In August 2014, the Constitution was amended to expand the mandate of the IEC to cover parliamentary, municipal and any other general elections. Municipal elections took place again in March 2022.

In summer 2014, the Government announced that it was preparing a number of draft laws relating to the electoral process and further expanding the mandate of the IEC. These draft laws included: (i) a political parties law, which amends the current regulatory framework and promotes the establishment of political parties and was passed in 2015 (see "*—New Political Parties Law*"); (ii) a draft municipalities law, amending the electoral framework for municipalities and local authorities, which was passed in December 2015 (see "*Constitution and Political System—Local Government—New Municipalities Law*"); (iii) an amendment to the IEC law, providing a legal basis for the IEC's expanded mandate to administer municipal and other elections, as well as parliamentary elections, which was passed in December 2015 (see "*—Amendments to the IEC Law*); (iv) a decentralisation law, establishing governorate councils, a portion of the seats for which would be directly elected (see "*Constitution and Political System—Local Government—New Decentralization Law"*); and (v) an elections law, which was signed into force by the King in March 2016, further amending the framework for parliamentary elections (see "*—2016 Electoral Law*").

2016 Electoral Law

In March 2016, the 2016 Electoral Law, which replaced the 2012 Electoral Law, was approved by the King. The 2016 Electoral Law divides the Kingdom into 23 electoral districts; one for each governorate, except for: Amman, which is split into five districts; Irbid, which is split into four districts; and Zarqa, which is split into two districts. Each of the three *bedouin* districts is considered to be a governorate for purposes of the 2016 Electoral Law. The 2016 Electoral Law allocates 115 constituency seats, with 15 seats reserved for women candidates.

The 2016 Electoral Law introduced a proportional voting electoral system, which was first used in elections to the Chamber of Deputies in September 2016. Pursuant to this system candidates stand for election on the basis of a multimember ticket. The 2016 Electoral Law also abandoned the previous voter card system, thereby permitting any person with a national identity card to vote. This measure significantly increased the number of eligible voters for the September 2016 elections. According to statistics published by the IEC, there were 4.1 million registered voters for the elections in September 2016, an increase of 80% in the number of registered voters, as compared to the 2013 parliamentary elections. However, Jordanian expatriates are not granted the right to vote under the 2016 Electoral Law.

2022 Electoral Law

In April 2022, the 2022 Electoral Law, which replaced the 2016 Electoral Law, was approved by the King. The 2022 Electoral Law divides the Kingdom into 18 electoral districts; one for each governorate, except for Amman, which is split into three districts, and Irbid, which is split into two districts. Each of the three bedouin districts is considered to be a governorate for purposes of the 2022 Electoral Law. The 2022 Electoral Law allocates 138 constituency seats, with 18 seats reserved for women candidates.

The 2016 Electoral Law regulates the work of political parties and electoral blocs in order to ensure that the elected parliament is representative of groups and ideas, and enhances the oversight of the election process by the independent commission to ensure its fairness and transparency.

Political Parties Laws

In September 2015, the first political parties law was passed. This law provides the right for all Jordanians to form and join political parties in accordance with the provisions of the Constitution and for such political parties to have the right to participate in elections in the Kingdom. Pursuant to the provisions of the law, at least 150 founding members are required to establish a political party, all of whom must, *inter alia*, be at least 18 years of age, have been a Jordanian national for at least ten years, be usually resident in the Kingdom and not be associated with the judiciary or the armed forces.

A new political parties law, which replaces the 2015 Political Parties Law, was passed in April 2022 and came into effect on 14 May 2022. The 2022 Political Parties Law transfers supervision over political parties to the Independent Electoral Commission, which is authorised to, *inter alia*, approve the establishment of political parties and ensure that political parties are spending their funds on their objectives and goals. This law aims to encourage involvement of women and youth in political parties and further aims to protect members of political parties from discrimination against their involvement in any political party. Pursuant to the provisions of the law, at least 300 founding members are required to establish a political party and at least 1,000 members are required to attend the political party’s constituent meeting.

Amendments to the IEC Law

Pursuant to amendments to the IEC Law introduced in December 2015, the IEC is responsible for the management of parliamentary and municipal elections, as well as any other general elections in the Kingdom. These amendments bring the IEC Law in line with constitutional amendments made in August 2014.

Press and Media

Jordan has a varied press with a number of publications in Arabic and English, including, *inter alia*, *Al Dustour*, *Al Rai*, *Al Ghadd* and *Al Arab al Yawm*, all Arabic-language and privately-owned daily newspapers, and the English-language *Jordan Times* and *The Star*, sister publications to *Al Dustour* and *Al Rai*, respectively.

Jordan Radio and Television is state-run and operates the main network Channel One, the sports network Channel Two, the film network Channel Three and the Jordan Satellite Channel. In addition, there are other privately-owned television channels.

International Relations

Jordan has consistently maintained good diplomatic relations worldwide and has had close relations with the United States. Jordan has traditionally played a significant role in Middle Eastern diplomacy.

Israel and Palestine

A principal concern of Jordan's regional foreign policy is the stalemate in the peace process between Israel and Palestine. A substantial portion of Jordan's inhabitants are of Palestinian origin. Most of these hold Jordanian passports, but many remain with temporary citizenship and refugee status. Jordan supports the resolution of the Israeli-Palestinian conflict on the basis of a negotiated two-state solution to provide a just and sustainable peace.

Jordan and Israel signed a non-belligerency agreement (the Washington Declaration) in Washington, DC on 25 July 1994 and a peace treaty on 26 October 1994. The United States has participated with Jordan and Israel in trilateral development discussions in which key issues have been water sharing and security, cooperation on the Jordan River valley development, infrastructure projects and trade, finance and banking issues. Jordan also participates in regional multilateral peace talks.

In September 2016, Noble announced the execution of a gas sales and purchase agreement to supply natural gas from the Leviathan gas field in the eastern Mediterranean Sea to NEPCO for consumption in Jordan's power production facilities. The 15-year agreement became operational at the beginning of 2020 after the pipeline between Israel and Jordan was completed. See "*Risk Factors—Risks Relating to the Kingdom—Energy—Energy Imports and NEPCO*" and "*The Economy—Production Sectors—Electricity and Water—Energy Policy and NEPCO*".

Pursuant to the peace treaty signed in 1994, Israel provides Jordan with 30 cubic metres of water annually. Jordan agreed to purchase 50 cubic metres of water from Israel in 2021. In November 2021, the Kingdom signed a declaration of intent with Israel for a water-for-energy deal, which would see Jordan export 600 MW of solar power *per annum* to Israel and Israel export 200 million cubic metres of desalinated water *per annum* to Jordan in return. Feasibility studies are due to start in 2022. See "*The Economy—Production sectors—Electricity and Water—Water*".

Syria

The Kingdom supports United Nations and international efforts toward the achievement of a peaceful, political solution in Syria in accordance with U.N. Security Council resolution 2254. See "*Risk Factors—Risks Relating to the Kingdom—Regional Risks*". Unrest in Syria has resulted in a large influx of refugees from Syria. Jordan is monitoring the situation in Syria carefully and has called for an end to the violence.

As at February 2022, according to Ministry of Interior data, Jordan was host to approximately 1.3 million Syrians, of which 673,335 are registered with the UNHCR. According to Ministry of Interior statistics, 90% of these refugees are living in host communities, while the other 10% live in camps. According to the UNHCR, approximately 50% of the refugees are children and a similar proportion are female. As at February 2020, the Ministry of Interior has issued identity cards to 752,869 refugees. The identity cards enable holders to obtain refugee benefits and are a prerequisite for obtaining work permits. They are also used to help the UNHCR account for refugees as they move on from refugee camps. In the period from January 2016 to January 2022, a total of 283,718 work permits were issued to Syrian refugees.

In July 2012, the Government, in co-operation with UNHCR, opened a refugee camp for those fleeing the Syrian conflict in the Zaatari area; an additional camp close to al-Azraq was opened in April 2014 to accommodate additional inflows of Syrians fleeing the conflict. The Government and others have also built field hospitals. In 2015, the United Nations, together with more than 240 partners, launched the Regional Refugee & Resilience Plan, which is updated annually and aims to assist Syrian refugees in Turkey, Lebanon, Jordan, Iraq and Egypt.

Jordan Response Plan

In response to the influx of refugees and with no near-term prospect for a political resolution to the events in Syria, the Government developed, together with the United Nations and international partners, the *Jordan Response Plan for the Syrian Crisis* or JRP, which was first published by MOPIC in 2015 and focused on refugees and host communities. This was followed by three-year rolling plans in 2016 (the *JRP 2016-2018*), 2017 (the *JRP 2017-2019*) and 2018 (the *JRP 2018-2020*), a single-year plan in 2019, a three-year plan in 2020 (*JRP 2020-2022*), then updated annual plans (*JRP 2021* and *JRP 2022*), which are designed to consolidate major national and international humanitarian and development efforts into a single framework.

The JRP 2020-2022 has been updated by the JRP 2021 and JRP 2022, which reflect the current situation, whereby the JRPs are aligned with the Jordan Compact, the Global Compact on Refugees, the SDGs and the Kingdom's response to the COVID-19 pandemic. Based on the precedent JRP 2020-2022 and JRP 2021, JRP 2022 was launched in January 2022 to maintain to consolidate all major national and international efforts to address the Syria crisis within the framework of a co-ordinated broad-spectrum response.

The JRP, which is supported by the United Nations, non-governmental organisations and other members of the international community, is a programme of high-priority interventions to enable the Kingdom to respond to the effects of the Syria refugee crisis and develop resilience to this and future shocks without jeopardising its development.

Accordingly, the JRP has been updated to better address the situation and the needs of Syrian refugees, embedding the Kingdom's response to the influx of Syrian refugees into national development plans across seven sector strategies (education, public services, health, social protection and justice, economic empowerment, shelter, and water, sanitation and hygiene ("**WASH**")), as follows:

- ***Education*** – In the education sector, the JRP aims to ensure educational services for children and youth impacted by the Syria crisis by: (i) increasing the capacity of the education authorities to ensure the continuous delivery of quality, inclusive education services; (ii) improving the provision of education facilities to sustain access to adequate, safe and protective learning spaces; and (iii) increasing the provision of adequate, protective and safe learning spaces and facilities.

- ***Public Services***:

    - *Energy* – The JRP aims to adopt and accelerate efficient and effective responses to Jordan's growing energy demands in a sustainable manner to alleviate the incremental demand pressures from Syrian refugees by: (i) introducing and promoting innovative renewable energy and energy efficient technologies; and (ii) providing refugees and Jordanians with access to an adequate, safe and sustainable supply of energy for every household.

    - *Environment* – The JRP aims to minimise the impact of the Syria crisis on vulnerable ecosystems and communities by: (i) improving the mechanisms to mitigate pressure and competition for resources, such as land and water, resulting from the influx of Syrian refugees; (ii) enhancing national and local capacities to manage hazardous waste; and (iii) strengthening monitoring and mitigation of air pollution.

    - *Transportation* – The JRP aims to ensure the safe transportation of people and goods in areas affected by the Syria crisis via an upgraded and efficient public transportation service and road network by: (i) addressing the transportation needs of the increased populations in Irbid, Zarqa and Mafraq; and (ii) increasing the capacity of road networks to accommodate increased traffic in Irbid, Zarqa and Mafraq

    - *Municipal Services* – The JRP aims to improve the responsiveness of the Jordanian local governance system to the needs of host communities and refugees by: (i) improving municipal service delivery; (ii) revising local development priorities, projects, processes and systems to reflect and respond to changes and priorities arising from the Syria crisis; and (iii) strengthening the resilience of local governance systems and communities to crises with a particular focus on social cohesion.

- ***Health*** – In the health sector, the JRP aims to improve health standards both in host communities and among Syrian refugees and to strengthen the national health system and services by: (i) increasing access to, and the quality of, healthcare in impacted areas; and (ii) strengthening the adaptive capacity of the national health system to address current and future stresses.

- ***Social Protection and Justice*** – The JRP aims to provide all vulnerable groups affected by the Syria crisis with access to improved social protection services and legal protection frameworks by: (i) strengthening social protection systems to meet the needs of vulnerable groups in the governorates most affected by the Syria crisis; and (ii) improving social protection and poverty alleviation mechanisms in order to ensure that basic household needs are met; and (iii) providing access to emergency care to Syrian refugees and vulnerable people affected by the Syria crisis. The JRP also aims to ensure quality and prompt access to the justice system in governorates affected by the Syria crisis and to augment the capacity of the sector.

- ***Economic Empowerment:***

    - *Livelihoods and Food Security* – The JRP aims to ensure dignified and sustainable livelihoods, to create economic opportunities for both Jordanians in host communities and for Syrian refugees and to strengthen institutional capacity through: (i) promoting protection, human dignity and social cohesion; (ii) increasing access to formal employment opportunities; (iii) increasing opportunities to develop sustainable, market-orientated entrepreneurial activities; (iv) increasing the capacity of the Ministry of Labour to implement the livelihoods aims set out in the Jordan Compact and improve labour market governance; and (v) enhancing participation in local economic development programmes and public-private partnerships ("**PPPs**").

- *Food Security* – The JRP aims to protect food security and enable people to cope with, and recover from, the impact of the Syria crisis, as well as strengthen the capacity to adapt to future shocks by: (i) increasing the availability of, and access to, quality food for vulnerable people affected by the Syria crisis; and (ii) promoting and maintaining food security through the productive use of agricultural resources.

- ***Shelter*** – In the shelter sector, the JRP aims improve access to shelter by: (i) providing sustainable and gender appropriate access to adequate shelter and basic facilities and services for Syrian refugees in camps; (ii) providing appropriate shelter and basic facilities and services for vulnerable Syrian refugees and Jordanians in host communities; and (iii) strengthening housing markets in order to meet shelter needs in Jordan.

- ***WASH*** – In the WASH sector, the JRP aims to support the provision of sustainable WASH services to those affected by the Syria crisis by: (i) improving the quantity, quality and efficiency of safe drinking water delivery; (ii) expanding sanitation services; (iii) expanding WASH services in schools and other public institutions; (iv) enhancing planning, monitoring and implementation capacities of WASH agencies; (v) providing safe water services in camps and host communities; (vi) providing gender-appropriate sanitation services; and (vii) reducing the impact of WASH services on the environment.

The MOPIC has stated that the financing needs of the JRP in 2020, 2021 and 2022 will total U.S.$6.9 billion, including programmatic responses (comprising U.S.$1.9 billion for refugee interventions, U.S.$604 million for host communities, U.S.$1.14 billion for infrastructure and institutional capacity development, and U.S.$495 for COVID-19 response) and U.S.$2.83 billion in budget support needs (such as the cost of subsidies, security costs, *etc*.).

The following table sets out the financing requirements for the JRP for the years indicated, as set out in the JRP 2020-2022.

JRP – Estimated Financing Requirements

	2020	2021	2022	Total
		(U.S.$ millions)		
Sector				
Public Services	116.0	116.6	124	356.6
Health	163.2	203	218.4	584.6
Education	202.1	221.6	186	609.7
		49.6	26	100.7
Shelter	25.1			
Economic Empowerment – Food Security	225.8	215.2	188	629
Economic Empowerment – Livelihoods	68.5	69	66	203.5
Water, Sanitation and Hygiene	129.8	218.3	147	495.1
Social Protection and Justice	386.9	388.9	358	1,133.8
Total Projects Requirements	1,317.3	1,482	1317	4,116.3
Sub-total: Direct Budget Support	932.3	948.0	959.4	2,839.7
Total	**2,249.6**	**2,430**	**2,276**	**6,956**

Source: MOPIC

According to data compiled by JORISS, in respect of the JRP 2021, U.S.$744 million in funding has been received, representing approximately 30.6% of the U.S.$2.43 billion total funding requirement. This comprised U.S.$538.5 million for refugee intervention, U.S.$136.9 million for host communities, U.S.$54.9 million for infrastructure and institutional capacity development, and U.S.$14.1 million for COVID-19 response.

The following table sets out the principal and other contributors to the JRP 2021.

JRP 2021 – Top contributors

	(U.S.$ millions)
Germany	178.7
United States	173.4
Multilateral funds	71.2
EU-Madad	50.1
EU	43.0
Kuwait	32.8
United Kingdom	32.5
Canada	23.0
Australia	16.1
France	14.1
Denmark	12.8
Norway	12.4
Others	84.4
Total	**744.5**

Source: MOPIC

Donor Conferences and Funding Initiatives

At the Kuwait III donor conference held in March 2015, Jordan appealed to the international community for aid to fund the JRP. In March 2015, MOPIC and the United Nations signed an agreement launching the Jordan Resilience Fund, which serves as a unified channel for donor contributions to mitigate the impact of the Syrian crisis on Jordan and is jointly managed by the Government, the United Nations and donors.

In October 2015, the World Bank, the United Nations and the Islamic Development Bank (the "**IDB**") launched a Middle East and North Africa ("**MENA**") financing initiative (the "**MENA Financing Initiative**") to encourage international support for the Syria crisis and improve co-ordination among international organisations. This initiative plans to provide concessional rate financing, with an initial focus on Jordan and Lebanon. In April 2016, Canada, the EU, France, Germany, Japan, the Netherlands, Norway, the United Kingdom and the United States pledged a package of approximately U.S.$1.6 billion to the initiative (comprising U.S.$141 million in grants, U.S.$1 billion in soft loans and U.S.$500 million in guarantees). In July 2016, the World Bank announced a project in Jordan aimed at improving economic opportunities for Jordanians and Syrian refugees, including providing work permits for over 90,000 Syrian refugees and addressing the need for the rehabilitation of municipal infrastructure in Jordan, would be financed using U.S.$300 million provided as budget support. In May 2020, the World Bank approved additional financing to the Economic Opportunities for Jordanians and Syrian Refugees Program for Results, with total financing of U.S.$100 million through the International Development Association. In June 2020, the World Bank approved additional financing of U.S.$100 million to the Jordan Education Reform Support Program for Results, which aims to support Jordan to expand access to early childhood education, and to improve student assessment and teaching and learning conditions for Jordanian children and Syrian refugee children. The additional financing includes U.S.$18.6 million through the GCFF. See "*Public Debt—International Institutions—World Bank*".

The MENA Financing Initiative aims to raise U.S.$1 billion in grants over a five-year period in order to provide Jordan and Lebanon with U.S.$3-4 billion in concessional financing to support refugees and host communities in key sectors such as jobs, education, health and infrastructure.

The Jordan Compact, which was issued in connection with the conference on *Supporting Syria and the Region* held in London in February 2016, outlined a new approach to the Syrian refugee crisis to encourage economic development and opportunities in Jordan for the benefit of Jordanians and refugees. The Jordan Compact has three pillars: (i) turning the Syrian refugee crisis into a development opportunity, by promoting investment and opening up the EU market with simplified rules of origin to promote exports and create job opportunities; (ii) rebuilding host communities and strengthening their resilience through grant financing under the JRP for 2016-18; and (iii) mobilising grants and concessional financing to support the macroeconomic framework between 2016 and 2019. Pursuant to the Jordan Compact, the Government has committed to creating 13 development zones and industrial areas to encourage investment, as well as to increasing labour participation and educational opportunities for Syrian refugees. Approximately U.S.$700 million was pledged to support the JRP at the *Supporting Syria* conference. In July 2016, the Government and the EU announced plans to simplify the rules of origin Jordanian exporters apply in trading with the EU. This initiative is aimed at enabling easier exports to the EU, encouraging investment, and creating jobs both for Jordanians and for Syrian refugees. The initiative covers a range of manufactured products and stipulates that at least 15% of Syrian refugee labour must be involved in the production process. Following a review in 2018, the Government and the EU have agreed that once Jordan grants 60,000 work permits to Syrian refugees, the company-specific minimum employment requirement for Syrian refugees will be lifted. After that, all Jordanian companies which manufacture industrial goods covered by the scheme will be free to benefit from the simplified rules of origin. See "*External Sector—Foreign Trade*".

London Initiative

On 28 February 2019, the British government and the Government of Jordan co-hosted the London Initiative, an international conference aimed at supporting investment, growth and jobs in Jordan. The conference brought together an audience of political leaders, partners, donors and private sector leaders to discuss opportunities in Jordan. The conference focussed on four sectors in which Jordan has a comparative advantage in the Middle East, namely tourism, technology, logistics and professional services. The objectives of the London Initiative were: (1) establishing measures and reform to stimulate growth; (2) developing a strategy for debt sustainability and international support to achieve this; (3) creating an ecosystem to develop and finance growth projects; and (4) fostering business-led grown and attaching investment in key commercial opportunities.

Impact of the Syrian Refugee Crisis on Jordan

The Government has incurred a range of direct budgetary costs and sustained decreases in revenues as a result of the Syrian crisis. The MOPIC estimates that the annual cost of hosting Syrian refugees is U.S.$1.5 billion. The cumulative cost of hosting Syrian refugees from 2011 to 2019 was approximately U.S.$13.3 billion, which represents 16% of the general budget (including education, health, electricity subsidies, water and sanitation, infrastructure, municipal services, subsidized materials and goods, transport losses, and security costs).

The presence of a large number of Syrian refugees has placed significant strains on, *inter alia*, housing, healthcare and education and the Government's budget, as well as the provision of public services.

According to Ministry of Education estimates published in the JRP for 2017-19, the direct financial cost of providing education to Syrian refugees will be U.S.$138 million in 2017, U.S.$139 million in 2018 and U.S.$141 million in 2019 based on an estimated cost of U.S.$709 per student, U.S.$660 per student and U.S.$622 per student in 2017, 2018 and 2019, respectively. According to the Ministry of Education, approximately 136,430 Syrian refugees are enrolled in Jordanian public schools in 2020. The large number of Syrian students has resulted in overcrowding in approximately 10% of Jordanian schools.

The presence of Syrian refugees has led to increased pressure on employment and an increase in the informal economy. Syrians of working age (between 18 and 59 years) account for approximately 22% of total registered refugees (or 300,000 individuals), according to statistics compiled by MOPIC. The Jordan Compact aims, *inter alia*, to create jobs for Jordanians and Syrian refugees living in Jordan in the formal sector. See "*Risk Factors—Risks Relating to the Kingdom—Informal Economy*" and "*The Economy—Informal Economy*".

Municipal services, including waste management, are struggling to cope with the increased demand from the influx of Syrian refugees, with landfill facilities at capacity and excess solid waste. Since 2011, there has been an increase of approximately 40% in demand for water in areas heavily populated by Syrian refugees, according to statistics compiled by MOPIC. Almost 70% of the population (including Syrian refugees) has access to less than the national standard of water (being 100 litres per person per day). See "*The Economy—Production Sectors—Electricity and Water*".

More than a decade into the Syrian crisis, Jordan continues to host nearly 1.3 million Syrian refugees. Jordan calls for a new compact that takes into account the new realities faced by host countries, offering a comprehensive, effective, sustainable and realistic medium to long-term vision for Syrian refugees and host communities. It is essential that the international community continue working together, in line with the pledges made at the Brussels V conference, to build on the achievements of previous conferences and ensure that there is continued broad global commitment to Syrian refugees.

See "*Risk Factors—Risks Relating to the Kingdom—Syrian refugees*".

Iraq

Since the invasion of Iraq in 2003, Jordan has played a pivotal role in supporting the restoration of stability and security in Iraq. The Government facilitated the training of over 50,000 Iraqi police cadets and officers at a Jordanian facility near Amman, which was completed in February 2012. Jordan also established the Al-Karama Free Zone, adjacent to the Iraqi border in 2004 as a transit zone for the Middle East. The Zone has become a major land-route to and from Iraq.

Jordan plays host to a significant Iraqi refugee population and has worked closely with donor agencies and the international community to address their humanitarian needs. According to statistics published by UNHCR, as at 15 November 2019, approximately 67,225 Iraqi refugees were residing in Jordan.

The Government's policy is to support the regeneration of a stable Iraq, as instability in Anbar province connecting the two countries has affected the security of Jordan's overland trade routes.

Trade with Iraq deteriorated in 2014 as a result of the regional instability, conflict with Daesh and the Iraqi closure of its border with Jordan. In August 2017, the main border crossing between Jordan and Iraq located at Tureibil was reopened for the first time since 2015, which has enabled cross-border trade to resume. According to external trade figures published by the CBJ, exports to Iraq accounted for 8.5% of total exports in 2019, 8.8% in 2020 and 6.8% in 2021.

Jordan continues to contribute to restoring stability in Iraq, and the trilateral cooperation between Jordan, Iraq and Egypt is one of the initiatives that is designed to maximize economic and political cooperation between the three countries. Jordan signed a major oil and gas pipeline agreement (Basra-Aqaba) with Iraq in January 2022, to enhance Iraqi oil exports and energy supply in Jordan.

See "*Risk Factors—Risks Relating to the Kingdom—Regional Risks*", "*Risk Factors—Risks Relating to the Kingdom—Conflict with Daesh*" and "*External Sector*".

United States

Under the leadership of H.M. King Abdullah II, Jordan has maintained close relations with the United States. In 1996, the United States designated Jordan as a major non-NATO ally. In a partnership that has spanned more than 25 years, the Kingdom and NATO have expanded the scope of their cooperation to areas including defence, intelligence information sharing, capacity building and training, among others.

The United States has provided economic and military aid to Jordan since 1951. Levels of aid have fluctuated, increasing in response to threats faced by Jordan and decreasing during periods of curbs on aid funding. In September 2008, the U.S. and Jordanian governments reached an agreement under which the United States pledged to provide U.S.$660 million in annual foreign assistance, including military assistance, to Jordan for a five-year period.

A Jordan-U.S. free trade agreement was signed in 2000 and entered into force on 17 December 2001. It covers trade in goods and services, protection of intellectual property rights, environment, labour and e-commerce. Trade is being fully liberalised through the gradual reduction of custom duties and charges having equivalent effect over a ten-year period. This free trade agreement was the fourth such agreement that the United States ratified, after Canada, Mexico and Israel, and the first with an Arab country.

A Qualifying Industrial Zone Agreement entered into force in 1996 between the Kingdom and the United States. Products produced on industrial estates in Qualifying Industrial Zones benefit from duty- and quota-free access to the U.S. market. Currently, there are thirteen Qualifying Industrial Zones in the Kingdom. See "*The Economy—Production Sectors—Manufacturing, Mining and Quarrying—Qualifying Industrial Zones*".

Bilateral trade between the Kingdom and the United States has increased from U.S.$379 million in 1999 to U.S.$2,671.4 million in 2015.

In March 2010, the then-NATO Secretary General Anders Fogh Rasmussen requested that Jordan play a role in training the Afghan Army. In response, Jordan has sent a number of instructors from its armed forces and security service to Afghanistan. Along with other Arab countries, including Saudi Arabia, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Oman, Qatar and the UAE, Jordan has also been a member of a U.S.-led military coalition formed to combat Daesh since September 2014.

In February 2015, the United States committed to increasing its annual aid to Jordan from U.S.$660 million to U.S.$1 billion for 2015-2017, in order to address Jordan's short-term needs, including rising energy costs and those related to regional instability, including housing refugees from Syria and Iraq and military initiatives against Daesh. Of this U.S.$1 billion of annual support, approximately 40% is military support and 60% is economic support. Between 2010 and 2015, the Kingdom received defence assistance from the United States in the form of excess U.S. defence articles, including two C-130 aircraft, HAWK MEI-23E missiles and cargo trucks. The U.S. Department of Defense has also introduced a limited assistance programme with the Jordanian military. Pursuant to this programme, the U.S. Department of Defense is providing Jordan's border guard forces with U.S.$11.7 million for ammunition and communications equipment. Total U.S. aid to Jordan through 31 December 2015 was U.S.$15.8 billion. In May 2017, the U.S. Congress approved a U.S.$1.3 billion aid package for Jordan comprised of U.S.$812.4 million in economic support funds, including

U.S.$475 million as direct budget support, U.S.$13.6 million in support for non-proliferation, anti-terrorism, demining and related programmes, U.S.$4.0 million for international military, education and training programmes and U.S.$450 million in foreign military funds.

In September 2015, the United States (acting through USAID) and Jordan entered into four further grant agreements for an aggregate amount of U.S.$429.7 million. The four grants are as follows: (i) U.S.$231.4 million to support the budget; (ii) U.S.$133.4 million to improve social sector quality; (iii) U.S.$35.7 million to strengthen democratic accountability; and (iv) U.S.$29.2 million to assist economic development.

In December 2016, the United States transferred U.S.$470 million to the Government to support economic growth, education, health, water and democracy and governance under the Cash Transfer Assistance Agreement, which was one of four grants totalling U.S.$780 million signed by U.S. and Jordan in October 2016.

In February 2018, the U.S. government and the Government of Jordan signed a new memorandum of understanding (the "**MoU**") on Strategic Partnership for an exceptional assistance level of U.S.$1.275 billion (as grants) annually over the period 2018-2022. This includes economic assistance (Economic Support Funds or "**ESF**") and military assistance (Foreign Military Funds of "**FMF**"). The U.S.$1.275 billion will include a minimum of U.S.$750 million in ESF assistance and U.S.$350 million in FMF assistance to support long-term development and security efforts. The U.S.$750 million minimum level of ESF includes: (1) macroeconomic support; (2) development programs; and (3) critical capital investments that are mutually decided by the two governments. Assistance priorities are reviewed through annual consultations.

The renewal of the MoU reflects the United States' understanding of the challenges Jordan is facing and of the role Jordan continues to play regionally and globally in the fight against terrorism and extremism, and in ensuring regional peace. It also signifies recognition of, and support for, the efforts that Jordan is making to reform the Kingdom towards self-reliance.

In 2018, the U.S. Congress appropriated an additional U.S.$250 million for Jordan (over and above the MoU level) in the ESF. This resulted in increasing the budget support from U.S.$475 million in 2017 to U.S.$745 million in 2018, increasing the total expenditure from U.S.$1.275 billion to U.S.$1.525 billion.

For 2019, an amount of U.S.$1.575 billion was allocated, of which at least U.S.$1,082 billion was assigned for ESF and U.S.$425 million for FMF. The additional assistance was proposed by the U.S. Congress.

Under the MoU, the ESF is allocated to the following sectors:

- *Cash transfer grant agreement*: U.S.$745,100,000.
- *Economic development*: U.S.$33,000,000.
- *Water resources and environment*: U.S.$124,050,000.
- *Education and youth*: U.S.$91,250,000.
- *Health*: U.S.$39,500,000.
- *Democracy, rights and governance*: U.S.$42,000,000.
- *Gender equality*: U.S.$7,500,000.

An additional U.S.$50 million was allocated to the U.S.$250 million Relief and Recovery Fund.

In 2020, an amount of U.S.$1.65 billion was allocated, including U.S.$125 million from ESF balances in prior years. Of this amount, not less than U.S.$845 million was confirmed for budget support, not less than U.S.$425 million was under the FMF heading, and U.S.$25 million was for programs to increase electricity transmissions to neighbouring countries including Iraq. The additional assistance was proposed by the U.S. Congress.

Moreover, during 2011-2018, the U.S. government extended exceptionally (since Jordan is not typically eligible for this type of support) four wheat grants to Jordan under the Food for Progress Program; two grants for 50,000 metric tonnes each extended in 2011 and 2012 (total value of U.S.$36 million) and two grants for 100,000 metric tons each extended in 2015 (a total value of U.S.$25.1 million) and 2017 (a total value of U.S.$18.7 million).

The United States and Jordan have worked as partners in development since 1957. USAID is Jordan's main development partner (donor) with an active portfolio of about U.S.$1.5 billion across a number of priority sectors excluding the annual cash transfer programme. Today, USAID's development strategy includes programs in education, water, economic development, energy, democracy, rights and governance, health, gender equality, and female empowerment. The strategy consists of four development objectives:

1. Accelerating road-based, inclusive economic development;

2. Strengthening democratic accountability;

3. Improving social sector quality; and

4. Enhancing gender equality and female empowerment.

Acting through USAID, the United States has also provided Jordan with U.S.$3.75 billion in loan guarantees, allowing Jordan to access less expensive financing from the international capital markets. See "*Public Debt—External Debt*".

In 2020, the United States provided Jordan with a further U.S.$8 million in financial assistance to help Jordan cope with the COVID-19 crisis. The United States has provided assistance for Jordan's COVID-19 response has totalled approximately U.S.$35.4 million, including approximately U.S.$20.8 million in humanitarian assistance to support vulnerable individuals in Jordan, including refugees and members of host communities. It also includes U.S.$13.1 million in humanitarian assistance to provide emergency food assistance, and U.S.$1.5 million in health assistance to support efforts to stop the spread of the disease, as well as strengthening laboratories for large-scale COVID-19 testing. See "*Response to COVID-19—Financial Measures—United States Government Support*". The United States and Jordan are in regular dialogue across a range of issues and are currently in the early stage discussions regarding possible further medium term support for Jordan by the United States, but there is no guarantee such support will be agreed.

European Union

Jordan is a party to the Jordan-EU Association Agreement, which was signed in 1997 and entered into force in 2002. It aims to create a free trade area between the EU and Jordan, establishing a comprehensive framework for political, economic, trade and investment, social and financial cooperation. The agreement allows entry of certain Jordanian industrial exports into Member States free of customs duties and other charges. EU industrial exports are also similarly allowed entry into Jordan free of customs duties and charges. In addition to the elimination of tariffs and reduction of non-tariff barriers, the agreement contains provisions on the conduct of trade in agricultural and industrial products, right of establishment and services, payments and movement of capital, competition, intellectual property rights, financial cooperation, economic cooperation in the fields of industry, standards, transportation, telecommunications, energy, science and technology, environment and tourism, statistics and the fight against illegal drugs.

Jordan is a partner country within the European Neighbourhood Policy (the "**ENP**"), a partnership framework between the EU and 16 of its neighbours.

The Partnership Priorities ("**PP**") plan sets out the framework for the dialogue between the EU and Jordan. The PP outlines a set of priorities that focus on political dialogue and reform, trade, social issues and assisting Jordan to access the EU's internal market. Prior to the PP, two five-year action plans were implemented between 2010 and 2015.

The EU has also developed Indicative Programmes for Jordan, the most recent being for 2014-2020. The Indicative Programme sets out three priorities: (i) the reinforcement of the rule of law for enhanced accountability and equity in public service delivery; (ii) employment and private sector development; (iii) the promotion of renewable energies and energy efficiency; and (iv) capacity development and institution building. The total bilateral European Neighbourhood Instrument ("**ENI**") budget allocation for Jordan for the period 2014-2020 is between €567 and €693 million. Under the Single Support Framework for EU support to Jordan for 2014-2017, established under the ENI, between €312 million and €382 million in financial assistance has been allocated to Jordan to support the aims of the ENI.

In February 2012, the EU/Jordan Task Force was convened at the Dead Sea in Jordan. At the meeting, an agreement was reached to provide Jordan with €2.7 billion in assistance and loans from various partners (including EU member states, the European Investment Bank (the "**EIB**") and the European Bank for Reconstruction and Development (the "**EBRD**")). Increased cooperation in the trade and business sectors was also discussed.

In February 2016, the EU entered into a Memorandum of Understanding with the Ministry of Interior to co-operate in the field of violent extremism prevention. Pursuant to this Memorandum of Understanding, the EU has granted Jordan funds of up to U.S.$11 million to be used to combat violent extremism.

The 12th meeting of the EU-Jordan Association Committee took place in Brussels in July 2016 at which the EU and Jordan discussed their partnership priorities in the context of the ENP. In line with the aims of the Jordan Compact, at the conclusion of the EU-Jordan Association Committee, the Government and the EU announced plans to simplify the rules of origin Jordanian importers apply in trading with the EU and tariff-free access to the EU for products produced with a qualifying amount of Syrian refugee labour. See "*External Sector – Foreign Trade*".

Since 2011, the EU has provided grants to support the education sector in the field of basic education, technical and vocational education and training and higher education, targeting both Jordanians and Syrians. The EU also provided aid to address immediate and medium-term humanitarian challenges related to Syrian refugees. Since 2014, the EU has committed €492 million to projects in Jordan to support the resilience of institutions and host communities as well as that of the Syrian refugees in Jordan. Areas of support include education, health, agricultural livelihoods and food security, water, sanitation and hygiene, social protection, solid waste management, livelihoods and cultural heritage, higher education and scholarships, and humanitarian assistance. This is in addition to two macro financial assistance ("**MFA**") contributions totalling €380 million, with a third due to be agreed in late 2022/early 2023. See "*Public Debt—International Institutions—European Union*".

In July 2016, the EU approved grants of U.S.$99.7 million to fund Jordan's renewable energy and energy efficiency programme. See "*Public Debt—International Institutions—European Union*". In December 2016, the pledged €55 million in support of a private sector development programme to support projects set out in reforms in the context of the Jordan 2025. At the 11th meeting of the EU-Jordan Association Committee, which took place in Amman in December 2018, an amendment to the Euro-Mediterranean agreement between the EU and Jordan was signed, granting Jordan further relaxation in the implementation of the rule of origin. In addition, both sides agreed on extending the PP until 2020 to align it with the Single Support Framework 2017-2020.

In December 2021, the EU Commissioner visited the Kingdom to reaffirm the EU-Jordan Partnership and to discuss EU assistance and investment priorities in line with the new EU Agenda for the Mediterranean and its Economic and Investment Plan. The Commissioner stated that the EU will provide the country with substantial support under the new long-term EU budget. Over the next seven years, the EU assistance to Jordan from the bilateral and regional envelopes, together with other instruments, will aim to mobilise at least €2.5 billion in private and public investments. In this context, the EU expects that a significant additional amount of funding will be made available to help Jordan bear the burden of hosting Syrian refugees, with the EU so far providing €2.1 billion in support for Jordan since the start of the Syrian crisis.

The EU and Jordan also intend to set up a new Investment Platform to mobilise investments for the the Kingdom's economic and social development, bringing together the Government, European Financial Institutions, the EU institutions, EU Member States and other stakeholders.

In June 2022, the European Commissioner for Neighbourhood and Enlargement announced the launch of the EU-Jordan Investment Platform during the fourteenth session of the EU-Jordan Association Council held in Jordan. The platform is expected to leverage up to €2.5 billion of public and private investments.

Agadir Declaration

In May 2001, the ministers of foreign affairs of Jordan, Tunisia, Egypt and Morocco at a meeting in Agadir, Morocco, signed a joint declaration known as the "Agadir Declaration" in which they stated their objective of creating a common free trade zone amongst southern Mediterranean countries that have entered into association agreements with the EU. In February 2004, the Agadir Agreement established a free trade zone among Jordan, Tunisia, Egypt and Morocco. The Agadir Agreement entered into force on 6 July 2006, following ratification by the four countries that are party to the agreement. Implementation of the Agadir Agreement began in March 2007. Jordan hosts the secretariat of the Agadir agreement.

GCC

The GCC, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, has entered into a strategic partnership with Jordan. At the GCC Summit held in October 2011, the GCC created the U.S.$5 billion grant to fund economic and social development projects in Jordan to be granted over the following five years, which consists of U.S.$1.25 billion contributions from each of Kuwait, Qatar, Saudi Arabia and the United Arab Emirates. As at May 2020, Kuwait, Saudi Arabia and the UAE have made their contributions and this U.S.$3.75 billion has been invested in various capital investment projects in the following sectors: infrastructure, transport, health, education and higher education, renewable energy, water and local development. The majority of these projects have been completed. The GCC grant was deployed through the following GCC funds: the Saudi Fund for Development, the Abu Dhabi Fund for Development, and the Kuwait Fund for Arab Economic Development. The Kingdom has benefited from the GCC funds since 1975 and has received concessional financing totalling approximately U.S.$1.2 billion for a large number of development projects.

In 2012, the GCC adopted two plans to reinforce the strategic partnership between the GCC and Jordan, pursuant to which joint working groups were established comprising economic, political, judicial and legal teams, and focusing on co-operation in key sectors, including transportation, communications, agriculture, energy, natural resources and the environment, as well as education, scientific research, tourism, social and community development, culture, media, youth and sport. Aimed at further increasing co-operation between Jordan and GCC members, in September 2015, the Gulf-Jordanian Economic Communication Forum was held in Amman to discuss topics including, *inter alia*, Gulf-Jordanian economic and trade relations, opportunities and challenges, the role of Arab and Gulf funds in supporting small- and medium-sized enterprises ("**SMEs**") and initiatives to encourage communication among entrepreneurs in the region.

In 2016, the Saudi Fund for Development provided Jordan with grants totalling U.S.$94.1 million for budget support. See *"The Economy—Production Sectors—Electricity and Water—Electricity"*.

In June 2018, at the Mecca Summit, Saudi Arabia, the UAE and Kuwait committed a support package to Jordan of U.S.$2.66 billion, comprising: (i) U.S.$1.66 billion deposited at the Central Bank of Jordan (U.S.$333 million from the UAE, U.S.$333 million from Saudi Arabia, and U.S.$500 million from Kuwait); (ii) U.S.$250 million in budget support grants from Saudi Arabia and U.S.$250 million from UAE during the period 2018-2022; (iii) U.S.$400 million in the form of guarantees from Saudi Arabia (U.S.$200 million) and UAE (U.S.$200 million) to be blended with World Bank financing to Jordan (mainly in the form of Development Policy Loans); and (iv) U.S.$600 million concessional financing, over five years, for capital investment projects under the budget law (U.S.$500 million from Kuwait, U.S.$50 million from UAE and U.S.$50 million from Saudi Arabia).

In May 2022, Jordan, the UAE and Egypt signed the Integrated Industrial Partnership Initiative for Sustainable Economic Development. The partnership allocates U.S.$10 billion to an investment fund managed by a UAE sovereign wealth fund. Investment is expected in sectors, such as food, agriculture, fertilisers, pharmaceuticals, textiles, minerals, and petrochemicals, with the aim of boosting industrial cooperation in the Arab world.

Others

A free trade agreement between Jordan and EFTA Countries (Norway, Iceland, Liechtenstein and Switzerland) was signed in 2001.

In September 2012, France extended a €150 million concessionary long-term loan to Jordan to help finance the 2012 budget. In November 2012, Jordan received a €100 million disbursement under this loan. In June 2015, France finalised a U.S.$166 million loan for the Bus Rapid Transit project. In July 2015, France granted a soft loan on concessional terms of U.S.$265 million to Jordan to implement three major water and energy projects.

In August 2012, Japan extended a U.S.$156 million concessionary loan to help finance the 2012 budget. In June 2013, Japan provided Jordan with an additional soft loan of U.S.$120 million. In March 2014, the Japanese International Cooperation Agency ("**JICA**") signed a loan agreement with Jordan, to provide a Fiscal and Public Reform Development Policy Loan for up to JPY 12 billion and, in May 2015, the JICA signed a further agreement to provide a Fiscal and Public Reform Development Policy Loan for up to JPY 24 billion with the aim of promoting Jordan's economic stabilisation and development efforts through support for reform of debt management and public services.

In July 2015, the Arab Monetary Fund ("**AMF**") extended a U.S.$58 million loan to Jordan to support structural reform of public finances. In March 2017, the AMF extended a U.S.$56 million loan to Jordan to support Jordan's financial reform programme. In September 2021, the AMF extended a U.S.$63 million loan to Jordan, to support its economic, financial and structural reforms following the impact of the COVID-19 pandemic. As at 31 December 2021, the total amount of outstanding loans extended by the AMF to Jordan was JD 284.1 million.

A Jordan-Singapore free trade agreement was signed in 2004. Its aim is to promote economic relations and develop partnerships between Jordan and Singapore.

The Jordan-Canada free trade agreement was signed on 28 June 2009, and entered into force on 1 October 2012. It is Canada's first free trade agreement with an Arab country, giving Canadians access to new markets, customers and partnerships, as well as creating stronger supply and production chains. The general trend is increasing two-way trade, with Canadian exports to Jordan more than doubling in the last ten years, and Canadian imports from Jordan more than tripling. According to the ITC, in 2021, Jordanian exports to Canada totalled U.S.$59.27 million its imports from Canada totalled U.S.$39.26 million.

A Jordan-Turkey free trade agreement was signed in 2009 and entered into force in 2011.

Following the revolution in Libya, Jordan played a role in hosting and treating injured Libyans, as well as providing training to the Libyan police force.

In March 2015, a coalition of Arab countries led by Saudi Arabia and including Jordan, other GCC members, Egypt, Morocco, Sudan and others, supported by the United States and other western governments, intervened in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels, who have taken control of Yemen's capital, Sana'a and most of the country, although government control has since been re-established in certain areas. The coalition conducted a number of air strikes in Sana'a and elsewhere, and the Saudi military has deployed troops and armour on the Saudi-Yemeni border. See "*Risk Factors—Risks Relating to the Kingdom—Regional Risks*".

International Organisations

Jordan is a member of the United Nations and several of its specialised and related agencies, including the World Trade Organization, the World Meteorological Organization, the Food and Agriculture Organization, the International Atomic Energy Agency, the International Civil Aviation Organization and the World Health Organization.

Jordan also is a member of the World Bank, the IMF, the Asian Infrastructure Investment Bank (the "**AIIB**"), the World Customs Organization, the Group of 77, the International Chamber of Commerce, the Non-aligned Movement. In addition, Jordan is a member of a number of regional institutions, including the AIIB, the AMF, the IDB, the Arab Fund for Economic and Social Development ("**AFESD**"), the Arab League, the Organisation of Islamic Cooperation and the Greater Arab Free Trade Area.

Between January 2014 and January 2016, Jordan served a two-year term as a non-permanent member on the UN Security Council.

World Trade Organisation

Jordan became the 136th member of the World Trade Organisation on 11 April 2000. Major economic and legislative reforms were made to bring Jordanian trade laws and regulations into compliance with World Trade Organisation requirements. To this end, several amendments were made to existing laws and several new laws were implemented, especially in respect of intellectual property rights. In addition, Jordan made commitments on a wide range of services with liberal access for foreign suppliers and investors, and Jordan fulfilled its commitment to lower tariffs to rates ranging from 0% to 30% by 2010. See "*Public Debt—International Institutions—World Bank*".

IMF

Jordan joined the IMF on 29 August 1952 and has benefited from IMF arrangements on a number of occasions. On 3 August 2012, the Government and the IMF agreed to a three-year U.S.$2 billion SBA in order to support the Government's programme during the period 2012-2015 and address fiscal and external challenges, such as the Eurozone crisis, high international commodity prices and the impact of the significantly reduced supplies from the Arab Gas Pipeline. In July 2015, the IMF completed its seventh and final review of Jordan's economic programme supported by the SBA, which enabled the disbursement of U.S.$396.3 million in additional funds. The full amount of U.S.$2 billion was disbursed under the SBA to Jordan.

On 24 August 2016, the Executive Board of the IMF approved a three-year U.S.$723 million extended fund facility, or EFF, for Jordan, of which U.S.$313.8 million was disbursed. The EFF is intended to: (i) support the economic and financial reform efforts outlined in Jordan 2025; (ii) advance fiscal consolidation to lower public debt; and (iii) support broad structural reforms to enhance the conditions for more inclusive growth. Further disbursements under the EFF are subject to the completion of six reviews by the IMF and the meeting of certain targets. The IMF published the preliminary findings of its review under the EFF in November 2016 and concluded its visit to Jordan in March 2017. The IMF completed a further Article IV consultation with Jordan in 2020, approving a 48-month extended arrangement under the EFF for a further U.S.$1.3 billion.

In March 2020, the Executive Board of the IMF approved a four-year EFF for Jordan to support further structural reform with Government ownership. The EFF is being deployed to promote growth and increase job creation through deep structural reforms focussing on: (i) enhancing revenue mobilisation through administrative reforms and tackling tax evasion and avoidance; (ii) reducing the cost of doing business, *e.g.*, electricity and labour costs; and (iii) improving government transparency. Disbursements under the EFF are subject to the completion of reviews by the IMF and the meeting of certain targets. In December 2021, the third review was completed, with the Kingdom meeting all fiscal targets and passing various milestones such as a reform of electricity tariffs.

Although the EFF was prepared before the advent of the COVID-19 pandemic, changes were made to the facility to support unbudgeted spending covering emergency outlays and medical supplies and equipment: the programme includes an adjustment mechanism to allow for flexibility in spending targets (including COVID-19-related spending) up to 0.5% of GDP. Upon the completion of the second review in June 2021, the Executive Board of the IMF also approved to increase access under the EFF by approximately U.S.$200 million. Jordan has successfully completed three consecutive reviews on time, most recent of which was in December 2021.

In May 2020, the Executive Board of the IMF approved a further U.S.$396 million of emergency funding under the Rapid Financing Instrument to help the Kingdom's COVID-19 response. Jordan has a strong relationship with the IMF and benefits from continuous support of various technical assistant missions on key areas such as revenue administrations and mobilization, debt management, cash management, and many other topics.

On 20 December 2021, following the completion of its third review of Jordan's programme supported by the EFF, the Executive Board of the IMF made the equivalent of U.S.$335.2 million immediately available, bringing total disbursements since the beginning of the COVID-19 pandemic to SDR 881.7 or approximately U.S.$1.2 billion, which includes emergency financial assistance provided in May 2020 under the 'Rapid Financing Instrument', equivalent to approximately U.S.$396 million, to support the Government's spending on health and social protection in response to the COVID-19 pandemic.

On 24 May 2022, a staff level agreement between Jordan and the IMF was reached for the fourth review under the EFF. The mission also included discussions on the 2022 Article IV Consultation. In its press release following the meeting, the IMF stated that the EFF programme is "firmly on track, with notably strong performance on domestic revenue mobilization". The statement also praised the government's ability to "navigate the significant economic challenges of the pandemic period, while protecting critical social and health spending, and implementing key structural reforms". The fourth review proposes an increase in disbursement of approximately U.S.$165 million in 2022, including an augmentation of access of approximately U.S.$100 million, and is subject to approval by the IMF's management and the Executive Board.

See "*Risk Factors—Risks Relating to the Kingdom—Reliance on multilateral and bilateral creditors*", "*The Economy—Government Programmes—IMF EFF*" and "*Public Debt—International Institutions—IMF*".

World Bank

Jordan joined the World Bank in 1952 and received its first International Development Association credit in 1961. The World Bank has supported Jordan's economic adjustment and structural reform process since 1989 when it extended to Jordan a U.S.$150 million Industrial and Trade Policy Adjustment Loan. Principal support to Jordan is granted through the World Bank's Country Partnership Strategy for Jordan. A total of U.S.$1.4 billion of funding is available over the six years of the Country Partnership Strategy, with the first portion, U.S.$300 million in concessional rate loans, supported by the World Bank's GCFF, disbursed in October 2016. On 1 December 2016, the World Bank approved a second financial package of U.S.$250 million, consisting of a U.S.$25 million contribution from the GCFF, combined with a U.S.$225 million loan supported by the GCFF. The package is aimed improving the financial viability and efficiency of the water and energy sectors. The portfolio comprises investments in municipal services, education, energy, environment, public sector governance, public administration, social services, access to finance and the private sector. As at 31 December 2016, the World Bank's portfolio in Jordan included 13 active projects valued at U.S.$681.5 million in loans and grants. The portfolio comprises investments in municipal services, education, energy, environment, public sector governance, public administration, social services, access to finance and the private sector.

In October 2015, the World Bank, the United Nations and the IDB launched the MENA Financing Initiative. In July and December 2016, the World Bank announced the launch of two projects under the MENA Financing Initiative. See "—*International Relations—Syria.*" and "*Public Debt—International Institutions—World Bank*".

In October 2016, the Minister of Planning and International Co-Operation announced that Jordan had been chosen to head the Board of Governors of the World Bank and the IMF for 2017.

The World Bank portfolio in Jordan has expanded rapidly over the Country Partnership Framework ("**CPF**") period (2017-2022). While the CPF had envisioned U.S.$1.6 billion in IBRD financing for the first two years of the CPF, as of March 2022, the World Bank's active portfolio in Jordan consisted of 14 projects valued at U.S.$2.75 billion in loans, credits, and grants. According to the World Bank, the prospective financing for Jordan includes an additional amount of approximately U.S.$840 million in new IBRD financing.

European Bank for Reconstruction and Development (EBRD)

On 29 December 2011, Jordan became a member of the EBRD. Jordan's membership is part of the process to become a recipient of EBRD investments. In October 2013, the EBRD opened a permanent office in Amman. Since it commenced operations in Jordan, the EBRD has financed 64 projects for a total value of €1.69 billion. See "*Public Debt—International Institutions—European Bank for Reconstruction Development (EBRD).*"

Asian Infrastructure Investment Bank (AIIB)

In December 2015, Jordan became a member of the AIIB. The AIIB, is an international institution focused on the development of infrastructure and other production sectors in Asia. As a member of the AIIB, Jordan is eligible to receive AIIB financing for projects in various economic sectors, including the energy and power, transportation, telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, urban development and logistics sectors.

Defence and National Strategy

Jordan maintains highly-trained and disciplined armed forces since Jordan's physical location and political stance have historically placed it in the front line of confrontation. The Jordanian armed forces, also known as the Arab Army, were formed in March 1956 from the Arab Legion, which traces its roots to a unit formed by the British in the 1920s and fought in World War II with the allies in the Middle East. The King is the commander-in-chief and exercises effective command of Jordan's armed forces. Jordan has also increased its military expenditure from JD 2,215.5 million in 2016 to JD 2,590.8 million in 2019.

Jordan's close relations with the United States and the United Kingdom have enabled the Jordanian armed forces to benefit from direct financial aid from the United States and donations of equipment from both the U.S. and British militaries. In addition to their primary role in defending the Kingdom, the Jordanian armed forces have been dispatched abroad in many countries, deployed as United Nations peacekeepers under Chapter 6 (non-interventionist) peacekeeping missions and undertaken a significant civil defence role within Jordan. The Jordanian armed forces are active in domestic disaster relief and have traditionally provided services such as health care and education in the more remote areas of Jordan.

Since September 2014, as part of a coalition led by the United States, Jordan has carried out air strikes on sites controlled by Daesh in Syria and Iraq. See "*—International Relations—Syria*", "*—International Relations—Iraq*" and "*Risk Factors—Risks Relating to the Kingdom—Conflict with Daesh*".

In March 2015, a coalition of Arab countries led by Saudi Arabia and including Jordan, other GCC members, Egypt, Morocco, Sudan and others, supported by the United States and other western governments, intervened in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels, who have taken control of Yemen's capital, Sana'a and most of the country, although government control has since been re-established in certain areas. The coalition conducted a number of air strikes in Sana'a and elsewhere, and the Saudi military has deployed troops and armour on the Saudi-Yemeni border. See "*Risk Factors—Risks Relating to the Kingdom—Regional Risks*".

In June 2016, five employees of the National Intelligence Agency, including three intelligence officers, were killed in a terrorist attack in a Palestinian refugee camp near Amman. In June 2016, Jordan sealed entry points for Syrian refugees following a suicide bomb attack on the border, which killed four Jordanian soldiers, a police officer and a civil defence officer. In response to these attacks, the Government has designated sections of the northern and north-eastern border with Syria as closed military zones.

THE ECONOMY

Principal Economic Indicators

The following table sets forth the principal economic indicators for Jordan as at the end of, or for, the periods indicated.

Principal Economic Indicators(1)

	2017	2018	2019	2020(2)	2021(2)
GDP at current market prices *(JD millions)*(3)	29,400	30,482	31,597	31,025	32,123
GDP at constant market prices *(JD millions)*(4)(5)	28,915	29,474	30,050	29,584	30,238
Growth rate of GDP at constant market prices *(%)*(4)(5)	2.1	1.9	2.0	(1.6)	2.2
GDP per capita at current market prices *(JD)*	2,925	2,957	2,994	2,871	2,905
Unemployment rate *(%)*(6)	18.3	18.6	19.1	23.2	24.1
Change in CPI *(%)*(7)	3.3	4.5	0.8	0.3	1.4
Current account balance *(JD millions)*(8)	(3,119.1)	(2,103.4)	(549.1)	(1,778.9)	(2,822.7)
Net trade balance *(JD millions)*(8)	(7,593.3)	(7,314.5)	(6,201.9)	(5,243.9)	(7,009.2)
Capital and financial account balance *(JD millions)*(8)	(2,391.9)	(2,835.7)	(779.6)	(1,900.0)	(1,329.8)
Gross foreign reserves *(U.S.$ millions)*(8)	14,391.8	13,392.2	14,329.3	15,919.7	18,043.2
Current account balance *(as % of GDP)*(8)	(10.6)	(6.9)	(1.7)	(5.7)	(8.8)
Gross foreign reserves coverage (*in months of prospective imports of goods and non-factor services*)(8)	7.5	7.3	9.4	8.7	9.5
Total revenues and grants *(JD millions)*	7,425.3	7,839.6	7,754.3	7,028.9	8,128.2
Total expenditure *(JD millions)*	8,173.2	8,567.3	8,812.7	9,211.3	9,858.8
Government budget deficit(9)					
Including foreign grants (JD millions)	*(747.9)*	*(727.6)*	*(1,058.4)*	*(2,182.4)*	*(1,730.6)*
Excluding foreign grants (JD millions)	*(1,455.9)*	*(1,622.3)*	*(1,846.8)*	*(2,973.3)*	*(2,533.9)*
as % of GDP (including grants)	(2.5)	(2.4)	(3.3)	(7.0)	(5.4)
as % of GDP (excluding grants)	(5.0)	(5.3)	(5.8)	(9.6)	(7.9)
Primary balance (*as % of GDP*)	(2.0)	(2.0)	(2.3)	(5.6)	(3.5)
Gross public debt (excluding debt held by the SSIF) *(JD millions)*	22,356.5	22,883.3	23,958.5	26,499.3	28,763.1
as % of GDP	76.0	75.1	75.8	85.4	89.5
Net public debt(10)					
in JD millions	20,523.1	21,475.6	22,680.4	25,163.2	27,260.1
as % of GDP(3)(11)	69.8	70.5	71.8	81.1	84.9
Total external public debt *(as % of GDP)*(3)	40.2	38.9	37.9	44.2	47.1
Exchange rate *(U.S.$ per JD)*(11)	1.410	1.410	1.410	1.410	1.410
Exchange rate *(€ per JD)*(8)	1.175	1.234	1.270	1.159	1.248

Sources: Department of Statistics, CBJ, Ministry of Finance

Notes:

(1) Certain figures in this table have been revised and may differ from previously published data.

(2) Preliminary data. Data provided for 2021, where available, is taken from the Ministry of Finance's General Government Finance Bulletin for January 2022 and is given as at 31 December 2021.

(3) GDP at current market prices. See "*The Economy—Gross Domestic Product*".

(4) GDP at constant market prices. See "*The Economy—Gross Domestic Product*".

(5) Base year is 2016.

(6) See "*The Economy—Employment and Labour*".

(7) Period average to period average. Index based upon basket determined by the Department of Statistics, (2018 = 100). See "*Monetary System—Inflation*".

(8) Calculated as period average.

(9) Total central government revenues (including privatisation proceeds and grants) minus total central government expenditure. See "*Public Finance—Public Accounts*".

(10) Total net public debt is comprised of the external and net domestic debt of the central government and debt guaranteed by the central government, excluding debt held by the SSIF. See "*Public Debt*". Net domestic debt is central government debt, net of government bank deposits. See "*Public Debt—Domestic Debt*".

(11) In October 1995, Jordan adopted a pegged exchange rate system, whereby the Jordanian Dinar is pegged to the U.S. Dollar. The exchange rate of the Jordanian Dinar against the other major currencies is determined according to the exchange rates of these currencies against the U.S. Dollar in the international financial markets. See "*Monetary System – Foreign Exchange Rates*".

Government Programmes

Jordan 2025

In response to external factors, which have affected Jordan's economy, including the political unrest in the region, the influx of refugees into the Kingdom and the significant reduction in the Kingdom's natural gas supply from the Arab Gas Pipeline, as well as the Kingdom's exposure to international oil prices (due to a lack of domestic production) and other commodity prices and other domestic economic challenges, including the high poverty rate, structural unemployment, low labour productivity, gender inequality, limited access to financing and bureaucratic and administrative hurdles faced by businesses, the Government announced a new vision for Jordan, known as "Jordan 2025", in May 2015. The ten-year programme, which features a long-term vision for Jordan's economy, includes over 400 policies and measures to be implemented by the Government, the private sector and civil society to support economic development. The Government has stated that these policies and procedures seek to boost the rule of law and equal opportunities, as well as to achieve fiscal sustainability and self-sufficiency.

Jordan 2025 has replaced the three-phase National Agenda programme, which had been implemented since 2007. Jordan 2025 has been developed to reduce the effects of regional uncertainty, with a baseline scenario (assuming continued regional uncertainty) and a targeted scenario (assuming an improved regional economic and political outlook). The baseline scenario targets GDP to grow by 5.8% annually over the next ten years (as compared to GDP growth of 2.4% in 2015), while the targeted scenario provides for annual GDP growth to increase to 7.5% by 2025.

In addition, Jordan 2025 includes the following fiscal and structural targets:

- lowering the unemployment rate from 11.9% in 2014 to 9.2% or lower by 2025, as well as increasing female labour participation;
- reducing Jordan's extreme poverty rate from 14% in 2014 to 10% by 2025:
- reducing Jordan's net public debt to GDP ratio to 47% by 31 December 2025;
- balancing the budget by 2025;
- increasing the contribution of agriculture and industry to GDP (to 3.4% and 27.8%, respectively), which would in turn lead to a corresponding decrease in the contribution of the services sector to 63.5% by 2025;
- improving the tax system and business regulations (including plans to reform tax administration, provide new tax incentives to businesses to encourage investment and introducing legislation to encourage Jordanians to start new businesses);
- encouraging greater public-sector efficiency to boost private-sector performance;
- privatising a number of state-owned companies;
- increasing co-operation between the Government and the private sector in other areas; and
- establishing Jordan as a regional economic gateway through the use of free-trade agreements to develop an export-oriented economy.

The Government is implementing its fiscal goals under Jordan 2025 through three executive programmes. The Government is in the process of implementing its third executive programme, which covers the period 2021-2024. The estimated financing requirement for the programme is U.S.$14 billion, of which the Government has identified U.S.$2.5 billion in priority projects and programmes across 13 economic sectors. A dedicated unit has been established at the Prime Minister's Office to monitor the implementation of the executive programmes. See "*Risk Factors—Risks Relating to the Kingdom—Jordan 2025*".

In addition to the targets set out above, Jordan 2025 sets outs a series of goals in four broad categories: citizens, society, business and government.

Government

The government targets include:

- ***macro-economic stability leading towards balancing the budget*** – enhancing revenue management and collection, expanding the use of electronic revenue collections, reducing tax exemptions, reviewing capital expenditure programmes, enhancing public expenditure controls and promoting transparency and financial disclosure;

- ***decentralisation*** – formulating a national strategy to reform government and further decentralise powers to more local levels;
- ***Jordan's infrastructure*** – developing a strategy for national infrastructure, improving public transportation in Amman and surrounding areas, constructing a national railway network and strengthening the public-private partnership regulatory framework;
- ***resource security*** – enhancing private sector participation, reducing the potential for supply-side and price shocks, transitioning to more sustainable, efficient and productive agricultural production, increasing the capacity and quality of the water supply and improving water distribution networks, encouraging investment in renewable energy supplies, enhancing the electricity system, opening the petroleum products sector to competition and diversifying sources of natural gas imports;
- ***improved public sector performance*** – supporting decision making at the Council of Ministers level, modernising government services, improving civil service efficiency and promoting transparency; and
- ***addressing the size and work of the government*** – improving the structure of the government, reviewing the regulatory environment and promoting "e-government" services.

Business

The business targets include:

- ***trade and competitiveness*** – encouraging national industries to improve their competitiveness, promoting industrial clusters, increasing the contribution of income and job-generating service sectors, opening new markets for Jordanian products, developing trade facilitation measures and promoting consumer protection mechanisms, including by adopting a new consumer protection law, which became effective on 16 June 2017;
- ***business environment*** – enhancing the investment climate in the Kingdom, reducing the costs of doing business, encouraging international best practices in corporate governance, improving the legal framework for domestic and foreign companies and simplifying administrative procedures;
- ***capital for growth*** – encouraging lending against moveable collateral for SMEs, increasing loan guarantees for SMEs and entrepreneurship projects and increasing funds available to entrepreneurs and SMEs;
- ***entrepreneurship and SMEs*** – accelerating the reform of the legal and regulatory environment, expanding local markets for SMEs and increasing export capacity, strengthening local research and innovation capacity and increasing female participation in entrepreneurship and SMEs; and
- ***sectoral targets*** – introducing a number of sector-specific targets in engineering and construction, health care and medical tourism, life sciences, tourism and conferences, digital and business services and financial services.

Society

The society targets include:

- ***rule of law*** – promoting the National Integrity Charter (which sets out basic principles and ethical and professional criteria in the public and private sectors, aimed at strengthening integrity, transparency, the rule of law and accountability), improving the efficiency of the judicial system, ensuring quick law enforcement and automating judicial proceedings;
- ***active citizenship*** – encouraging civic engagement and participation and volunteerism;
- ***communities (local development) –*** improving access to adequate housing and housing loans for the poor, increasing the housing stock available to rent and promoting local development, as measured by a number of statistics (*e.g.,* unemployment, poverty rate, job creation) on a local level;
- ***communities (culture and youth)*** – increasing the number of cultural centres and sports cities, increasing publishing and assisting media producers;
- ***poverty and social protection*** – building and developing integrated targeting systems to help reduce poverty rates, providing legal protections for persons with disabilities and increasing female participation in society; and
- ***safety and security*** – helping security authorities to use technology to reduce crime and caring for individual health and addressing behaviours that affect such health.

Citizen

The citizen targets include:

- ***education*** – increasing educational access, including by increasing the scope of early childhood education, encouraging the expansion of extra-curricular activities, revamping university entrance exam procedures, attracting and developing talented educators and raising the level of applied research at universities;
- ***employment*** – ensuring that foreign workers enhance employment opportunities for Jordanians, supporting labour rights in the public and private sectors, reducing the effects of "brain drain" and building a skilled and motivated workforce;
- ***workforce participation*** – encouraging greater female participation, limiting access to early retirement, improving vocational training and reducing informal employment; and
- ***healthcare*** – improving the institutional framework, improving the performance of the public healthcare system, improving the delivery of emergency services and improving health care professionals' education.

See "*Risk Factors—Risks Relating to the Kingdom—Jordan 2025*".

Government Indicative Executive Program (2021-2024)

In February 2021, the Government launched its Indicative Executive Program for the years 2021-2024 as the guiding framework for the Government's reform and economic priorities, especially for post-COVID-19 recovery and promoting growth. The program was formulated in response to Royal directives and is aligned with other Governmental plans and strategies such as Jordan 2025, the reform priorities under the IMF program and the World Bank Reform Matrix. The Indicative Executive Program, which was developed in consultations with key stakeholders and the private sector, consists of seven pillars, as follows:

- structural and economic reforms, including the IMF EFF and the World Bank Reform Matrix;
- Political development, the rule of law and combating corruption;
- transforming Jordan into a digital and green economy, including the Digital Transformation Strategy 2021-2025;
- investment in productive sectors, such as agriculture and PPP projects;
- public infrastructure services, such as water supply; energy costs; public transportation quality;
- social services; and
- employment and poverty alleviation including the social safety net, vocational training, and employment initiatives.

Digital Transformation Strategy 2021-2025

The Ministry of Digital Economy and Entrepreneurship developed the Digital Transformation Strategy 2021-2025 in line with global trends and national policies. The strategy, which was approved by Council of Ministers in July 2021, reflects the need for a legislative and regulatory framework to keep pace with the rapid development of digital platforms, and the need for an enhanced framework at the local public and private levels. The strategy aims to improve the transparency, flexibility, reliability, and sustainability of digital services, as well as reduce digital services' time and costs, strengthen the public-private sector partnership, support the private sector's design and development of government services, build accountability and cooperation, and improve Jordan's status and participation in the field of digital transformation.

Government's Economic Priorities Program (2021-2023)

In line with the other overarching reform programs, the Government has launched a two-year Economic Priorities Program, which is a fiscal package within existing budgetary allocation, to help accelerate post-COVID-19 recovery and stimulate growth and job creation. The program has 53 priorities based on three key pillars, as follows:

- improving business and investment environment through streamlining procedures, enhancing digitisation and reducing the cost of doing business, such as electricity costs;

- enhancing competition and increasing employment through national employment schemes, reducing cost of labour through revising social security regulations; and

- supporting priority sectors such as IT, agriculture, tourism and industry through introducing new products such as low cost carriers, supporting exports and deploying new technologies such as a 5G mobile network.

Economic Modernisation Vision

In early June 2022, Jordan is expected to launch its Economic Modernization Vision, which is being developed through a collaborative, data-driven and market-driven methodology.

The Vision is focused on two key inter-linked pillars; economic growth and quality of life. The baseline for the exercise was set by assessing Jordan's economic performance and key challenges, analyzing its competitive position versus other countries in the region and reviewing long-term national development strategies of other relevant countries.

The analyses were driven by a multi-month and multi-disciplinary engagement process, involving more than 500 representatives from private sectors, civil society, academia, Parliament, media, development partners and subject matter experts. Strong emphasis is placed on understanding the key growth sectors of Jordan's economy and their future potential plus new development opportunities resulting from current global trends and market shifts.

In parallel, economic modelling has supported the development of growth scenarios for Jordan across sectors covered. Implementation of the vision is expected to span over a period of 10 years. The vision is expected to realise key strategic goals by end of 2033, including:

- creating one million economic opportunities by 2033;

- increasing the real income per capita by an average of 3% per year (in real GDP terms);

- improving Jordan's rankings in the WEF Global Competitive Index to be among top 30 percentile;

- improving Jordan's ranking in the Global Environmental Performance Index to the top 20 percentile;

- improving Jordan's ranking in the Legatum Prosperity Index to the top 30 percentile; and

- improving Jordan's Global Sustainability Ranking to the top 40 percentile.

Eight economic drivers were identified to realize Jordan's vision goals, including: (i) Smart Jordan (human resources development and entrepreneurship); (ii) High Value Industries (manufacturing industries, agriculture and food security and mining); (iii) Future Services (ICT, healthcare, financial services, creative industries, trade and mobility); (iv) Sustainable Resources (energy and water); (v) Green Jordan (green growth and climate change); (vi) Vibrant Jordan (quality of life and urban development); and (vii) Destination Jordan (tourism and filming) and Invest Jordan (investment and doing business).

Jordan economic journey between 2022-2033 will be defined by the contribution of a number of clusters across both GDP and employment growth, including the investment required to realize the growth from the public and private sectors.

For GDP, the ambition is to grow real GDP growth rate by 5.6% per annum. The key contribution clusters for growth include Future Services Cluster, High-Value Industries and Destination Jordan. For employment, the ambition is create one million economic opportunities for by 2033 (4.2% growth per year). The majority of employment opportunities will be generated by Future Services, High-Value Industries, and Destination Jordan clusters.

An overall investment of about JD40 billion is required to fuel economic growth; of which about 72% is expected to be mobilized from the private sector (foreign and domestic investments), and remaining are capital expenditures under the government budget (including support from the international community).

Following the official launch of the vision, the Government of Jordan will work on translating this vision into a multi-year executive implementation program. The vision is in line with Jordan's commitments under the EFF program with the IMF.

IMF EFF

In March 2020, the Executive Board of the IMF approved a four-year EFF for Jordan to support further structural reform with Government ownership. The EFF is being deployed to promote growth and increase job creation through deep structural reforms focussing on: (i) enhancing revenue mobilisation through administrative reforms and tackling tax evasion and avoidance; (ii) reducing the cost of doing business, *e.g.*, electricity and labour costs; and (iii) improving government transparency. Disbursements under the EFF are subject to the completion of reviews by the IMF and the meeting of certain targets. In December 2021, the third review was completed, with the Kingdom meeting all fiscal targets and passing various milestones such as a reform of electricity tariffs.

Although the EFF was prepared before the advent of the COVID-19 pandemic, changes were made to the facility to support unbudgeted spending covering emergency outlays and medical supplies and equipment: the programme includes an adjustment mechanism to allow for flexibility in spending targets (including COVID-19-related spending) up to 0.5% of GDP. Upon the completion of the second review in June 2021, the Executive Board of the IMF also approved to increase access under the EFF by approximately U.S.$200 million. Jordan has successfully completed three consecutive reviews on time, most recent of which was in December 2021.

In May 2020, the Executive Board of the IMF approved a further U.S.$396 million of emergency funding under the Rapid Financing Instrument to help the Kingdom's COVID-19 response. Jordan has a strong relationship with the IMF and benefits from continuous support of various technical assistant missions on key areas such as revenue administrations and mobilization, debt management, cash management, and many other topics.

In its Country Report of December 2021 (the third review report), the IMF projects the Kingdom to have a primary fiscal deficit excluding grants (as a percentage of GDP) of 3.1% and 1.1% in 2022 and 2023, respectively, and a surplus of 0.4%. 1.1%, and 1.1% in 2024, 2025 and 2026, respectively.

The Government is implementing an ambitious structural reform agenda to improve the business environment in Jordan, enhance competitiveness and resolve key impediments to growth. Key initiatives include: (i) reducing high electricity costs faced by businesses to enhance competitiveness and support job creation, while directing electricity subsidies only to those who need them most; (ii) broadening the tax base and reducing tax exemptions for businesses, particularly through an overhaul of the investment incentives framework and revamping of tax and customs administrations; and (iii) monetary policy that will remain focused on supporting the peg by maintaining an adequate reserve buffer, and continue strengthening the legislative and regulatory framework for Jordan's banking and financial sectors, including further enhancing the AML/CFT regime.

See "*—Other Reforms—Tax reform*", "*Risk Factors—Risks Relating to the Kingdom—Reliance on multilateral and bilateral creditors*" and "*Description of the Hashemite Kingdom of Jordan—International Relations—International Organisations—IMF*".

Other Reforms

Tax reform

In November 2019, the Financial Action Task Force (FATF) for the Middle East and North Africa undertook an evaluation of the anti-money laundering and terrorist financing system in the Kingdom. The evaluation followed FATF's methodology and included a technical compliance aspect, which measures the extent of the Kingdom's compliance to ILO legislations. Jordan was assessed as compliant or largely compliant (only minor shortcomings) in 19 recommendations out of 40. The other aspect is effectiveness, which measures the extent to which the anti-money laundering, terrorist financing and armed proliferation system achieve FATF objectives in practice. Following the evaluation, the Kingdom underwent a year-long monitoring period and achieved advanced results during this period.

In light of the FATF evaluation, and in line with its ongoing commitment to economic reform and improved governance, the Government enacted a new AML/CFT law in September 2021. Notwithstanding this, in October 2021, Jordan was placed on the FATF's watch list and in January 2022, the European Commission added Jordan to its list of 'high-risk third countries' identified as having strategic deficiencies in their AML/CFT regimes. The Kingdom is addressing the informal economy and, in line with IMF parameters under the EFF, has committed to implementing structural reforms in key areas to increase tax revenue, while maintaining fiscal and monetary stability. More specifically, the Government has in place an action plan to resolve the strategic AML/CFT deficiencies identified by the FATF evaluation with the aim of being removed from the watch list by October 2023.

See "*Risk Factors—Risks Relating to the Kingdom—Informal Economy*".

Customs administration reform

The Ministry of Finance has undertaken major reforms to enhance its revenue administrations and improve revenue mobilisation, especially at the Income and Sales Tax Department and Customs Department, in line with IMF recommendations. A comprehensive reform plan for the Customs Department was built around two main areas – administration and policy – with the reform thesis to shift from protectionist policy towards enhancing competitiveness of Jordanian exports and reducing transaction costs for the private sector.

The administrative reform includes: (i) enhanced personnel legislation to strengthen the department's ability to curtail corruption and link reward to performance; (ii) extending the geographic outreach of the Customs Department to cover the entirety of the Kingdom for stronger oversight and reduced smuggling; (iii) enhancing efficiency of audits and inspections and reducing the burden of such visits on the private sector; (iv) increasing trade facilitation and enhancing customer experience through the unification of agencies involved in cross-border trade; and (v) increasing operational efficiency and enhancing controls through improving the organizational structure of the Customs Department, advancing automation, pre-clearance, and adopting a risk-based approach.

With regards to policy reform, the Government has enacted a simple, unified and transparent tariff system. The intention is to shift from protectionist policy to enhancing competitiveness of Jordanian exports and reduce cost of doing business. The new system moves from a complicated tariff structure with more than 16 rates that create ample space for evasion, avoidance and corruption, to a 4-rate system in phase 1, and 3-rate system in phase 2, that aims at bringing the cost of compliance to or below the cost of evasion to combat smuggling activities, reduce administrative costs and eliminate opportunities for misclassification and subjectivity.

Public sector reform

In April 2021, a public sector reform committee was formed under the leadership of the Prime Minister. The committee's goal is to formulate a roadmap to modernise and enhance the public sector. The first phase of the committee's work was to take stock of previous efforts and plans in this sector. The second phase included a consultative process to assess and evaluate these efforts and note areas with gaps. The committee is yet to finalise its recommendations and roadmap and is due to announce them in 2022.

Gross Domestic Product

During the last five years, the Jordanian economy has grown despite challenging regional and economic circumstances. The growth rate of GDP at constant market prices was 2.1% in 2017, 1.9% in 2018 and 2.0% in 2019, followed by a shrinkage of 1.6% in 2020, returning to growth of 2.2% in 2021.

GDP growth had been consistent over the five years to 2020, but was severely affected by the COVID-19 pandemic as tourism and exports were significantly curtailed and other sectors of the economy suffered. However, the economy recovered in 2021 and has returned to growth.

The following table sets forth an overview of Jordan's GDP at current and constant market prices and their respective growth rates for the periods indicated.

Gross Domestic Product[(1) (2) (3)]

	2017	2018	2019	2020	2021
GDP at current market prices *(JD millions)*	29,400	30,482	31,597	31,025	32,123
GDP at current market prices *(% change)*	3.8	3.7	3.7	(1.8)	3.5
GDP at constant market prices *(JD millions)*	28,915	29,474	30,050	29,584	30,238
GDP at constant market prices *(% change)*	2.1	1.9	2.0	(1.6)	2.2
GDP *per capita* at current market prices *(JD)*	2,925	2,957	2,994	2,871	2,905

Source: Department of Statistics

Notes:
(1) Base year is 2016.
(2) Certain figures in this table have been revised and may differ from previously published data.
(3) See "*Presentation of Financial and Other Information*" for a discussion of GDP at current prices and GDP at constant prices.

Principal Sectors of the Economy

The Jordanian economy is mainly geared toward the service industries, with the services sectors divided into: (i) trade, restaurants and hotels; (ii) transport and communications; (iii) finance, insurance, real estate and business services; (iv) social and personal services; (v) producers of government services; (vi) producers of private non-profit household services; and (vi) domestic household services, historically contributing approximately two thirds of GDP. The remainder is contributed by production sectors divided into: (i) agriculture (including hunting, forestry and fishing); (ii) mining and quarrying; (iii) manufacturing; (iv) electricity and water; and (v) construction. FDI plays an important role in creating employment and raising standards of living in Jordan, as well as financing Jordan's current account deficit and building up foreign currency reserves, which are important to the maintenance of the Government's fixed exchange rate policy. See "*External Sector—Foreign Direct Investment*".

The following table sets forth the composition of Jordan's GDP and gross national product ("**GNP**") at current prices by economic activity for the periods indicated.

GDP and GNP at Current Prices by Economic Activity(1)(2)

	2017	2018	2019	2020	2021
			(JD millions)		
Agriculture	1,400	1,475	1,552	1,614	1,685
Mining and quarrying	521	583	671	656	765
Manufacturing	5,306	5,455	5,593	5,358	5,545
Electricity and water	548	575	598	590	602
Construction	858	864	865	815	866
Trade, restaurants and hotels	2,777	2,874	2,963	2,848	2,954
Transport and communications	2,527	2,662	2,790	2,603	2,690
Finance, insurance, real estate and business services	5,227	5,444	5,688	5,833	6,042
Social and personal services	2,537	2,661	2,778	2,683	2,730
Producers of government services	4,076	4,182	4,343	4,456	4,561
Producers of private non-profit services for households	208	218	226	220	225
Domestic household services	466	466	466	466	467
Less imputed bank service charge	(812)	(844)	(881)	(915)	(962)
GDP at current basic prices	**25,641**	**26,616**	**27,653**	**27,226**	**28,170**
Net taxes on products	3,759	3,866	3,944	3,799	3,953
GDP at current market prices	**29,400**	**30,482**	**31,597**	**31,025**	**31,123**
Net factor income from abroad	(146.6)	(141.8)	5.3	(88.3)	*n/a*
GNP at current market prices	**29,253**	**30,340**	**31,602**	**30,932**	*n/a*

Source: Department of Statistics

Notes:
(1) Base year is 2016.
(2) Certain figures in this table have been revised and may differ from previously published data.

The following table sets forth the composition of Jordan's GDP at constant prices by economic activity for the periods indicated.

GDP at Constant Prices by Economic Activity[1] [2]

	2017	2018	2019	2020	2021
			(JD millions)		
Agriculture	1,337	1,380	1,415	1,438	1,478
Mining and quarrying	580	583	616	620	675
Manufacturing	5,152	5,226	5,289	5,147	5,267
Electricity and water	534	546	555	547	557
Construction	843	840	837	806	836
Trade, restaurants and hotels	2,749	2,784	2,812	2,722	2,785
Transport and communications	2,461	2,539	2,620	2,483	2,542
Finance, insurance, real estate and business services	5,169	5,318	5,474	5,556	5,694
Social and personal services	2,495	2,589	2,675	2,588	2,614
Producers of government services[3]	4,037	4,082	4,167	4,211	4,268
Producers of private non-profit services for households	205	210	216	211	214
Producers of domestic services of households	466	467	467	468	468
Imputed bank service charge	(801)	(822)	(846)	(868)	(901)
GDP at constant basic prices	**25,227**	**25,742**	**26,298**	**25,929**	**26,499**
Net taxes on products	3,687	3,732	3,753	3,656	3,739
GDP at constant market prices	**28,915**	**29,474**	**30,050**	**29,584**	**30,238**

Source: Department of Statistics

Notes:
(1) Base year is 2016.
(2) Certain figures in this table have been revised and may differ from previously published data.
(3) Includes Government consumption.

The following table sets forth the growth rates of Jordan's economic sectors at constant prices for the periods indicated.

Growth Rates of Economic Sectors at Constant Market Prices[1][2]

	2017	2018	2019	2020	2021
			(%)		
Production sectors					
Agriculture	4.8	3.2	2.6	1.6	2.8
Mining and quarrying	13.0	0.5	5.5	0.8	8.8
Manufacturing	1.0	1.4	1.2	(2.7)	2.3
Electricity and water	2.5	2.2	1.8	(1.4)	1.8
Construction	(1.1)	(0.3)	(0.4)	(3.8)	3.8
Services sectors					
Trade, restaurants and hotels	1.5	1.3	1.0	(3.2)	2.3
Transport and communications	2.7	3.2	3.2	(5.2)	2.4
Finance, insurance, real estate and business services	3.0	2.9	2.9	1.5	2.5
Social and personal services	3.8	3.8	3.3	(3.3)	1.0
Producers of government services	0.9	1.1	2.1	1.1	1.4
Producers of private non-profit services to households	3.8	2.7	2.6	(2.3)	1.7
Producers of domestic services of households	0.1	0.1	0.1	0.1	0.1
GDP growth at constant market prices	**2.1**	**1.9**	**2.0**	**(1.6)**	**2.2**

Source: Department of Statistics

Notes:
(1) Certain figures in this table have been revised and may differ from previously published data.
(2) Base year is 2016.

Production sectors

The production sectors of the Jordanian economy contributed JD 9,033.4 million to GDP at current basic prices in 2020, or 33.2% of total GDP at current basic prices. In 2019, the production sectors contributed JD 9,279.1 million to GDP, or 33.6% of total GDP at current basic prices.

Agriculture

The agriculture sector, which comprises agriculture, hunting, forestry and fishing activities, accounted for 5.9% of Jordan's GDP at current basic prices in 2020 and grew at a nominal rate of 4.0% in 2020, as compared to 5.2% in 2019. The agricultural sector accounted for 5.5% of Jordan's GDP at constant basic prices in 2020 and grew at a constant rate of 1.6% in 2020, as compared to 2.6% in 2019. The slowdown in the growth rate in 2020 was primarily due to a global decrease in demand and prices for commodities due to the COVID-19 pandemic, which was partially offset by the residual underlying demand for commodities even during the pandemic.

Agriculture has historically been the mainstay of Jordanian society but has declined in relative importance to GDP in recent years. Agricultural policy, however, remains a key component of the Government's development plans for the economy. Government agricultural policy objectives include: (i) improving Jordan's food self-sufficiency; (ii) expanding the area of land under cultivation through irrigation and reclamation projects; and (iii) expanding the use of horticultural and agricultural technologies to increase productivity and income in the agriculture sector.

In this respect, the agricultural sector benefits from a number of financing and development initiatives. For example, the Agricultural Credit Corporation (the "**ACC**"), which is state-owned, has implemented several projects aimed at developing and supporting agricultural production, including the "Poverty and Unemployment Project" and the "Protected Agricultural Project". The ACC also extends loans to farmers.

Jordan's food and live animal imports were JD 2,873.5 million in 2021, as compared to JD 2,592.6 million in 2020, and JD 2,390.9 million in 2019, of which wheat and flour increased by 10.3% to JD 279.2 million (or 1.8% of imports) in 2021, as compared to JD 219.3 million in 2020. Jordan's main source of imported wheat is Romania, from where the Kingdom imported 90% of its wheat in 2021. See "*External Sector—Foreign Trade—Imports*".

Jordan 2025 has identified a number of future policy initiatives for the agriculture sector, including, among others, implementing a National Strategy for Food Security, providing incentives to encourage efficient use of water in irrigation, creating an innovation fund for agriculture, food, energy and water to stimulate development, encouraging farmers to establish smallholdings, encouraging small agricultural lending through the ACC and increasing the area of agricultural land in which drip irrigation is used by 0.1% *per annum*.

The following table sets forth the principal indicators of Jordan's agricultural sector for the periods indicated.

Agricultural Sector Indicators

	2017	2018	2019	2020	2021
Value added at current market prices *(JD millions)*	1,400.2	1,475.5	1,552.3	1,614.1	1,027.9
Growth rate at constant market prices *(%)*[(1)]	4.8	3.2	2.6	1.6	2.8
The deflator of the agricultural sector (1994=100)	104.7	106.9	109.7	112.2	114.0
Number of registered agricultural companies	816	810	660	451	—
Capital of registered agricultural companies *(JD millions)*	120.8	21.6	23.1	12.1	—
Outstanding credit facilities extended to agricultural sector by licensed banks *(JD millions)*	337.3	336.7	336.5	416.8	453.3

Source: CBJ

Note:
(1) Base year is 1994.

The following table sets forth the areas of irrigated land by tree crops, field crops and vegetables for the years indicated.

Irrigated and Non-Irrigated Areas by Tree Crops, Field Crops and Vegetables

	2019			2020		
	Total Area	Irrigated Area	Non-Irrigated Area	Total Area	Irrigated Area	Non-Irrigated Area
			(dunums)(1)			
Tree crops	796,632	430,938	365,694	805,590	439,390	366,200
Field crops	1,082,084	68,970	1,013,114	806,494	79,760	726,734
Vegetables	334,130	300,657	33,473	344,705	314,043	30,661
Total	**2,212,846**	**800,565**	**1,412,281**	**2,212,846**	**800,565**	**1,412,281**

Source: Department of Statistics

Note:
(1) One *dunum* is equal to 0.1 hectare.

Agricultural land in the Kingdom is primarily located in the Jordan River valley. According to figures published by the Department of Statistics for 2020, 36.4% of Jordan's agricultural land was used to produce tree crops, 36.4% to produce field crops and 15.6% to produce vegetables. A total of 800,565 dunums, or 36.2%, was irrigated in 2020. According to estimates published by the Department of Statistics in 2018 (the most recent year for which estimates are available), agricultural land accounted for approximately 3.2% of Jordan's total land area.

Agricultural land holdings are fragmented and, of the 107,707 holdings across the Kingdom recorded in the agricultural census carried out by the Department of Statistics in 2018, 90,119 holders, or 83.6%, have holdings smaller than 20 dunums (2 hectares) each; the remaining 16.4% have agricultural holdings larger than 20 dunums each. Of the smaller holders, 34,360, or 33.7% of the total, have holdings smaller than two dunums each.

Land under cultivation in Jordan is generally productive, with some land able to be cropped two or three times per year. Principal field crops include wheat, barley, maize and sorghum and clover. Other important crops include fruit and vegetables. Several varieties of fruit are grown and exported.

The following table sets forth production figures for Jordan's principal agricultural crops for the years indicated.

Production of Principal Agricultural Crops(1)

	2017	2018	2019	2020
		(thousand tonnes)		
Field Crops				
Wheat	12.1	16.4	26.4	25.7
Barley	49.0	47.2	66.6	86.6
Lentils	0.4	0.5	0.2	0.4
Maize and sorghum	38.2	21.1	21.4	20.9
Clover	100.9	94.7	111.6	119.5
Vegetables				
Tomatoes	690.4	717.9	601.4	577.3
Aubergines	65.3	61.3	55.6	57.4
Cucumbers	190.8	208.2	186.3	141.4
Cauliflower and cabbages	96.8	98.8	81.9	108.3
Melons	155.7	164.7	156.3	87.5
Potatoes	155.6	153.2	173.7	147.9
Squash	72.1	57.2	53.0	85.4
Fruits				
Olives	145.3	125.2	215.0	169.3
Grapes	53.5	59.8	53.9	43.0
Citrus fruits	107.4	116.1	123.9	104.8
Bananas	33.9	35.5	32.8	33.0
Apples	25.0	20.5	21.1	19.6
Peaches	69.5	65.8	60.6	63.4

Source: Department of Statistics

Notes:
(1) Certain figures in this table have been revised and may differ from previously published data.

The following table sets forth data in relation to wheat imports and reserves in Jordan for the periods indicated.

Wheat supplies

	2017	2018	2019	2020	2021
Wheat imports (*JD millions*)	173	193	150	219	279
Wheat reserves (*months of import cover*)	12.2	11.0	11.6	18.4	15.2

Source: CBJ

The following table sets forth data in relation to livestock production in Jordan for the periods indicated.

Production of Livestock(1)

	2017	2018	2019	2020
New-born sheep and goats (*thousand head*)	2,215.3	2,356.8	2,417.2	2,394.4
New-born cattle (*thousand head*)	33.5	36.7	35.6	39.6
Broiler chicken (*thousand tonnes*)	285.0	296	250.0	295.7
Milk (*thousand tonnes*)	401.8	424.6	457.3	410.2
Table eggs (*million eggs*)	800.6	1086.7	929.8	824.2
Hatchery eggs (*million eggs*)	199.2	278.3	280.0	329.1
Chicks (*million birds*)	184.0	187.2	190.5	217.8

Source: Department of Statistics

Note:
(1) Certain figures in this table have been revised and may differ from previously published data.

Manufacturing, mining and quarrying

The industrial sector, which comprises manufacturing, mining and quarrying activities, accounted for 22.1% of Jordan's GDP at current basic prices in 2020 and contracted at a nominal rate of 4.0%, as compared to growing by 3.7% in 2019. The industrial sector accounted for 22.2% of Jordan's GDP at constant basic prices in 2020 and contracted at a constant rate of 2.3% as compared to growing by 1.6% in 2019. See "—*Mining and quarrying*".

The following table sets forth the principal indicators of Jordan's manufacturing, mining and quarrying sectors for the years indicated.

Principal Indicators of the Manufacturing, Mining and Quarrying Sectors

	2017	2018	2019	2020	2021
Value added at current market prices *(JD millions)*	5,827.3	6,038.8	6,264.8	6,014.3	6,310.0
Growth rate at constant market prices *(%)*(1)	2.1	1.3	1.6	(2.3)	3.1
The deflator of the industrial sector (1994=100)	*96.4*	*102.2*	*107.4*	*104.9*	*106.2*
Industrial, non-agricultural exports *(JD millions)*	3,777.1	4,025.1	4,327.7	4,348.6	—
Number of registered industrial companies	2,189	1,703	1,569	1,251	—
Capital of registered industrial companies (*JD millions*)	67.0	35.8	82.7	35.8	—
Outstanding credit facilities extended to manufacturing, mining and quarrying sectors by licensed banks (*JD millions*)	2,979.4	3,420.0	3,650.0	3,762.0	3,653.6

Source: CBJ

Note:
(1) Base year is 2016.

The following table sets forth the relative quantities of Jordan's industrial production for the periods indicated.

Industrial Production Quantity Index(1)

	Weight	2017	2018	2019	2020	2021
Mining and quarrying						
Extraction of crude petroleum and natural gas	0.08%	50.4	47.3	48.6	75.6	94.4
Quarrying of stone, sand and clay	0.37%	82.7	82.4	103.7	104.4	133.4
Mining of chemical and fertiliser minerals	7.78%	124.5	125.2	131.2	132.4	139.5
Total mining and quarrying	**8.22%**	**121.1**	**121.8**	**128.4**	**130.1**	**138.6**
Manufacturing						
Food products	13.10%	80.7	70.4	66.0	53.2	47.7
Beverages	2.94%	87.5	96.5	104.7	88.1	78.8
Tobacco products	5.07%	133.9	124.2	133.0	137.0	132.1
Textiles	0.77%	113.5	111.1	131.2	100.9	106.1
Wearing apparel	4.76%	307.6	294.3	275.2	193.3	181.2
Leather and related goods	0.15%	288.9	253.5	227.5	300.7	185.1
Wood and wood products (except furniture)	0.45%	208.5	248.6	260.1	250.3	265.8
Paper and paper products	1.84%	93.4	77.4	71.4	83.9	94.8
Printing and reproduction of recorded media	1.61%	63.6	59.1	55.2	27.6	29.1
Refined petroleum products	20.43%	77.9	64.7	66.8	55.6	114.8
Chemicals and chemical products	7.97%	88.0	112.4	129.4	146.8	150.3
Pharmaceuticals, medicinal chemical and botanical products	4.89%	86.6	87.2	101.6	115.5	116.3
Rubber and plastics products	2.76%	200.8	192.6	170.1	127.1	77.4
Non-metallic mineral products	5.66%	93.0	87.8	79.9	57.3	48.8
Basic metals	3.59%	73.5	70.2	60.7	55.4	43.2
Fabricated metal products, except machinery and equipment	3.89%	83.0	69.2	63.0	90.8	87.5
Computer, electronic and optical products	0.21%	41.1	30.3	27.7	27.2	25.6
Electrical equipment	2.90%	61.4	37.7	37.0	31.2	35.8
Machinery and equipment	1.02%	71.5	61.3	22.4	30.3	22.6
Motor vehicles, trailers and semi-trailers	0.29%	61.7	79.1	75.8	56.6	58.6
Furniture	1.58%	254.0	351.5	369.8	303.9	274.1
Other	0.14%	81.9	105.6	108.7	90.8	101.3
Total manufacturing	**86.01%**	**93.4**	**86.9**	**85.8**	**74.0**	**84.0**
Electricity, gas, steam and air conditioning supply	**5.76%**	**129.1**	**126.3**	**128.6**	**128.3**	**130.9**
General Index	**100.00%**	**97.2**	**91.3**	**90.8**	**79.5**	**89.8**

Source: Department of Statistics

Note:
(1) 2010 = 100.

The manufacturing sector contributes the majority of industrial production in Jordan, with food, fertilisers and fuel being the largest product groups by weight within the sector. There has been a decline in several industrial sectors from 2017 to 2021, including food products, apparel, leather goods and rubber and plastics, which was partially offset by increased production of certain other products, including chemicals, wool and wood products and furniture.

The principal products of Jordan's mining and quarrying industry are phosphates and potash. These materials constitute two of Jordan's largest export commodities, as well as combining to form fertilisers, another of Jordan's substantial export commodities. Given the significance of Jordan's exports of potash, phosphate and fertilisers, the increase in global food prices in early 2022 is expected to have a positive impact on the Jordanian mining sector. According to preliminary data from the Customs Department, Jordan's exports of these commodities increased from JD 193 million in the first three months of 2021 to JD 355 million in the same period of 2022, an increase of 84%. The increase is a result of both price and quantity increases, as the quantity of exports increased by approximately 42% in the same period.

Jordan 2025 has identified a number of policy objectives for the industrial sector, including, *inter alia*, updating Jordan's industrial policy document, reviewing and developing policies and legislation relating to industry, including the Chambers of Industry system, developing and improving trade facilitation measures and raising the quality of Jordanian products in the global markets through, *inter alia*, the review of legislation on quality, inspection certificates and laboratories, as well as the adoption and implementation of a national export strategy.

Manufacturing

In 2020, manufacturing accounted for 19.7% of GDP at current basic prices and contracted at a nominal rate of 4.2%, as compared to growing by 2.5% in 2019. In 2020, manufacturing accounted for 19.8% of GDP at constant basic prices and contracted at a constant rate of 2.7%, as compared to growing by 1.2% in 2019. The decrease in growth was primarily attributable to political instability in the region, the closure of certain borders with neighbouring countries and the subsequent decline in demand for Jordanian products in those countries. In the first nine months of 2021, manufacturing returned to growth at a constant rate of 2.1%.

The Kingdom has not historically had a large manufacturing base due to its small population and scarce natural resources, which have hindered the development of significant heavy industries. Light industries, which are generally small and family-owned, however, have developed. Among such light industries are apparel and textiles, which benefit from duty free treatment under the free trade agreement with the United States. Although the importance of the exports of apparel and textiles had been in decline, exports of textile products have increased since 2010, as a result of the agreement with the United States. See "*Description of the Hashemite Kingdom of Jordan—International Relations—United States*" and "*External Sector—Foreign Trade—Domestic Exports*".

The following table sets forth details of items produced by major industries for the years indicated:

Quantities Produced by Major Industries

	2017	2018	2019	2020	2021[1]
	(thousand tonnes)				
Manufacturing					
Petroleum products	2,603.8	2,212.8	2,274.0	1,855.1	1,765.0
Clinker	543.0	587.2	282.1	292.9	216.0
Chemical acids	1,308.6	1,375.4	1,291.9	1,391.7	1,562.3
Fertilisers	695.3	882.0	747.8	929.2	1055.1

Source: CBJ

Note:
(1) Preliminary.

Mining and quarrying

Mining and quarrying accounted for 2.4% of GDP at current basic prices in 2020 and 2019, reflecting contraction at a nominal rate of 2.3% in 2020, as compared to growth of 15.1% in 2019. Mining and quarrying accounted for 2.3% of GDP at constant basic prices in 2019 and 2.4% in 2020, reflecting a growth rate of 0.8% in 2020 and 5.5% in 2019. The decreases in the nominal and constant growth rates in 2020 were primarily due to decreased global demand for phosphates and potash production as a result of the COVID-19 pandemic.

The mining sector is an important contributor to Jordan's foreign currency earnings, contributing approximately 19% of domestic exports in 2019. See "*External Sector—Foreign Trade—Domestic Exports*". It was revitalised beginning in 2001 when the Jordan Phosphate Mines Company was restructured in order improve international competitiveness. Jordan currently ranks among the top ten international producers of phosphates and potash.

The following table sets forth details of items produced by major industries for the years indicated:

Quantities Produced by Major Industries

	2017	2018	2019	2020	2021[1]
	(thousand tonnes)				
Mining and Quarrying					
Potash	2,320.0	2,434.5	2,486.7	2,455.5	2,562.5
Phosphate	8,665.6	7,986.6	9,088.5	8,616.0	9,840.5

Source: CBJ

Note:
(1) Preliminary.

The Arab Potash Company ("**APC**") was established in 1956. In 1958, the Government granted APC an exclusive 100-year concession for the exploitation of salts and minerals from the Dead Sea. Upon termination of the concession, ownership of all plants and installations will be transferred to the Government, free of charge. Three representatives of the Government sit on the Board of Directors of APC. The Ministry of Finance holds a 27% equity interest in APC and the Social Security Corporation holds a 5% equity interest in APC.

The Government believes that potentially significant oil shale deposits may be commercially exploitable in the Kingdom. To this end, the Government has granted several exploration licences through memoranda of understanding and has entered into commercial agreements with several international companies and consortia, to generate power from oil shale. In 2014, a Power Purchase Agreement was signed with the Attarat Power Company (APCO), owned by a consortium of Estonian, Malaysian and Chinese investors, to build and operate a 470MW power plant fuelled by oil shale. Construction of the facility was originally planned to complete in 2020, but has been delayed and the facility has yet to commence commercial operations. Jordan's energy sector strategy aims to increase the contribution of oil shale to the energy mix to 8% by 2022. See "*—Electricity and Water—Oil Shale*".

Qualifying Industrial Zones

In 1996, in the context of providing incentives for economic cooperation between Jordan and Israel following the 1994 peace treaty, legal provisions for the establishment of Qualifying Industrial Zones were put in place. Qualifying Industrial Zones are industrial estates in Jordan, whose products enjoy special duty- and quota-free access to the U.S. market. These zones are designated by the Jordanian and Israeli authorities and are approved by the U.S. government. Since the beginning of the programme, Qualifying Industrial Zones have focused on the textiles and apparel sectors to take advantage of the otherwise high levels of U.S. duty on such products produced elsewhere and Jordan's duty free access to the U.S. market in respect of such products under the free trade agreements with the United States. The first Qualifying Industrial Zone, the Al Hassan Industrial Estate, was designated in 1998, and there are currently 13 Qualifying Industrial Zones in Jordan, of which three are publicly-owned and ten are privately-owned.

Construction

The construction sector contributed 3.0% of Jordan's GDP at current basic prices in 2020 and contracted at a nominal rate of 5.7% in 2020, as compared to growing by 0.1% in 2019. The construction sector accounted for 3.1% of Jordan's GDP at constant basic prices in 2020 and contracted at a constant rate of 3.8%, as compared to a contraction of 0.4% in 2019. The decline in the growth rate in the construction sector in 2020 and 2019 was primarily due to the closures and curfew measures imposed during the COVID-19 pandemic, which had a negative impact on construction projects. In 2021, the construction sector returned to growth at a constant rate of 3.8%.

Historically, the construction sector has benefited from large infrastructure projects (such as, dams, tunnels, bridges, *etc*.) but has been negatively affected by uncertainty in the region, volatility in the prices of input materials and inefficient distribution of such materials.

The Housing and Urban Development Corporation ("**HUDC**") has implemented a number of programmes to assist land development in Jordan. In 2013, the HUDC completed two projects for a total cost of JD 561,000: a development project for residential land and an investment project. In 2014 and 2015, the HUDC completed four projects for the development of land for a total cost of JD 4.2 million.

In order to promote the real estate sector, the Government has introduced a number of incentives for investment in this area, including: (i) exemptions from registration fees for smaller apartments and reduced land registration fees for land; and (ii) a gradual reduction of tax on land since July 2011.

The following table sets forth the principal indicators of Jordan's construction sector for the years indicated.

Principal Indicators of the Construction Sector

	2017	2018	2019	2020	2021
Value added at current market prices *(JD millions)*	857.8	863.6	864.6	815.0	866.0
Growth rate at constant market prices *(%)*(1)	(1.1)	(0.3)	(0.4)	(3.8)	3.8
Deflator of the construction sector (2016=100)	*101.8*	*102.8*	*103.3*	*101.2*	*103.6*
Outstanding credit facilities extended to construction sector by licensed banks *(JD millions)*	6,601.0	6,830.9	6,975.4	7,261.5	7,718.5
Number of registered construction companies	147	122	156	125	—
Capital of registered construction companies (JD millions)	*5.0*	*3.9*	*10.3*	*3.4*	—
Number of permits(3)	43,277	32,484	22,080	19,200	6,654
Licensed area for building *(thousands of square metres)*	13,908	10,917	7,080	5,721	2,168

Source: CBJ, Department of Statistics

Note:
(1) Base year is 2016.

Jordan 2025 has identified a number of policy objectives for the construction sector, including, among others, updating legislation for architecture to develop clear criteria for architecture and engineering companies in Jordan, promoting and developing the regulatory framework for PPPs to encourage investment in construction, providing training to new Jordanian entrants to the labour market in the construction sector and promoting construction services through policy developments in other sectors. Jordan 2025 also includes plans to update the National Housing Strategy and to introduce reforms relating to land use, housing finance, savings and housing loans. In cooperation with public and private stakeholders, the Ministry of Public Works and Housing prepared a comprehensive ten-year strategy and action plan for the construction, engineering and housing sectors, which is comprised of 25 strategic initiatives.

Electricity and Water

The electricity and water sector contributed 2.2% of Jordan's GDP at current basic prices in 2020 and contracted at a nominal rate of 1.3% in 2020, as compared to growing by 3.9% in 2019. In 2020, electricity and water accounted for 2.1% of GDP at constant basic prices and contracted at a constant rate of 1.4%, as compared growing by 1.8% in 2019. See *"Risk Factors—Risks Relating to the Kingdom—Energy"*.

Energy Policy and NEPCO

In 2020, the Kingdom relied on energy imports for the generation of 86% of its electricity primarily in the form of piped natural gas. Since 2011, the Arab Gas Pipeline, which supplies natural gas to several countries from Egypt, has been attacked in Egypt on a number of occasions. Although a long-term natural gas supply agreement between Jordan and Egypt sets fixed volumes to be delivered to Jordan, deliveries came to an almost complete halt. Consequently, Jordan has had to import replacement fuels, such as LNG and fuel oil, which were more expensive than the supply of natural gas from Egypt, to power its power plants. These imports cost the Jordanian economy an estimated U.S.$7 billion. In October 2018, the Arab Gas Pipeline resumed full supply, which has continued uninterrupted since then.

In September 2016, Noble announced the execution of a gas sales and purchase agreement to supply natural from the Leviathan natural gas field, which is located in the eastern Mediterranean Sea off the coast of Israel, to NEPCO for consumption in Jordan's power production facilities. Under the terms of the agreement, Noble will supply approximately 1.6 trillion cubic feet of natural gas from the Leviathan field (approximately 300 million cubic feet per day) over a 15-year term. NEPCO would also have the option to purchase certain additional amounts going forward. Supply through the pipeline commenced at the beginning of 2020.

Since the vulnerability of the Arab Gas Pipeline was exposed in 2011, the Kingdom has taken steps both to diversify its sources of energy and to reduce sensitivity to the oil price. The Kingdom has maximized its oil reserves during the current low price environment, which has also decreased the cost of fuel for electricity generation. At the end of 2020, NEPCO's reliance on floating price contracts ceased, enabling NEPCO to purchase imported fuel sources priced at spot prices as and when the prices offered are lower than the prevailing supply of piped gas, domestic fuel sources or renewable power. Central to the Government's new IMF programme is a commitment for an end to cross-subsidies in the energy sector, which will require an adjustment of tariffs, particularly for the household sector. In April 2022, the Government began implementing a three-year electricity tariff plan, which aims to reduce the cost of electricity on key businesses and productive sectors, where electricity costs have been an impediment to growth, competitiveness and job creation. Prior to the change, the tariff structure was impractical, with many productive business sectors facing tariffs well above cost recovery and untargeted subsidies for household electricity consumption (cross-subsidisation). The new tariff structure reduces electricity subsidies accruing to households in a progressive manner and reduces tariffs for productive sectors, in a way that is designed to be broadly revenue-neutral for NEPCO.

See "*Risk Factors—Risks Relating to the Kingdom—Energy—Energy imports and NEPCO*".

As a result of the Kingdom's dependence on energy imports, losses of the publicly-owned NEPCO increased from 0.9% of GDP in 2010 to 5.0% of GDP in 2011 and 5.3% of GDP in 2012, although this has since decreased to 4.6% of GDP in each of 2013 and 2014, 0.9% of GDP in 2015. In 2019, NEPCO achieved positive net income, effectively breaking even as a result of material decreases in oil prices, a reopening of the Arab Gas Pipeline, the reduction of subsidies and renegotiating certain bulk contracts. As at 31 December 2021, NEPCO's total current and non-current liabilities amounted to approximately JD 6,035 billion. NEPCO is responsible for electricity transmission in Jordan, Jordan's energy sales and purchases and energy exchanges with neighbouring countries.

The following table sets forth NEPCO's statement of comprehensive income for the periods indicated.

NEPCO – Statement of Comprehensive Income(1)

	For the year ended 31 December				
	2017	**2018**	**2019**	**2020**	**2021(2)**
			(JD thousands)		
Operating revenues					
Sale of energy revenues	1,469,799	1,381,443	1,406,571	1,292,966	1,310,640
Change in fuel price revenues	6,542	236,856	142,648	32,948	—
Sale of natural gas revenues	0	4,997	5,192	5,506	9,727
Cost recovery(3)	—	1,909	5,038	4,386	4,031
Other energy revenues	1,431	2,698	1,014	27,665	2,196
Total operating revenues	**1,477,772**	**1,627,904**	**1,560,464**	**1,363,471**	**1,326,594**
Operating expenses					
Cost of energy	(1,356,249)	(1,535,471)	(1,380,740)	(1,254,093)	(1,303,001)
Cost of sales of natural gas	0	(5,173)	(6,547)	(6,035)	(10,583)
Gas delivery cost to Al-Qatrana, Al-Samra stations, Independent Power Producer Project 3 and Independent Power Producer Project 4	(7,948)	(3,611)	0	(1,825)	—
Maintenance expenses	(2,208)	(2,473)	(2,723)	(1,151)	(2,178)
Administrative and operating expenses	(34,525)	(34,082)	(34,092)	(35,033)	(34,973)
Depreciation	(26,578)	(27,510)	(28,711)	(29,093)	(29,411)
Impairment in the spare parts of control and transmission equipment	(697)	(1,308)	(1,283)	(1,229)	(1,162)
Total operating expenses	**(1,428,206)**	**(1,609,628)**	**(1,454,096)**	**(1,328,460)**	**(1,381,308)**
Operating profit (loss)	**49,566**	**18,276**	**106,368**	**35,011**	**(54,714)**
Settlement of prior years' receivables	29,986	3,534	3,390	117	275
Cost recovery(3)	9,578	—	—	—	—
Net foreign exchange gains/(losses)	(1,557)	747	758	(396)	833
Other revenues	3,557	2,619	4,067	12,361	8,104
Other expenses	(101)	(104)	(57)	(28)	(27)
Finance cost	(91,747)	(107,949)	(114,252)	(108,829)	(107,471)
Profit (Loss) for the period before income tax	(718)	(82,876)	275	(61,763)	(153,000)
Income tax recovery (expense)	—	3,971	—	—	—
Profit (Loss) for the period	(718)	(78,905)	275	(61,763)	(153,000)
Other comprehensive income	—	—	—	—	—
Change in fair value	(289)	(336)	23	(16)	2
Comprehensive profit (loss) for the period	**(1,007)**	**(79,241)**	**298**	**(61,778)**	**(152,998)**

Source: NEPCO

Notes:

(1) Certain figures in this table have been revised and may differ from previously published data.

(2) Preliminary results have been audited but not approved by the board of NEPCO.

(3) Recovery of cost of delivery of the gas line to the generating stations. Prior to 2019, this was included after operating profit/loss. This was changed to an operating revenue line item in 2019, with the total operating revenues for 2018 being restated accordingly.

The following table sets forth NEPCO's statement of financial position, as at the dates indicated.

NEPCO – Statement of Financial Position[(1)]

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021[(2)]**
			(JD thousands)		
Non-current assets					
Property, plant and equipment (net)	462,573	493,071	549,664	542,432	529,785
Subscribers, contributions, assets (net)	75,224	73,365	73,841	81,997	76,395
Spare parts of control and transmission equipment	35,744	36,460	29,673	26,280	22,390
Investment in subsidiaries	50	—	—	—	—
Investment in financial assets at fair value through other comprehensive income	1,122	786	809	793	795
Total non-current assets	**574,713**	**603,681**	**653,987**	**651,502**	**629,366**
Current assets					
Inventory	15,353	29,287	70,467	66,315	53,503
Other debt balances	19,766	10,446	6,929	12,059	8,352
Accounts receivable	456,410	661,390	425,661	397,722	486,985
Company's contribution in employees housing fund	3,361	3,642	3,923	3,923	4,013
Cash and cash equivalents	689	1,678	187	316	2,351
Total current assets	**495,579**	**706,443**	**507,167**	**480,335**	**555,204**
Total assets	**1,070,292**	**1,310,124**	**1,161,154**	**1,131,837**	**1,184,570**
Equity					
Capital	230,000	230,000	230,000	230,000	230,000
Statutory reserve	9,657	9,657	9,657	9,657	9,657
Voluntary reserve	11,277	11,277	11,277	11,277	11,277
Special reserve	11,277	11,277	11,277	11,277	11,277
Treasury rights	22,037	22,042	22,043	22,151	21,642
Accumulated change in fair value of investment in financial assets at fair value through other comprehensive income	814	477	500	484	486
Accumulated losses	(4,885,048)	(4,920,665)	(4,920,390)	(4,982,152)	(5,135,153)
Net equity	**(4,599,986)**	**(4,635,935)**	**(4,635,636)**	**(4,697,306)**	**(4,850,814)**
Non-current liabilities					
Subscribers, contributions (net)	75,224	73,365	73,841	81,997	76,395
Long-term borrowings	—	—	—	—	—
Loans – non-current portion	850,330	1,073,624	1,136,649	1,143,228	1,231,829
General debt bonds and Sukuk – non-current portion	375,000	525,000	525,000	525,000	579,573
Provision for end of service indemnity	8,377	8,347	8,525	7,764	7,974
Subscribers' contributions to projects under construction	8,066	16,102	11,936	6,126	7,529
Total non-current liabilities	**1,316,997**	**1,696,438**	**1,755,952**	**1,764,115**	**1,903,300**
Current liabilities					
Income tax provision	3,971	—	—	—	—
Other credit balances	104,900	110,959	127,126	150,275	157,317
Accounts payable	3,124,873	3,273,758	2,949,551	2,859,998	2,799,233
Loans – current and matured portion	894,355	774,145	737,454	827,196	916,982
Bonds payable – current portion	—	—	—	—	—
Bank overdrafts	225,181	141,022	226,707	227,560	258,552
Total current liabilities	**4,353,281**	**4,299,883**	**4,040,838**	**4,065,028**	**4,132,083**
Total liabilities	**5,670,278**	**5,996,321**	**5,796,790**	**5,829,143**	**6,035,384**
Total equity and liabilities	**1,070,292**	**1,360,386**	**1,161,153**	**1,131,837**	**1,184,570**

Source: NEPCO

Notes:
(1) Certain figures in this table have been revised and may differ from previously published data.
(2) Preliminary results have been audited but not approved by the board of NEPCO.

In the year ended 31 December 2021, NEPCO recorded a comprehensive loss of JD 153.0 million, as compared to a loss of JD 61.8 million in the year ended 31 December 2020. Operating revenues decreased in the year ended 31 December 2021 to JD 1,326.6 million from JD 1,363.5 million in the year ended 31 December 2020. Operating expenses increased in the year ended 31 December 2021 to JD 1,381.3 million from JD 1,328.5 million in the year ended 31 December 2020, primarily due to the higher cost of energy purchases, as a result of higher international energy prices.

The following table sets forth outstanding Government advances to NEPCO as at the dates indicated.

Government Advances to NEPCO

	As at 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
			(JD millions)		
Outstanding Government advances to NEPCO	2,743.9	2,738.0	2,819.3	2,477.2	2,262.4

Source: NEPCO

The import bill has had a materially adverse effect on the finances of NEPCO and the economy of Kingdom. In 2012, the Government entered into the SBA with the IMF, partly due to the steep increase in the cost of energy imports following the disruption of gas supplies from Egypt.

In 2013, and in the context of the SBA and increasing losses at NEPCO, the Government developed a medium-term strategy for the energy sector, which includes implementing tariff increases, diversifying Jordan's energy sources and enhancing energy efficiency, targeting high income households and selected businesses, while protecting the poor.

In August 2016, NEPCO's cost of electricity supply and end-user tariff approached cost recovery, primarily due to imports of LNG, the decline of oil prices, NEPCO benefiting from LNG transportation fees to Egypt and tax exemptions on LNG imports.

NEPCO's strategy is to maintain a breakeven financial position, and the Government's policy is to charge market-based electricity tariffs, in each case with effect from 1 January 2017. As a result of the withdrawal of electricity subsidies, electricity prices may increase, depending primarily on international energy prices, which may, in turn, have an inflationary effect. Residential customers do, and will continue to, benefit from certain reductions in tariffs, which are adjusted monthly and funded by other customers, with no adverse financial impact to NEPCO or the Government. Business and non-residential users' tariffs will fluctuate. Such fluctuations, as well as changes in tariff levels, may adversely affect the business environment. See "*Risk Factors—Risks Relating to the Kingdom—Energy—Energy imports and NEPCO*" and "*Risk Factors—Risks Relating to the Kingdom—Inflation*".

The Jordan Energy Strategy 2030 has identified a number of further policy objectives for the energy sector, including, among others, diversification of energy sources and forms, increasing of indigenous resources to the overall energy mix, increasing energy efficiency use in all sectors, reducing the cost of energy in the national economy and developing the energy sector system in Jordan to make it a regional centre for energy exchange by all energy forms.

In September 2015, the World Bank approved a U.S.$250 million financial package to support Jordan's reform efforts in the energy and water sectors. The package aims to assist the gradual reform of electricity and water subsidies, diversify fuel sources for sustainable power generation, improve efficiency in the energy and water sectors and optimise water use, in line with the initiatives identified in Jordan 2025. On 1 December 2016, the World Bank approved a second financial package of U.S.$250 million, consisting of a U.S.$25 million contribution from the GCFF, combined with a U.S.$225 million loan supported by the GCFF. The package is aimed at improving the financial viability and efficiency of the water and energy sectors. See "*Public Debt—International Institutions—World Bank*".

Electricity

The following table sets forth the principal indicators of Jordan's electricity sector for the years indicated.

Principal Indicators of the Electricity Sector

	2017	**2018**	**2019**	**2020**	**2021**[(1)]
Value added at current market prices (electricity and water sector) *(JD millions)*	548.5	575	597.5	590.0	420.3
Growth rate at constant market prices (electricity and water sector) *(%)*[(2)]	2.5	2.2	1.8	(1.4)	1.6
Deflator of the electricity and water sector (2016=100)	*102.7*	*105.4*	*107.6*	*107.8*	*104.7*
Generated energy (*GWh*)	20,088	19,820	19,001	18,815	19,226
Consumed energy (*GWh*)	17,504	17,541	16,591	16,759	*n/a*
Exported energy (*GWh*)	57.3	84.0	98.0	184	169
Imported energy (*GWh*)	51.3	188.3	239	381	395
Loss percentage (*%*)[(3)]	16.39	16.76	14.6	13.48	*n/a*
Average consumed per capita (*KWh*)	1,783	1,743	1,500	1,551	*n/a*
Electricity fuel consumption (*T.T.O.E.*)[(4)]	3,804	3,577	3,366	3,202	*n/a*
Number of consumers (*thousands*)	2,158	2,255	2,317	2,368	*n/a*
Number of employees in electricity companies	8,150	8,166	8,650	6,562	*n/a*

Sources: CBJ, NEPCO, EMRC

Notes:
(1) Preliminary; not all data for 2021 has been released yet.
(2) Base year is 2016.
(3) Not including power station internal consumption.
(4) Thousand tonnes of oil equivalent.

The Government views the electric power sector as a key contributor to growth in the production sectors of the economy and estimates electricity demand will increase by 3.9% per year in the coming years.

Electricity in Jordan is produced by multiple generating companies, the largest of which, Samra Electric Power Company ("**SEPCO**"), is owned by the Government, and is distributed by three private distribution companies located in Amman and the northern, southern and eastern regions of Jordan. NEPCO is the only company acting in the electricity transmission sector in Jordan. NEPCO does not operate in the electricity generation sector.

In October 2014, the Third Independent Power Producer Project was completed, which consisted of the construction of a new power station east of Amman. The total capacity of the power station is approximately 573 MW. The project was implemented by a consortium comprised of the Korean company, KEPCO, Japanese company, Mitsubishi, and the Finnish company, Wartsila. The total cost of the project was approximately U.S.$778 million.

The Fourth Independent Power Producer Project was completed in 2014, which consisted of the construction of a power generation plant east of Amman. The plant has a generating capacity of approximately 241 MW and was implemented by a consortium comprised of the American company, AES, and the Japanese company, Mitsui. The plant is expected to cover approximately 8% of Jordan's energy needs. The total cost of the project was approximately U.S.$370 million.

In 2015, the Saudi Fund for Development provided Jordan with a U.S.$53.3 million loan to finance construction of a fourth steam power plant at Samra Power Station.

In 2017, NEPCO entered into a memorandum of understanding with the Saudi Electricity Company relating to a feasibility study in respect of the possible interconnection between Jordan's electricity grid and Saudi Arabia. The feasibility study was positive and among the options under consideration is the construction of a 127-km double circuit AC 400 kV overhead electricity line connecting Qurayyat in Saudi Arabia to Qatranah in Jordan, in addition to a frequency converter station. Construction of the project is expected to cost approximately U.S.$270 million.

In January 2022, Jordan entered into a U.S.-supported arrangement with Lebanon and Syria to supply Lebanon with electricity, and help ease that country's power shortages, by transmitting electricity across Syria. This arrangement is part of a larger project, which is to transmit gas from Egypt to a power station in northern Lebanon via a pipeline located across Jordan and Syria. The deal, which was signed on 26 January 2022, is expected to supply Lebanon with 250MW between 6am and midnight and 150MW during the night. The deal is expected to be financed through the World Bank and negotiations are ongoing.

Natural Gas

In order to diversify its natural gas sources, following the reduction of natural gas supply via the Arab Gas Pipeline the Government launched the Jordan LNG Project, which included the construction of facilities in Aqaba to allow for the import of LNG from the international market through two stages: (i) the leasing of a floating storage and re-gasification unit, which arrived in May 2015; and (ii) the construction of a dedicated jetty and other onshore facilities in Aqaba, which became operational in July 2015. NEPCO has entered into a contract with Shell for LNG delivery, which substantially reduced NEPCO's losses and began in the second half of 2015. The pricing under the LNG contract is linked, however, to Brent oil prices and, as a result, the pricing of LNG remains subject to any movements in international oil prices.

In 2014, the Ministry of Energy and Mineral Resources and NEPCO entered into an agreement with Jordanian-Egyptian Fajer Company to interconnect the LNG project with the Arab Gas Pipeline. The interconnection involved the construction of an 800 metre 24-inch diameter pipeline and permits LNG to be delivered to generation power plants and has been completed.

In September 2016, Noble announced the execution of a gas sales and purchase agreement to supply LNG from the Leviathan LNG field to NEPCO for consumption in Jordan's power production facilities. See "*—Energy Policy and NEPCO*".

In 2020, NEPCO ceased imports of LNG, although it retains the LNG terminal should there be a need in future to resume imports. NEPCO has transitioned to procuring gas from Israel and Egypt under long-term contracts, in which contracted prices have low elasticity to global commodity prices, allowing NEPCO to mitigate exposure to volatility in gas prices.

Renewable Energy

The Government is also exploring opportunities to develop renewable and energy-efficient sources of power in order to reduce Jordan's reliance on imported fossil fuels and to reduce Jordan's greenhouse gas emissions. In 2020, renewable wind and solar projects accounted for 20% of electricity generation for the year. Jordan 2025 targets an increase in the share of renewable energy in Jordan's installed electrical capacity to exceed 50% by 2030. As a result, the Government has established various policy and regulatory frameworks to support renewable energy generation in the Kingdom.

In 2012, the National Assembly passed the Renewable Energy and Energy Efficiency Law, and, as a result, the Government is seeking investors for renewable energy projects in Jordan. Pursuant to the Renewable Energy and Energy Efficiency Law, investors may identify and propose potential electricity production projects, including wind, solar and other projects, to the Ministry of Energy and Mineral Resources for consideration. All renewable energy power plants are exempt from certain taxes, including VAT, and certain customs duties.

The Government has also established the Renewable Energy and Energy Efficiency Fund, which provides a financial framework to support energy-efficiency programs, awareness campaigns, training and capacity building, as well as funding renewable energy projects.

In 2014, NEPCO signed a number of agreements for the construction of solar electrical energy generation plants in the Ma'an development region, which included 12 projects with a total capacity of 200 MW. These projects were completed and connected to Jordan's electricity grid in 2016.

In 2015, the Government signed six agreements to build wind and solar energy plants with a total capacity of 371 MW, which are expected to increase Jordan's renewable energy capacity. The Tafila 117 MW wind energy farm became operational in 2015, and eight solar energy plants became operational in 2016. The Government has announced plans to award tenders for the construction of further plants with a total capacity of 200 MW by 2017. These projects have primarily been funded through support provided by the International Finance Corporation and have been operational since 2019.

In July 2016, the EU approved grants of U.S.$99.7 million to fund Jordan's renewable energy and energy efficiency programme. See "*Public Debt—International Institutions—European Union*".

During the course of 2017, the Government added an additional 400 MW of energy from wind and solar sources. The Government also views the development of the Kingdom's renewable energy resources as a significant source of new employment opportunities for Jordanians. As at 31 December 2019, Jordan had more than 1,558 MW of installed wind and solar power capacity (including small scale projects), which produce more than 13% of the total consumed electricity in Jordan. The total installed capacity (wind and solar) reached 2,113 MW at the end of 2020 and is expected to continue to increase.

Oil Shale

The Government believes that potentially significant oil shale deposits may be commercially exploitable in the Kingdom. To this end, the Government has granted several exploration licences through memoranda of understanding and has entered into commercial agreements with several international companies and consortia to generate power from oil shale. In 2014, NEPCO signed a power purchase agreement with an Estonian, Malaysian and Chinese consortium, Attarat Power Company (APCO), to construct a power generation plant using oil shale. Construction of the facility has been delayed and, despite anticipated completion in 2020, the facility has yet to commence commercial operations. In December 2020, NEPCO and the Government initiated arbitration proceedings against APCO regarding the power purchase agreement and the Government's guarantee of NEPCO's obligations in respect of the oil shale project. The cases are currently pending at the International Chamber of Commerce (ICC) in Paris.

Jordan's energy sector strategy aims to increase the contribution of oil shale to the energy mix to 8% by 2022. The key elements of the Government's oil shale strategy include (i) encouraging investment in oil shale projects; (ii) licencing a small portion of Jordan's resources to permit companies to develop appropriate technologies and capabilities; and (iii) developing competition for access to oil shale resources.

In 2009, the Government signed an agreement with Jordan Oil Shale Company (owned by Shell) granting the company exclusive rights to conduct deep oil shale exploration over an area of 22,270 km^2, which will be narrowed over time to 1,000 km^2 to be used for commercial exploitation. The company has conducted a field experiment in the Harrana area and is studying the results of the experiments to enhance the efficiency of the technology for the Jordan oil shale sector.

The Government has also entered into a number of memoranda of understanding with international companies in connection with the preparation of feasibility studies for surface retorting projects to produce oil. Three concession agreements have subsequently been granted for such projects; with Jordan Oil Shale Company in 2009, Karak International Oil psc in 2011 and Saudi Arabian Corporation for Oil Shale in 2014.

The Jordan Energy Strategy 2030 anticipates Government support for investments to develop the potential of oil shale in Jordan, as well as to study the possibility of further Government involvement with the private sector to invest in oil shale projects to generate electricity and produce shale oil.

Water

Jordan is one of the most water-deprived countries in the world. As a result, the Government is seeking to increase the water supply in Jordan, including through the use of desalination technology.

As part of its strategy to increase Jordan's water supply, particularly in Amman, the Water Authority, an autonomous corporate body with financial and administrative independence from the Government established by the Water Authority Law № 18 of 1988, commenced the operation phase of the Disi-Mudawarra to Amman Water Conveyance System project. The project, which began in July 2013, is designed to supply Amman with over 100 million cubic metres of water annually through a 325 km pipeline and involved the drilling of 64 wells. Disi is an underground fossil water aquifer running from the Dead Sea in Jordan to Tabuk in Saudi Arabia. Increased usage of this aquifer to provide water for Amman relieves, in part, pressure on upland aquifers, which have been the major source of water for Amman. The total cost of the project was approximately U.S.$1.1 billion.

In October 2010, the Kingdom agreed a five-year, U.S.$275.1 million compact with the Millennium Challenge Corporation (the "**MCC**"), which aims to fund projects related to rehabilitation of, improvements to, and expansion of water and wastewater infrastructure within the Zarqa Governorate. The major projects of the compact are: (1) the Zarqa Governorate Water Network Restructuring and Rehabilitation Project (Water Network Project); (2) the Zarqa Governorate Wastewater Network Reinforcement and Expansion Project (Wastewater Network Project); and (3) the As-Samra Wastewater Treatment Plant Expansion Project (As-Samra Expansion Project). In December 2016, at the end of the contract, the Government and the MCC had spent 99% of the allocated funds to increase the supply of water available to households and businesses and help improve the efficiency of water delivery, wastewater collections and wastewater treatment.

The financial performance of the Water Authority has been severely affected in recent years by the additional demand from Syrian refugees and increased electricity prices, and its losses have been funded by the Kingdom. In the context of the SBA with the IMF, in August 2013, the Government launched a medium-term strategy to bring the Water Authority to cost recovery through revenue improvement and cost reduction. Implementation of the strategy is dependent on the availability of water sector investments, as well as support under the JRP. Targeted actions under the strategy include increasing collection efficiency, reducing accounts receivable, reducing illegal connections, adjusting tariffs, increasing energy efficiency, introducing renewable energy in the water sector and restructuring the water systems. In 2020, the

Water Authority's losses represented 1.0% of GDP, partially reflecting higher-than-expected capital expenditures and borrowing costs. The Government has announced its intention to allocate budgetary resources to help finance the Water Authority's capital expenditures (representing approximately 0.7% of GDP in 2019) and in 2019 updated its *Structural Benchmark Action Plan to Reduce Water Sector Losses* to include restructuring of water and wastewater tariffs, which was approved in the first quarter of 2020.

Jordan 2025 supports the implementation of various water projects, as well as a number of other measures to ensure water security, reduce illegal consumption, rehabilitate governmental drinking wells, entering into bilateral water agreements and creating a regional framework for joint co-operation on water security matters. The key projects undertaken by the Water Authority since 2016 are: (1) the As-Samra Wastewater Treatment plant (3rd phase/second expansion); (2) the Hisban Brackish Water Desalination Plant (producing 10-15 million cubic metres of desalinated water *per annum*); (3) the Al Ghabawi Wastewater Septic Tank Facility Project; (4) the Non-Revenue Water Reduction Production; (5) Wadi Arab; (6) expansion of the Ramtha wastewater treatment plant; (7) the North East Balqa wastewater treatment plant; (8) the Dair Alla and Alkaramah water project, which is under tender; and (9) the Bani Kinanah Water Project, which is preparing for tender.

Pursuant to the peace treaty signed in 1994, Israel provides Jordan with 30 cubic metres of water annually. Jordan agreed to purchase 50 cubic metres of water from Israel in 2021. In November 2021, the Kingdom signed a declaration of intent with Israel for a water-for-energy deal, which would see Jordan export 600 MW of solar power *per annum* to Israel and Israel export 200 million cubic metres of desalinated water *per annum* to Jordan in return. Feasibility studies are due to start in 2022.

See "*Risk Factors—Risks Relating to the Kingdom—Water—Water scarcity*".

Nuclear Energy

The Jordan Atomic Energy Commission (the "**JAEC**") was established under the Nuclear Energy Law (№ 42 of 2007). Since its establishment, the JAEC has undertaken several projects, including the following:

- *Central Jordan Uranium Project*: The Jordan Uranium Mining Company has been carrying on exploration in central Jordan since January 2013 and has been developing uranium extraction processes since 2014, yielding more than 41,000 tons of triuranium octocide (U_3O_8, a compound of uranium). More recently, the company has constructed a pilot plant to assess the feasibility of a commercial plant. The company expects a medium-scale uranium mining and milling plant to be completed in central Jordan in 2025. The Government intends to use uranium produced as fuel for a nuclear power plant in the future, with any surplus to be sold on the international market.

- *Lithium Extraction from the Dead Sea*: The water in the Dead Sea contains large quantities of minerals, some of which, such as lithium, are very scarce and expensive to extract from land-based sources. The Dead Sea is estimated to contain approximately 2.5 million tons of lithium, which equates to 9% of the known, global, land-based reserves. As a result of a research project carried out in 2018 and 2019, JAEC has developed an economically viable process for extracting lithium from the tailings of the Arab Potash Company, which extracts potash from the Dead Sea.

- *Rare Earth Elements Extraction Project*: As a result of a research and development project launched in 2017, the JAEC has developed a chemical process to produce composite rare earth element oxides of 98% purity from the monazite concentrate found in the Dudeydib area in the south of Jordan.

- *Jordan Research and Training Reactor*: In December 2016, the JAEC commissioned the Jordan Research and Training Reactor (the "**JRTR**"), a 5 MW research reactor, which received its operating licence from the Jordanian regulator in November 2017. The JRTR was designed and constructed by the Korean Kaeri-Daewoo consortium at a cost of U.S.$162 million. The reactor is designed to serve as a training platform for the future staff of Jordan's nuclear energy programme and students of nuclear engineering. The JRTR is also being used to develop licenced radiopharmaceutical products for distribution in Jordan and abroad, which the JAEC expects to produce revenue of over U.S.$5.5 million *per annum*.

- *Nuclear Power Plant Project*: In 2017, the JAEC launched a project to select the most suitable technology for constructing a nuclear power plant in Jordan. As the demand for electricity in Jordan is forecast to fall in the next five years, the JAEC considers that a more incremental development of nuclear power would be suitable, *i.e.*, small modular reactors ("**SMRs**") producing 200-400 MWe, rather than large reactors capable of producing 1000 MWe or more. The JAEC has received expressions of interest from more than ten SMR technology vendors and is preparing bid specifications with a view to requesting binding proposals from qualified suppliers. The Government will then decide on a suitable structure for financing the project.

Services Sectors

In 2020, the services sector accounted for 70.2% of GDP at current basic prices and contracted at a nominal rate of 0.8%, as compared to growing at a nominal rate of 4.0% in 2019. The services sectors include: (i) trade, restaurants and hotels; (ii) transport, storage and communications; (iii) finance, real estate, insurance and business services; (iv) social and personal services; (v) producers of government services; (vi) producers of private non-profit household services; and (vii) producers of domestic household services. In 2020, the services sector accounted for 70.3% of GDP at constant basic prices and contracted at an average constant rate of 1.6%, as compared growing by 2.0% in 2019. In 2021, all the service sectors returned to growth an average constant rate of 1.6%.

Transport and Communications

In 2020, the transport and communications sector accounted for 9.6% of GDP at current basic prices and contracted at a nominal rate of 6.7%, as compared to growing at a nominal rate of 4.8% in 2019. The transport and communications sector accounted for 9.7% and 9.6% of GDP at constant basic prices in 2019 and 2018, respectively. The real growth rate of the transport and communications sector was 3.2% in 2019, consistent with the rate in 2018. The increase in growth in 2019 was primarily attributable to growth in the communications sector, which was, in turn, due to increased mobile phone and internet penetration. This increase was partially offset by the negative impact of political instability in the region on the land transportation sub-sector.

Due to its strategic location in the heart of the Middle East, the Government believes that Jordan has significant potential to grow as a regional transportation hub, which the Government believes is essential to further integrating Jordan with its neighbours and further developing its tourism industry. The Government is encouraging development in this sector, which requires expansion and modernisation, through: (i) privatisations; (ii) Government incentives to fund new equipment and infrastructure, including under the Investment Law and, previously, the Investment Promotion Law (as defined below); and (iii) implementing and modernising regulation, in particular, in order to improve services.

Jordan 2025 has identified a number of policy objectives for the transportation sector, including, among others, developing a national master plan for multimodal transport to determine future construction and PPP opportunities, prioritising the maintenance of the road network, adopting the Multimodal Transport Law, implementing the Jordan National Railway Project (see "—*Railways*" below) and strengthening PPPs in the sector.

Ports

Aqaba is Jordan's port, with annual traffic of 1,843 vessels in 2021, as compared to traffic of 1,580 vessels in 2020 and 2,097 vessels in 2019. A significant proportion of Jordan's international trade passes through Aqaba. In addition, the port at Aqaba has been a significant transportation route for goods arriving by sea with an ultimate destination in Iraq, although such trade has reduced in recent years.

Following a study in 2003 of the infrastructure and port facilities on the Jordanian section of the Red Sea coast, various proposals were made for development of the area, such as improving the road and rail infrastructure to accommodate increased traffic and improving the safe handling of crude oil imports. In October 2013, a berth expansion project at the Aqaba Container Terminal was completed, which included the extension of the berth from 540 metres to 1,000 metres, as well as the upgrading of the anchorage to accommodate three large ships simultaneously and provide accelerated logistic services. Following the expansion, the terminal, which deals with 20 major international shipping lines, can handle 1.5 million containers *per annum*, with further planned expansion expected to raise the handling capacity to 2.2 million containers. In addition, a new phosphate terminal has been established at the terminal at a cost of U.S.$240 million and with a storage capacity of 240,000 tonnes. The phosphate terminal's handling capacity is six million tonnes *per annum*.

In Aqaba, the Marsa Zayed project is being developed by a UAE-based developer. The project is a large mixed-use waterfront project, including high-rise residential towers, retail, recreational, entertainment, business and financial districts and several branded hotels. Several marinas are expected to add to the current berthing capacity, in order to attract yachting traffic, and a cruise ship terminal will be constructed. The project is expected to be implemented in several phases over a 30-year period.

The following table sets forth statistics in respect of Aqaba's port activity for the years indicated.

Aqaba Port Activity

	2017	2018	2019	2020	2021
Number of vessels	**2,305**	**2,183**	**2,097**	**1,580**	**1,843**
Passenger arrivals *(thousands)*	194.9	206.6	211.3	27.4	182.1
Passenger departures *(thousands)*	214.6	211.2	229.2	50.8	71.7
Total number of passengers *(thousands)*	**409.5**	**417.7**	**440.5**	**78.3**	**253.8**
Domestic exported goods *(thousand metric tons)*					
Phosphates	5,188.3	4,048.6	4,637.5	4,515.8	5,409.2
Fertilisers	538.1	739.2	659.6	969.2	859.3
Potash	1,859.5	1,911.2	1,872.6	2,016.8	1,855.4
Other	1,200.1	1,088.2	1,303.7	1,451.1	1,577.4
Total domestic exported goods	**8,786.0**	**7,787.2**	**8,473.4**	**8,915.6**	**9,701.3**
Re-exported goods	16.2	93.7	123.4	43.7	97.8
Transit and other	62.3	88.0	99.9	26.0	73.6
Imports					
Goods *(thousand metric tons)*	14,457.6	13,681.7	12,932.3	1,438.7	1,490.6
Roll-on/Roll-off *(cars)*	106,175	96,764	116,793	116,347	109,766
Livestock *(thousand head)*	807.2	767.2	810.8	1,236.0	1,453.9
Total container throughput *(TEU)*	796,088	816,345	798,160	857,281	765,662

Sources: Aqaba Ports Corporation and CBJ

Air Transportation

Jordan has three main international airports, two in Amman and one in Aqaba. According to figures published by the Civil Aviation Regulatory Commission, 9.2 million air passengers travelled through Jordan's airports in 2019, as compared to 2.2 million in 2020.

Queen Alia International Airport ("**QAIA**") in Amman is Jordan's largest airport and handles both international and domestic flights. The airport serviced 8.9 passengers in 2019 (including transit passengers), in addition to providing air cargo and other aviation support services. This number decreased to 2.1 million passengers in 2020, which was a result of the restrictions on air transport during the COVID-19 pandemic. In May 2007, the Government signed a 25-year agreement with the Airport International Group ("**AIG**"), a Jordanian company representing a consortium of local, regional and international partners, for the operation, maintenance, expansion, rehabilitation and modernisation of the airport's landside and airside facilities. The first phase of the QAIA expansion project, which was completed in March 2013, included the refurbishment of the existing terminals and the construction of a new 86,000 square metre passenger terminal, which cost approximately U.S.$100 million and U.S.$750 million, respectively. The second phase of the expansion project was completed in September 2016 and included the construction of seven additional contact stands and other support facilities. Following completion of this expansion project, QAIA's annual passenger capacity is projected to increase to 16 million by 2032. According to statistics published by the Civil Aviation Regulatory Commission, QAIA passenger traffic fell by 77% from 8.9 million passengers in 2019 to 2.1 million passengers in 2020, while cargo traffic decreased by 53% from 102,000 tonnes in 2019 to 48,000 tonnes in 2020, due to the restrictions on air transport and the disruption of global supply chains as a result of the COVID-19 pandemic. However, these numbers are showing gradual recovery. According to AIG, QAIA passenger traffic was approximately 4.6 million passengers in 2021 and 768,500 for the first two months of 2022.

Alia – The Royal Jordanian Airlines Company ("**Royal Jordanian**") is the national carrier of the Kingdom and handles the largest number of air passengers in Jordan. The Government owns 82.03% and the Social Security Corporation owns 5.33% of the shares of Royal Jordanian, with the balance being held by third-party investors (including Mint Trading Middle East Limited, which holds 4.99% of the shares). In 2019, Royal Jordanian flew 3.3 million passengers, the same as in 2018, although at a slightly increased seat capacity of 74.2%, as compared to 73.8 in 2018. Royal Jordanian flies to approximately 50 destinations on four continents, including Chicago, New York, Montreal, Detroit, London, Paris, Frankfurt, Madrid, Bangkok, Hong Kong, Abu Dhabi, Dubai, Jeddah, Riyadh, Doha, Cairo and Berlin.

Royal Jordanian's fleet includes Airbus (A321, A320, A319 and A310), Embraer (E-195 and E-175) and Boeing 787 Dreamliner aircraft. In 2011, as part of the modernisation of its medium-haul fleet, Royal Jordanian replaced six Airbus

320s and 321s with seven new aircraft, and it also leased a long-range Airbus 330. At the end of 2014, Royal Jordanian began implementing a restructuring plan, which included eliminating eight destinations and phasing out certain aircraft (including the Airbus 340s and 330s), which coincided with the introduction of new Boeing 787 Dreamliners. In 2014, Royal Jordanian introduced five Boeing 787 Dreamliners to its fleet, and a further two Dreamliners in 2016 and 2017, which is part of Royal Jordanian's strategic plan for long-haul aircraft modernisation. Approximately 20 foreign airlines also provide services to Jordan.

Royal Jordanian had a net loss of JD 38.9 million in 2013. Regional instability, which decreased demand for travel and tourism to the Middle East and resulted in Royal Jordanian halting operations to certain cities and limiting the frequency to others, as well as intense competition among regional carriers, were important factors contributing to the losses in 2014 and 2013. As a result of the 2014 net losses, Royal Jordanian's accumulated losses exceeded the maximum amount permitted under Jordan's Companies Law, thus requiring it either to liquidate or increase its capital. In May 2015, an extraordinary meeting of Royal Jordanian's shareholders was held, at which a JD 200 million capital increase was approved. The first phase of the capital increase, which resulted in Royal Jordanian's capital increasing by JD 100 million, was completed in April 2016, with the Government investing JD 76.2 million and the Social Security Fund and private investors investing the balance. In January 2019, a further capital increase of JD 50 million was completed.

In 2017, Royal Jordanian launched a five-year turnaround plan including initiatives to increase operating margins and achieve sustainable profitability over the period. In 2019, Royal Jordanian registered a JD 10.4 million net profit, as compared to a net loss of JD 5.9 million in 2018. This was primarily due to increased revenue and reduced costs, including an 8% drop in fuel costs.

Royal Jordanian is still facing a number of challenges which will continue to negatively impact its performance, primarily the instability that is occurring within the region, causing a decrease in the number of tourists. In addition, the airline is facing tough competition from other airlines, especially low-cost carriers, which now operate extensively between Europe and Amman and Aqaba. Like other airlines, Royal Jordanian's challenges have been exacerbated by the COVID-19 crisis, which has had a significantly negative effect in demand for travel, resulting in a net loss of JD 161.1 million in 2020. Royal Jordanian's losses have been significantly reduced by 54% in 2021, to JD 74.3 million, due to the reopening of air transport, easing restrictions on tourism and increased mobility.

As part of its COVID-19 response plan to assist sectors impacted by the pandemic, including, and in particular, tourism, the Government provided support totalling JD 50 million to Royal Jordanian during 2020 and 2021. In addition, the Government has purchased JD 8 million of shares in Royal Jordanian in 2022. Since February 2022, restrictions have been eased further, allowing all international travellers regardless of their vaccination status to travel to Jordan without testing for COVID-19.

Roadways

Jordan's road network consists of approximately 7,350 kilometres of paved roadways. The construction and development of the network of roads in Jordan, connecting cities, villages and housing areas, industrial and agricultural locations, tourist sites, as well as connecting the Kingdom with neighbouring countries, is undertaken by the Ministry of Public Works and Housing. As part of its scheme to improve the country's infrastructure, the Government continues to invest in highway and bridge systems. Since 2002, the Ministry of Public Works and Housing has been implementing a 25-year plan aiming to complete an extensive road network around the Kingdom, including the construction of ring roads around major cities. Investments on road improvements and development are expected to reach more than U.S.$1.8 billion within the 25-year period. Some of the key projects in this sector include:

- The Ministry of Public Works and Housing is constructing a JD 140 million Bus Rapid Transport ("**BRT**") project between Amman and Zarqa, which is expected to commence operation in 2020 concurrently with a BRT project within Amman executed by the Greater Amman Municipality.

- A 100-kilometre King Salman bin Abdulaziz road connecting Zarqa, Azraq and Al-Omari Bridge which was opened in December 2018, which facilitates the trade and passenger transport between Jordan and KSA, and increases road safety for travellers.

- The rehabilitation of the 220-kilometre Desert Road connecting Amman with Aqaba, which is expected to be completed in August 2020. The total cost of the project is U.S.$324 million, U.S.$138 million of which is a grant from the Saudi fund, U.S.$105 million is a loan from the same fund, and the rest is funded through the treasury.

Railways

Jordan's railway network consists of 525 kilometres of narrow-gauge railways. This network is operated by the Jordan Hejaz Railway, which operates two passenger trains per week on 214 kilometres of the network between Amman and Damascus and daily freight trains, and the Aqaba Railway Corporation, which transports phosphates on 311 kilometres of the network from various mines to the port of Aqaba.

The Government has also announced a PPP project to improve Jordan's railway transportation network, the *Jordan National Railway Project*. The aim of this project is to construct a modern, standard-gauge railway network of approximately 1,000 kilometres to link the nation's major cities (including Amman, the major industrial cities of Mafraq and Zarqa, and Aqaba) and the Shidiya phosphate mine. The railway network will also provide international connections Saudi Arabia and the GCC, Syria, Iraq and, in the future, to Europe and Asia. The railway project is primarily focused on cargo transportation, including shipping containers, phosphates and grain, although it may also be used for passenger transportation and cars on a roll on-roll off basis.

The project is being completed in phases and will be financed, owned and managed by the state-owned Jordan Railway Corporation. In November 2012, the Minister of Transportation announced that feasibility studies had been completed and land acquisition required for the first phase of the project was underway. In 2016, the steering committee for the project agreed to perform an update to the studies completed in 2012, in order to reflect current traffic volumes. As at June 2020, the Ministry of Transport is in the process of updating the financial studies for the first phase of the project, which will comprise 400 kilometres of railway from the Port of Aqaba to Madounah and has an estimated cost of JD 1.9 billion.

Finance, Insurance, Real Estate and Business Services

The finance, insurance, real estate and business services sector contributed 21.4% of Jordan's GDP at current basic prices in 2021 and grew at a nominal rate of 3.6%, as compared to 2.5% in 2020.

Insurance

As at 31 December 2021, 23 insurance companies were licensed to carry out insurance activities in Jordan, including one life company, seven non-life companies and 15 composite companies (life and non-life). In addition, there were two non-operating foreign insurance companies in Jordan. As at 31 December 2020, there were 848 insurance supporting services providers comprising 450 insurance agents, 150 insurance brokers, 39 reinsurance brokers, 82 loss adjusters and surveyors, 18 actuaries, 37 insurance consultants, one cover holder, 11 companies administering medical insurance business, 10 banks licensed to practice bancassurance and 50 non-resident reinsurance brokers approved to practice reinsurance brokerage business inside Jordan.

The following table sets forth the assets and liabilities of insurance companies in Jordan for the years indicated.

Assets and Liabilities of Insurance Companies

	2017	2018	2019	2020	2021
			(JD millions)		
Balances and deposits	275	278	289	295	293
Accounts receivable	191	187	196	194	193
Customers (debtors)	*159*	*157*	*160*	*158*	*155*
Re-insurance companies	*33*	*31*	*36*	*36*	*38*
Investments and other assets	486	493	511	540	592
Total Assets	**952**	**958**	**996**	**1,029**	**1,078**
Creditors	47	43	49	45	46
Re-insurance companies	71	82	82	81	76
Provisions	433	441	464	486	516
Mathematical reserve	*123*	*136*	*155*	*176*	*205*
Unearned premium reserve	*147*	*147*	*150*	*144*	*148*
Outstanding claims reserve	*162*	*157*	*158*	*164*	*159*
Other reserves	1	1	1	3	5
Other liabilities	67	73	74	81	87
Total liabilities	**617**	**639**	**669**	**694**	**724**
Total equity	**335**	**319**	**327**	**335**	**354**
Total equity and liabilities	**952**	**958**	**996**	**1,029**	**1,078**

Source: Central Bank of Jordan

The following table sets forth gross insurance premiums collected for the years indicated.

Insurance Premiums Collected[(1)]

	2017	2018	2019	2020	2021
			(JD millions)		
Marine and Aviation	19.1	19.7	17.8	17.1	19.4
Fire	73.2	70.0	68.1	74.7	75.8
Motor vehicle	233.0	227.5	234.4	213.6	226.1
General Accidents[(2)]	11.7	12.7	12.8	10.5	13.5
Liability	7.2	6.5	6.3	7.1	8.1
Life	64.5	65.5	68.7	72.1	79.1
Medical	168.9	182.4	189.3	178.1	193.7
Total	**594.1**	**605.8**	**615.3**	**594.0**	**643.4**

Source: Central Bank of Jordan

Notes:

(1) Certain figures in this table have been revised and may differ from previously published data.

(2) Includes credit insurance and other general insurance.

The following table sets forth gross claims paid by insurance companies for the years indicated.

Claims Paid by Insurance Companies[(1)]

	2017	2018	2019	2020	2021
			(JD millions)		
Marine and Aviation	4.7	5.4	7.6	5.9	2.4
Fire	21.4	19.7	27.6	26.5	29.5
Motor vehicle	223.7	242.1	234.4	184.9	212.1
General Accidents[(3)]	3.0	2.9	2.5	3.1	3.6
Liability	1.0	0.8	0.6	1.4	1.2
Life	41.2	42.5	46.3	35.6	64.2
Medical	159.6	159.5	161.6	150.4	159.7
Total	**458.7**	**478.8**	**490.3**	**411.1**	**471.8**

Source: Central Bank of Jordan

Notes:

(1) Certain figures in this table have been revised and may differ from previously published data.

(2) Includes credit insurance and other general insurance.

The Jordanian Insurance Commission was established in 1999 pursuant to the Insurance Regulatory Act № 33 of 1999 as an administratively and financially independent organisation to regulate the insurance sector. In 2014, the duties of the Insurance Commission were transferred to the Ministry of Industry, Trade and Supply. In 2021, the Government passed the Insurance Regulatory Act № 12 of 2021, which assigned supervision of the insurance sector to the CBJ.

Government Services

The government services sector contributed 16.4% of Jordan's GDP at current basic prices in 2020 and grew at a nominal rate of 2.6% in 2019, as compared to 3.8% in 2019. The government services sector accounted for 16.2% of Jordan's GDP at constant basic prices in 2020 and grew at a constant rate of 1.1% as compared to 2.1% in 2019.

Jordan 2025 identifies a number of future policies and initiatives for the government services sector, including, among others, continuing the implementation of the Government Performance Development Programme 2014-2016 to improve the structure of the Government and reform the regulatory environment, to review and develop the legislative frameworks for the restructuring and development of organisational Government structures and to encourage and implement e-Government initiatives. Jordan 2025 also sets out a number of public sector performance initiatives and aims to improve Jordan's ranking on the Global Competitiveness Index. Jordan was ranked 49th out of 64 countries in the International Institute for Management Development's 2021 Competitiveness Index and 75th out of 190 countries in the World Bank's 2020 Doing Business rankings.

Trade, Restaurants and Hotels

The trade, restaurant and hotels sector contributed 10.5% of Jordan's GDP at current basic prices in 2020 and grew at a nominal rate of 3.7% in 2021, as compared to contracting by 3.9% in 2020.

Tourism

The Kingdom's tourism industry benefits from Jordan's warm climate and numerous historic sites, some of which have been travel destinations for centuries, including Petra, Wadi Rum, Jarash, the Dead Sea and the Jordan River valley. Aqaba, on the Gulf of Aqaba, which leads into the Red Sea, is also a popular tourist destination for diving, fishing and beach resorts. In addition, tourists are drawn to Jordan's many religious sites, nature reserves and parks, eco-tourism offerings, and therapy tourism at the Dead Sea.

Tourism has traditionally been an important source of foreign exchange, although the number of tourists and volume of tourism revenues have historically fallen in times of instability and tension in the Middle East. The recent instability in the region, most notably the conflicts in Syria and Iraq, has had a considerable negative effect on tourism in Jordan. Most foreign visitors come from Western Europe and from other Arab countries. The impact of these events on Jordan's tourism sector is compounded by the fact that visitors have often typically visited Jordan as part of a trip to other places in the region, such as Syria and Egypt.

Jordan's tourism industry was severely affected by the COVID-19 pandemic. On 16 March 2020, the Government initiated a lockdown to prevent the spread of the COVID-19 virus. This has had a material impact on the tourism season for 2020 and further global restrictions on travel resulted in continued impact into 2021. In 2021, tourism receipts were JD 1,958.6 million, as compared to JD 1,000.3 million in 2020 and JD 4,108.2 million in 2019. Overnight and same-day visitor numbers were 2.4 million in 2021, as compared to 1.2 million in 2020 and 5.4 million in 2019. The Kingdom's borders have been reopened since August 2020. In the first four months of 2022, tourism receipts increased by 252.7% to JD 860.5 million, as compared to JD 244.0 million in the same period of 2021. Whilst there remain some barriers to international travel, the tourism industry is expected to pick up in 2022.

See "*Risk Factors—Risks Relating to the Kingdom—COVID-19 Pandemic*", "*Risk Factors—Risks Relating to the Kingdom—Tourism*" and "*Response to COVID-19*".

The following table sets forth the main indicators of the tourism sector for the periods indicated.

Principal Indicators of the Tourism Sector[(1)]

	2017	2018	2019	2020	2021[(2)]
Tourism receipts (*JD millions*)	3,293.4	3,726.6	4,108.2	1,000.3	1,958.6
Gross tourism income/GDP at current market prices *(%)*[(3)]	11.2	12.2	13.0	3.2	6.1
Outstanding credit facilities extended to tourism sector by licensed banks *(JD millions)*	619.7	592.1	638.0	735.6	713.5
Number of visitors *(millions)*	4.6	4.9	5.4	1.2	2.4
Number of hotels	601	588	604	610	*n/a*
Number of rooms *(thousands)*	30.4	30.0	30.3	29.7	*n/a*
Nights spent in 5* hotels *(millions)*	2.2	2.6	3.6	1.3	2.1
Employees in hotels *(thousands)*	20.7	20.5	20.9	16.9	*n/a*
Employees in tourism sector *(thousands)*	51.3	51.5	53.5	41.1	*n/a*

Source: CBJ and Ministry of Tourism and Antiquities

Notes:
(1) Certain figures in this table have been revised and may differ from previously published data.
(2) Preliminary; not all data for 2021 has been released yet.
(3) Gross tourism income according to the balance of payments data.

Tourism has traditionally been a source of foreign exchange, although the number of tourists and volume of tourism revenues have historically fallen in times of instability and tension in the Middle East. The impact of the instability on Jordan's tourism sector is compounded by the fact that visitors in the past visited Jordan as part of a trip to other places in the region that are no longer tourist destinations. Despite this, visitor numbers have been increasing since 2016 and reached 5.4 million visitors in 2019, increasing tourism receipts during the period 2017-2019 on average by 12.7%.

Historical Tourism

Jordan has numerous historical sites spread all over the country. Petra, Jordan's leading tourist attraction, is described as the "rose-red city". Famous for its architecture carved from stone, Petra was voted one of the "New Wonders of the World". In Hellenistic and Roman times, Petra was the capital of the Nabataean Kingdom (4th century B.C.-106 A.D.). The capital city of Amman is one of the oldest continuously-inhabited cities in the world, and archaeological ruins dating from the 5th millennium B.C. have been restored. The most famous of these historical ruins is the Citadel, which towers above the city. Downtown Amman features a restored Roman amphitheatre dating from the time of the Roman Emperor Antonius Pius (138-161 A.D.). This Roman amphitheatre is still used for concerts and other public events. Jerash, located in northern Jordan, is one of the oldest and best-preserved Roman cities in the region and contains several archaeologically-significant architectural remains, such as a forum surrounded by a colonnade, two theatres, two baths and a hippodrome.

Religious Tourism

Jordan has numerous sites of Christian, Jewish and Islamic significance. The Vatican has identified six sites in Jordan that it has officially recognised as sites of Christian pilgrimage including the site of the baptism of Jesus Christ, Mount Nebo, Karak, Anjara, Khirbet Al-Wahadneh and Jordan's capital, Amman. There are also a number of sites of Islamic significance in Jordan including the sites of the Battle of Mu'tah in 629 A.D. and the Battle of Yarmouk in 636 A.D.

Eco-tourism

Jordan has great diversity of climate ranging from the temperate western and northern parts of the country, to the arid southern and eastern zones. The scenery ranges from spectacular mountain ranges to vast grass plains, low hilly areas, valleys and river beds to desert dunes. There are highlands in the west, as well as part of the Great Rift Valley that surrounds the bank of the Jordan River and the Dead Sea. Wadi Rum, or "the valley of the moon", is in southern Jordan and is one of Jordan's most important tourist destinations, especially for hikers, trekkers, horse and camel riders and day-trippers from Amman and Petra.

Therapy Tourism

The Dead Sea basin, 416 metres below sea level, offers a unique atmosphere. The sea itself is a giant reservoir of mineral resources, renowned worldwide for its therapeutic salts and black mud. The area attracts tourists for leisure and relaxation from all over the world, but in particular has great potential for therapy tourism. The mineral-rich waters with filtered solar radiation offer long-term relief to sufferers from various skin ailments and arthritic conditions. The hot springs and baths of Hammamat Ma'een, which are near the Dead Sea, are also therapeutic destinations with spas, health facilities, hotels and other accommodations.

Tourism Initiatives

In January 2014, the Minister for Tourism noted that the tourism sector employed approximately 6% of the country's workforce, which was lower than the international rate of 15%. An EU-funded initiative includes a twinning project between Jordan and Italy, under which the latter is working with Jordan's Ministry of Tourism and on the implementation of the National Tourism Strategy.

Jordan 2025 identifies a number of future policies and initiatives for the tourism sector, including, among others, developing tourist infrastructure, including transport links, targeting new and non-traditional tourist markets and focusing on tourists interested in specialised tourist products (*i.e.*, therapeutic, religious, environmental, hospitalisation and convalescence tourism), developing domestic tourism campaigns, amending legislation to address tourist investment issues, taxes and electricity and accelerating the adoption of a new tourism law. Jordan 2025 aims to increase tourism income to JD 6.5 billion per year, increase the average length of tourist stays in Jordan from 4.3 nights in 2014 to 10 nights by 2025 and increase those working in the tourist industry to 110,000 people by 2025.

The Government has also undertaken a number of initiatives to attract more tourists to Jordan, including:

- increasing the Jordanian Tourist Board's budget to enable it to promote the Kingdom's tourist attractions in regional and international markets and increase the use of e-marketing and social media platforms;
- increasing promotional efforts in order to attract tourists from new markets, such as Scandinavia, Eastern Europe and south-east Asia;
- reducing electricity tariffs for the hotel sector, with the aim of making the hospitality sector more competitive among its regional peers;
- creating a "unified ticket" that enables the tourists to visit 35 sites in Jordan at a reduced cost (approximately U.S.$100);
- waiving visa fees for tourists of all nationalities coming through Jordanian tour operators, whether travelling individually or in groups, provided that the travellers spend a minimum of two consecutive nights in Jordan;
- waiving visa fees for individual tourists who have organised their trip to Jordan (without arranging it through a tour operator but who have purchased the "unified ticket"), provided that they spend a minimum of three consecutive nights in Jordan;
- reducing visa fees for tourists entering Jordan through land borders from JD 40 to JD 10, provided that they spend a minimum of three consecutive nights in Jordan;
- waiving departure tax on airline tickets for all regular flights arriving in Aqaba and Amman, on the condition that the traveller purchase the "unified ticket" and spend a minimum of three consecutive nights in Jordan; and
- waiving the departure tax and entry visa for all low cost and charter flights coming into the Kingdom through the Queen Alia International Airport (in Amman) and the King Hussein International Airport (in Aqaba).

The Government is also considering a number of large-scale projects to increase Jordan's attractiveness to international tourists, including:

- **Dead Sea Jewel Project** – a U.S.$200 million project on the Dead Sea shore with a conference hall, restaurants and hotels;
- **Corniche District** – a project on the northern Dead Sea coast with shopping, restaurants and hotel developments and a plaza to host festivals;
- **Star Trek Theme Park** – a Star Trek-themed park and resort in Aqaba; and

- **Marsa Zayed** – a mixed-use waterfront project, including residential towers, retail, recreation, entertainment, business and financial districts, marinas and a cruise ship terminal in Aqaba.

Telecommunications

The information and communications technology sector in Jordan has grown significantly over the past decade. Since the launch of the REACH initiative in 1999, a national strategy aimed at developing the IT industry in Jordan into a viable exporting industry, the Government has worked with the private sector to progress in areas of connectivity, e-learning and e-government. A number of well-known, global IT companies have invested in Jordan and are working with the Government on joint initiatives.

The following table sets forth information on the telecommunications sector in Jordan for the periods indicated.

Telecommunications[(1)]

	2017	2018	2019	2020	2021
Fixed-line services					
Number of fixed-line subscribers *(thousands)*	328	328	332	370	408
Penetration rate *(%)*	3.3	3.2	3.2	3.4	3.7
Mobile telephony					
Number of mobile phone subscribers *(thousands)*	9,703	8,731	7,778	6,987	7,270
Penetration rate *(%)*	97	85	73	65	66
Internet services					
Number of Internet users *(millions)*	6.6	7.9	9.4	11.2	*n/a*
Penetration rate *(%)*	65.7	76.5	89	103.5	*n/a*

Source: Telecommunications Regulatory Commission

Note:
(1) Certain figures in this table have been revised and may differ from previously published data.

Fixed-line Telephony

Following privatisation, Jordan Telecom (operating under the brand "Orange Jordan") is 3%-owned by the state. It is majority-owned (51%) by Joint Investment Telecommunications Co., a holding company that is, in turn, owned by Orange. The Social Security Corporation owns 28.9% of Jordan Telecom and Noor Telecommunications Holding Company owns 10%. Jordan Telecom's exclusivity as the provider of fixed-line telephone services in the Kingdom expired in 2005. Since 2005, Jordan's Telecommunications Regulatory Commission has issued individual and class licences for fixed line services. However, the Jordan Telecom Group continues to hold approximately 90% of the fixed-line telephone services market.

As at 31 December 2021, there were approximately 408,000 fixed line subscribers in Jordan, an increase from approximately 370,000 and approximately 332,000 as at 31 December 2020 and 2019, respectively.

Mobile Telephony

There are three mobile phone operators in the Kingdom: Jordan Mobile Telephone Services, which operates under the brand name Zain JO; Petra Jordanian Mobile Telecommunications Company, which operates under the brand name Orange; and Umniah Mobile Company, which operates under the brand name Umniah. Jordan Mobile Telephone Services was granted the first mobile cellular license in Jordan in October 1994. According to statistics published by the Telecommunications Regulatory Commission, as at 31 December 2021, there were approximately 7.3 million subscribers in Jordan. All three mobile phone companies offer 4G services in Jordan.

Internet

As at 31 December 2020, there were more than 11.2 million internet users in the Kingdom, an increase of 19% from 2019. The internet penetration ratio reached 103.5% in December 2020, as compared to 89% in 2019. The Government sees the expansion of broadband access as a key driver for sustained growth and development in the telecommunications sector in particular, and the economy in general.

Environment

There has been heightened interest and concern from the Government and the Jordanian population in environmental issues in recent years. This is due to increasing awareness of the value of Jordan's natural resources and the Government's desire to provide for the general welfare of the population.

On 16 April 2017, the new Environment Protection Law № 6 of 2017 (the "**Environmental Law**") was published in the *Official Gazette* and came into effect. Pursuant to Article 4 of the Environmental Law, the Ministry of Environment is empowered, *inter alia*, to: (i) regulate the environmental aspects of public policy, projects and programmes in Jordan; (ii) issue binding instructions for environmental protection and conditions for executing agricultural, development, commercial, residential and any other projects and any services provided in connection with these projects; (iii) supervise public and private entities' compliance with environmental laws, regulations and instructions; (iv) initiate and publish environmental research and studies; (v) regulate the trade, transport and storage of dangerous and toxic substances; (vi) enhance the Kingdom's relationship with other countries and entities in relation to environmental protection; and (vii) implement national strategies to increase public awareness of environmental issues.

The Environment Law imposes criminal and civil sanctions on any person or entity that breaches its provisions and empowers the Ministry of Environment to require any entity in Jordan that carries out an activity that may have a negative impact on the environment to prepare an Environmental Impact Assessment (an "**EIA**") during the planning, designing, executing or operating of a project. If clearance is not obtained by means of an EIA, the project may not proceed. Failure to follow instructions from the Ministry of Environment is considered a breach of the Environment Law, rendering a non-compliant entity liable to sanctions. Even if EIA clearance is obtained, the Ministry of Environment will still periodically monitor the entity's compliance with all conditions and requirements set out in the EIA clearance.

The Kingdom has also entered into a number of international conventions and treaties relating to environmental protection including the Kyoto Protocol to the United Nations Framework Convention on Climate Change and the 2016 Paris Climate Change Agreement.

Jordan has sought to create a climate policy framework and a world-class environment conducive to private investment and green growth. Jordan was the first country in the region to launch a Climate Policy (2013-20), which is now being updated to 2030. Under the leadership of H.M. King Abdullah II, Jordan has also been a vocal supporter of bold international climate action and has issued Nationally Determined Contributions ("**NDCs**") under the Paris Climate Agreement to reduce carbon emissions, which are already low for Jordan's level of income, by 14% by 2030. In 2019, Jordan issued its Climate Change Bylaw, which enabled the launch of the National Climate Change Committee, which is working ahead of COP26 this November to at least double Jordan's NDC commitment to a 31% reduction by 2030. Jordan has also become a leader in mainstreaming climate policy through its updated five-year reform matrix, its active work with the NDC Partnership to develop a Green Recovery Plan, and its recently launched U.S.$500 million Program-for-Results with the World Bank on "*Inclusive, Transparent and Climate Responsive Investments*", which aims to strengthen the investment environment significantly.

Jordan 2025 identifies a number of future policies and initiatives for the environmental sector, including, among others, introducing efforts to maintain ecosystems, especially in the Jordanian desert, developing systems for the management of hazardous waste and recycling initiatives, developing a legislative framework for climate change, raising public awareness on environmental protection matters, encouraging private sector participation in environmental and waste management matters, and promoting "green economy" and sustainable consumption and production patterns. In 2020, to provide the requisite framework to implement a transition towards a green economy, the Kingdom has initiated a *Green Growth Action Plan* for each of the sectors considered central to 'green growth' – energy, water, waste, transport, agriculture and tourism – that include 86 projects and policy interventions. In 2021, Amman launched its own *Green City Action Plan* that includes a range of targeted investments in low-carbon mobility systems, resource-efficient waste management, integrated water resource management, resilient energy systems and buildings, as well as other climate-responsive initiatives.

Privatisation Programme

The Government launched Jordan's national privatisation programme in 1996 with the principal aims of developing and enhancing the role of the private sector in the economy and reducing the Government's role in certain sectors dominated by state-controlled enterprises. The National Privatisation Strategy was endorsed in August 1999 and the processes for privatisation of state-owned enterprises and consequential use of proceeds were set out in the Privatisation Law № 25 of 2000 (the "**Privatisation Law**").

The last major transaction conducted under the National Privatisation Strategy was the sale of the Government's ownership of the national telecommunications company, conducted in January 2008. In 2011, the Government decided to postpone the proposed privatisation of Assamra Electricity Generation Company, which remains state-owned.

In 2010, privatisation receipts were JD 3.0 million, from Royal Jordanian Airlines (JD 0.4 million) and the Central Electricity Generating Company (JD 2.5 million). There have been no further privatisations since 2010.

In March 2013, a high-level Privatisation Evaluation Committee was established by Royal directive. The Committee released a report in March 2014, which reviewed and evaluated the privatisation of 19 companies in the mining, telecommunications, aviation, water and electricity sectors.

In 2015, the Privatisation Law was repealed. Subsequently, private sector development is being encouraged through PPPs and Jordan 2025 envisages the implementation of a number of large-scale PPP projects. See "*—Public Investment Management and Public Private Partnerships*".

Public Investment Management and Public Private Partnerships

The Government believes that the private sector can play a pivotal role in supporting accelerated delivery of strategic national investments via Public Private Partnerships ("**PPPs**"). PPPs are an alternative method for procuring and delivering both infrastructure assets and services. Traditionally, infrastructure developed in Jordan has been financed by the Government through its budget. Contracting authorities paid for infrastructure works from their budgets and assumed the responsibility of the asset after completion of construction. The long-term management of the infrastructure assets and its related risks were the direct responsibility of the Government. PPPs can benefit the economy by providing quality infrastructure services and help in attaining the Government's goals and the economic development strategy.

As part of a comprehensive structural reform program, the Government of Jordan has adopted a new Public Investment Management (PIM) - Public Private Partnerships (PPP) framework. This framework aims to implement the required changes to the institutional arrangements and processes to ensure the effective implementation of a new Investment Management Program including PPP projects. The reforms include revised roles and responsibilities of various parties in the project development process, coordination mechanisms and operational processes across key agencies, and the creation of a new PPP law and associated regulations in line with the revised governance and institutional arrangements.

The policy paper setting out the structure of the PIM-PPP framework was approved by the Cabinet on 8 August 2019. This policy details the governance arrangements under the PIM-PPP framework, the roles and responsibilities of the PPP unit, operational processes and responsibilities of the key agencies, development, implementation arrangements and staff capacity building, as well as the legislative and regulatory adjustments required.

The PPP-PIM framework is overseen by a dedicated PPP unit within the Prime Minister's office (the "**PPP Unit**") and a central public investment management unit at the MOPIC (the "**PIM Unit**"). The PPP Unit's aim is to promote and enhance PPP projects in the Kingdom, whilst the PIM Unit's brief is to review, oversee and analyse all public and PPP projects, as well as managing the Kingdom's project registry, the National Registry of Investment Projects or NRIP.

PPP Law

In 2019, the Government proposed a new draft law to repeal and replace the Public Private Partnership Law № 31 of 2014 (the "**old PPP Law**") with the Public-Private Partnership Law № 17 of 2020 (the "**new PPP Law**"), which came into force in May 2020. The new PPP Law is focused on reformulating PPP governance to make it more attractive for private investors, more extensive for Government entities to utilise, and more efficient for the public benefit. The new PPP law stipulated the establishment of the PPP Unit at the Prime Ministry, the Public Investment Management (PIM) Unit and National Registry of Investment Projects (NRIP) at the Ministry of Planning & International Cooperation and the Fiscal Commitments and Contingent Liabilities Committee (FCCL) at Ministry of Finance.

The Public Private Partnerships Regulation № 23 of 2021 (the "**PPP Regulation**") came into force in June 2021. The PPP Regulation establishes the legal and institutional framework for the implementation of PPP projects and provides for the establishment of the PPP Project Steering and Technical Committees. The regulation also sets out the procedure for the implementation of PPP projects across all steps of the project cycle from inception to the end date of the project agreement signing. Furthermore, the PPP Regulation sets out a template for PPP agreements.

The National Registry of Public Investment Projects Regulation № 27 2021 came into force in June 2021. The mechanism of the National Register of Governmental Investment Projects aims to provide comprehensive data for all government investment projects and include them in the register established at the Ministry of Planning and International Cooperation, to preserve, archive and organise these projects' documents, studies and reports, and also to help manage the projects by monitoring performance indicators during their various stages. This will improve the output quality and achieve development goals in accordance with budgets and timetables, in order to increase efficiency and to preserve public funds.

The Public Private Partnership Projects Account Regulation № 24 of 2021 came into force in June 2021. This regulation regulates the financing of PPP projects, provides for committee supervision of projects and spending, adopts qualification criteria for financing purposes from the account, and sets out procedures and conditions for applying for funding from the account. The Government has committed U.S.$2.8 million as an annual transfer into the PPP Account in addition to U.S.$2 million from the Arab Fund for Economic and Social Development and U.S.$2 million from the Abu Dhabi Fund for Development.

Furthermore, the IFC signed an extension on the Cooperation Agreement supporting the PPDF with the amount of U.S.$7.85 million over five years to aid the PPP unit in realising its objectives by identifying suitable projects as well as conducting feasibility studies for selected projects and building the PPP unit capacity. Moreover, the Council of Ministers approved an MOU with the EBRD to support the PPDF with the amount of U.S.$5 million over a three-year period to cover preparing feasibility studies for PPP projects and capacity building for the PPP Unit.

PPP Projects

Current projects being undertaken in the Kingdom via PPPs include a national broadband network, the King Hussein Bridge Land Border Crossing Terminal, which is designed to increase the flow of people and commodities between Jordan and the West Bank and thereby to strengthen Jordan's position as a regional trade hub, a pilot project for the construction and development of 15 public schools, with the aim of replicating the approach for building schools across the Kingdom, the Amman-Zarqa Bus Rapid Transport project, a non-revenue water project and the national water carrier.

Employment and Labour

As at 31 December 2019, according to statistics published by the Department for Statistics, the portion of the population between the ages of 15 and 64 was estimated at approximately 62.3% and approximately 32.7% of the population was estimated to be under the age of 15.

In 2019, approximately 1.7% of Jordan's labour force worked in the agricultural sector, 81.9% in services and 10.1% in industry. The labour force was 1.701 million people as at 31 December 2019, as compared to 1.734 million people as at 31 December 2018. Approximately 23.5% of the population participates in the labour force.

Workers in any trade may organise themselves in a trade union under Jordanian law. In some professional services, membership of a trade union is mandatory.

The following table sets forth the rates of unemployment for Jordanian workers, aged 15 and over, for the years indicated.

Unemployment Rates

	2017	2018	2019	2020	2021
			(%)		
Female	31.2	26.8	27.0	30.7	30.7
Male	14.7	16.5	17.1	21.2	22.4
Total	**18.3**	**18.6**	**19.1**	**23.2**	**24.1**

Source: Department of Statistics

The unemployment rate for people between the age of 15 and 24 was 18.6% in 2018, and the unemployment rate for graduates was 23.5% in 2018, as compared to 23.4% in 2017.

In 2021, the unemployment rate was 24.1%, as compared to 23.2% in 2020 and 19.1% in 2019. The unemployment rates in 2021 for males and females were 30.8% and 22.4%, respectively.

See "*Risk Factors—Risks Relating to the Kingdom—Unemployment*".

In 2011, the Government introduced maternity and unemployment insurance cover to encourage female participation in the labour market.

The Ministry of Labour is developing an action plan to promote greater participation and formality in the labour market, including by revamping the part-time employment framework, facilitating access to childcare, exploring options to reduce wage costs for formal jobs, building a low-cost and efficient public transport system and evaluating the potential impact of a reduction in payroll taxes.

In recent years, the Government has pursued a number of policies in order to lower unemployment levels and to combat poverty. See "—*Social Programmes*". Jordan also has a system, which provides certain unemployment benefits.

Jordan 2025 also sets out a number of initiatives to combat unemployment in Jordan, including, among others, improving training and employment programmes, developing vocational guidance and employment services initiatives and introducing initiatives to ensure that foreign workers complement rather than replace Jordanian labour. Jordan 2025 aims to reduce the unemployment rate to between 8.0% and 9.2% by 2025.

The following table sets forth the percentage distribution of Jordanian workers by economic activity for the years indicated.

Distribution of Employed Jordanians by Economic Activity

	2017	2018	2019	2020	2021
			(%)		
Agriculture and fishing	1.7	1.7	1.7	1.7	1.9
Mining and quarrying	0.7	0.6	0.6	0.6	0.7
Manufacturing	10.0	9.6	9.5	10.4	10.8
Electricity, gas and water supply	10.1	1.2	1.3	1.3	1.2
Construction	4.9	5.5	4.9	4.8	5.0
Wholesale and retail trade	15.8	15.3	14.9	14.4	14.7
Hotels and restaurants	2.8	3.1	3.2	3.0	2.9
Transport, storage and communications	8.7	8.5	8.3	7.8	8.6
Financial intermediation	1.8	1.9	1.8	2.0	1.9
Real estate	0.7	0.4	0.3	0.5	0.4
Public administration	25.9	26.4	27.1	27.0	25.5
Education	12.8	13.3	12.9	12.6	12.8
Health and social work	51.1	5.5	5.4	5.5	5.4
Other community activities	7.5	6.8	7.3	7.6	7.5
Private households with employed persons	0.2	0.1	0.1	0.3	0.3
Extra-territorial organisations and bodies	0.6	0.6	0.6	0.5	0.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Department of Statistics

The following table sets forth the percentage distribution of Jordanian workers by occupation for the years indicated.

Distribution of Employed Jordanians by Occupation

	2017	2018	2019	2020	2021
			(%)		
Legislators, senior officials and managers	0.5	0.4	0.5	0.6	0.4
Professionals	25.9	27.3	26.8	28.1	28.7
Technicians	6.6	6.3	6.1	6.5	6.8
Clerks	6.1	5.3	4.8	4.8	5.1
Services and sales workers	30.5	31.3	32	30.6	28.3
Skilled agricultural workers	1.6	1.6	1.3	1.4	1.5
Crafts and related workers	13.2	12.4	12.3	12.9	12.9
Plant and machine operators and assemblers	16	9.4	9.4	9	9.4
Elementary occupations	5.8	6.2	6.8	6.1	6.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Department of Statistics

In January 2009, a decision issued by the Tripartite Committee for Labour Affairs came into effect that raised the minimum wage for Jordanian workers from JD 110 per month to JD 150 per month. With effect from February 2012, the minimum wage for Jordanian workers was further increased by JD 40 per month to JD 190 per month and was again increased to JD 260 per month from JD 220 per month, with effect from 1 January 2021. Certain workers were excluded from this increase, including those in the textile and housing services industries.

The presence of Syrian refugees, who have official access to the Jordanian labour market, has led to increased pressure on employment. Syrians of working age (between 18 and 59 years) account for approximately 45.6% of total registered refugees (or 300,000 individuals), according to statistics compiled by MOPIC. The Jordan Compact aims, *inter alia*, to create jobs for Jordanians and Syrian refugees living in Jordan in the formal sector. See "*Risk Factors—Risks Relating to* *the Kingdom—Syrian Refugees*" and "*Description of the Hashemite Kingdom of Jordan—International Relations—Syria—Impact of the Syrian Refugee Crisis on Jordan*".

Informal Economy

The Kingdom has a significant informal economy in terms of the production of both goods and services and is a significant source of employment. According to a study published by the IMF in 2018, the average size of the informal economy in Jordan over the period 1991-2015 was estimated at 17.4% of GDP and may have increased in both size and as a percentage of GDP in recent years as a result of the arrival of large numbers of Syrian refugees, in particular, in the agriculture, construction, food services, retail trade and home-based production sectors. See "*Risk Factors—Risks Relating to the Kingdom—Syrian Refugees*" and "*Risk Factors—Risks Relating to the Kingdom—Informal Economy*" and "*Description of the Hashemite Kingdom of Jordan—International Relations—Syria—Impact of the Syrian Refugee Crisis on Jordan*".

Competition Law

The National Assembly has passed two laws in relation to competitive conduct, the Unfair Competition and Trade Secrets Law № 15 of 2000 and the Competition Law № 33 of 2004 (the "**Competition Law**"). For the purposes of implementing the Competition Law, a competition directorate has been established as part of the Ministry of Industry and Trade in order to spread the competition culture, set Jordan's competition policy, conduct any necessary investigations or practices that may contravene competition, deal with competition complaints and requests for economic concentration activities and exemptions, cooperate with foreign competition entities and issue opinions clarifying competition matters.

Social Programmes

As part of its efforts to combat poverty and unemployment and mitigate their negative impact on the economy, the Government has implemented several social programmes, the most important of which are: cash assistance programmes (such as the National Aid Fund and Zakat Fund); microfinance and SME programmes (such as the Development and Employment Fund and the ACC); and programmes dealing with housing, training, rehabilitation and public services.

The Government is also implementing several programmes with international parties, including: the Fighting Poverty through Local Development Project, which is funded by the EU; the Social Protection Enhancement Project, which is partially funded by the World Bank; and the Employer-Driven Skills Development Project, which is also partially funded by the World Bank. In December 2014, the Government launched the JRP, which appealed for U.S.$2.91 billion of assistance to respond to the impact of the Syria crisis on Jordan. In 2016, the Government published a new JRP for the period 2016-18. The new JRP is a rolling plan; at the end of 2016, the JRP was reviewed, and a new JRP for 2017-19 was published and at the end of 2017 a JRP for 2018-20. The plan aims to bridge humanitarian and development assistance in Jordan to address the needs of refugees and vulnerable host communities, while ensuring alignment with national priorities. The implementation of the plan is being coordinated by the Jordan Response Platform to the Syria Crisis based in MOPIC. In February 2016, the Jordan Compact was adopted at the conference on "Supporting Syria and the Region" in London. The Jordan Compact aims to turn the Syria refugee crisis into a development opportunity that attracts new investments and creates jobs for Jordanians and Syrian refugees living in Jordan. See "*Risk Factors—Risks Relating to the Kingdom—Syrian Refugees*" and "*Description of the Hashemite Kingdom of Jordan—International Relations—Syria*".

The Government, together with the United Nations Development Programme ("**UNDP**"), has developed a Poverty Reduction Strategy for 2013 to 2020. The overall goal of the Poverty Reduction Strategy is to contain and reduce poverty, vulnerability and inequality in Jordan's socio-economic environment, through the adoption of a holistic and results-oriented approach, which targets poor and below middle class households.

The reduction of poverty in Jordan is also a key aim of Jordan 2025, which targets the reduction of the percentage of the population in absolute poverty from 14.4% in 2010 to 8% by 2025. Jordan 2025 set out a number of priority objectives to address poverty and social protection matters, including, among others, creating a national information bank, eliminating food poverty and hunger in Jordan, offering qualitative training, promoting investment in the poorest areas of Jordan, increasing education, updating the national strategy for persons with disabilities, increasing the participation of women in all aspects of society and introducing measures to enhance social protection and community responsibility.

Vocational Training Corporation

The Vocational Training Corporation provides training programmes for Jordanian and non-Jordanian youths aged 16 and above, with the aim of preparing a trained and qualified labour force in various fields according to labour market needs, in partnership with the private sector and non-governmental organisations at both the national and regional level. The Vocational Training Corporation provided training for 20,316 people in 2019.

The National Employment and Training Company

The National Employment and Training Company (the "**NETC**"), which is 51% owned by the Kingdom Investment Group and 49% owned by the Vocational Training Company, is a non-profit company that aims to reduce the rates of unemployment, combat poverty and promote domestic workers through training and employment, particularly in construction and related sectors and in rural areas of Jordan. The NETC also intends to include Syrian refugees in its programmes. The NETC works in coordination with the Ministry of Labour and the private sector. The NETC provided training for 2,245 people in 2019 in 18 programmes, as compared to 2,225 people in 2018 and 1,816 people in 2017, with an overall employment rate of 70%, according to Social Security Corporation and NETC data.

National Aid Fund

The National Aid Fund provides social services and programmes aimed at alleviating poverty by granting targeted supplementary income and emergency aid to families in Jordan. By end of 2021, the Government had achieved a total of 89,000 additional households under the new regular cash transfer programme "Takaful" and increased the budget for National Aid Fund from the baseline of JD 100 million established in 2018 to JD 200 million. As of February 2022, the Government has decided to increase the cash transfer budget of the National Aid Fund further, to JD 240 million, and to increase the number of households that benefit under the expanded Takaful cash transfer programme to 120,000.

The assessment formula under Takaful uses 57 socioeconomic indicators, comprising a model for estimating *per capita* consumption and income. Data from the national Household Income and Expenditure Survey shows that Takaful's assessment methodology is an effective way of gauging the poverty level of households.

The World Bank has supported the cash transfer expansion and enhancement through the Jordan Emergency Cash Transfer COVID-19 Response Parent Project, the first additional financing, and the second additional financing, totalling approximately U.S.$1 billion of support for approximately 400,000 low-income households through temporary and regular cash transfers between 2020 and 2024, including financing the regular Takaful cash transfers for 120,000 beneficiary households, as well as approximately 50,000 beneficiary households under the National Aid Fund, which will be transferred to the Takaful programme.

In addition to expanded coverage, the Government improved the cash transfer programme by automating the delivery chain processes (registration, data verification, enrollment, payments digitisation to beneficiaries, and applying a grievance and redress mechanism). Financial inclusion rates improved by 50% in 2020, accelerated by the use of e-wallets for making disbursements to National Aid Fund beneficiaries.

The National Aid Fund provides assistance to over 108,000 beneficiaries under its monthly aid programme, with a further 88,971 beneficiaries receiving assistance under the Takaful 1 Supplementary Support Programme, 241,419 beneficiaries under the Takaful 2 Emergency Cash Assistant Programme, 160,000 beneficiaries under the Takaful 3 Temporary Cash Assistant Programme, 10,392 beneficiaries under the Emergency Aid Programme, 800 beneficiaries under the Physical Rehabilitation Aid Programme, 11,809 beneficiaries under the Additional Aid Programme, 104,000 beneficiaries under the Winter Aid Programme, and 1,068,347 beneficiaries under the Bread Cash Subsidy Programme.

Development and Employment Fund

The Development and Employment Fund provides direct and indirect lending by approved intermediary institutions with the aims of eradicating poverty and unemployment and supporting sustainable development. In addition, the Development and Employment Fund provides support services and training, and conducts field studies and surveys to identify lending and training needs in Jordan. In 2014, the Development and Employment Fund concluded a training programme on microfinance for SMEs. In May 2015, the Development and Employment Fund launched a six-year project to extend loans to small-scale farmers.

The following table sets forth certain indicators for the Development and Employment Fund for the periods indicated.

Principal Indicators of the Development and Employment Fund

	2015	2016	2017	2018	2019
Number of projects funded	7,165	4,996	2,338	3,253	2,665
Number of job opportunities created	9,947	13,153	4,726	6,876	4,608
Loans extended (*JD millions*)	31.7	46.3	18.1	27.6	24.1

Source: Development and Employment Fund

In 2013, the USAID-funded One-Stop-Shop Employment Opportunities Gateway was established, which permits young job seekers to access comprehensive employment services offering guidance services, workshops, life-skills training, job fairs and entrepreneurship support in one location. The gateway offers training courses delivered by representatives of the Technical and Vocational Training Corporation and the National Company for Employment and Training, in addition to funding for small projects through the Development and Employment Fund's on-site lending office.

King Abdullah II Fund for Development

The King Abdullah II Fund for Development ("**KAFD**") was established by a Royal Decree in 2001 as a non-governmental organisation. Its aim is to support the Jordanian community by driving human and infrastructure development, implementing projects that help alleviate poverty and unemployment in partnership with the public and private sector. KAFD's mission is to assist and facilitate balanced development across the governorates by supporting efforts to increase productivity, establish productive entrepreneurial projects for citizens, and encourage increased community awareness, thereby improving living standards for all Jordanians and society as a whole.

KAFD's activities focus on two main areas: (i) non-profit programmes and initiatives that support the needs of target groups (principally young people), under five broad areas, *Social Entrepreneurship*, *Employability Development*, *Communication and Awareness*, *Capacity Building*, and the *All Jordan Youth Commission*; and (ii) for-profit investment projects that contribute to comprehensive development in different governorates by establishing pilot production projects that help reduce poverty and unemployment.

Examples of non-profit development programmes implemented by KAFD include financing university students and graduation projects, providing logistical support to young Jordanians to innovate and secure employment, running internship and leadership schemes, and sponsoring a regional social innovation award, The King Abdullah II Award for Youth Innovation and Achievement. KAFD also has an active youth arm in the regions, the All Jordan Youth Commission, which encourages young Jordanians to become active citizens in their home communities. KAFD operates a network of career guidance offices in 27 public and private universities across Jordan.

Examples of for-profit investment projects pursued by KAFD include the establishment of the National Microfinance Bank, the leading early stage and seed investment company Oasis500, the Royal Academy of Culinary Arts (which aims to boost vocational education in Jordan and the region), the Jordan Agricultural Produce Promotion Company (which aims to support agricultural production and exports), the Jordanian Heritage Revival Company (which aims to promote Jordan as an international tourism destination), and Spica Media Production (which aims to develop the Jordanian film industry). In the tourism sector, KAFD funded the re-enactment of historical civilisations and events at various tourist sites.

National Microfinance Bank

The National Microfinance Bank was established in 2006 to help combat poverty and unemployment by providing loans and financial services to SMEs. The total loans extended by the National Microfinance Bank increased by 10% in 2016 to JD 31.5 million, distributed between projects in the productive sectors and projects to improve living conditions, including, education, home improvements and energy efficiency projects. The total loans in 2019 amounted to JD 51.1 million.

In 2013, the National Microfinance Bank launched a micro-insurance programme offering all its clients to health insurance coverage for cancer and in-patient conditions. In January 2015, the National Microfinance Bank introduced a special programme for breast cancer cover.

In 2014, the National Microfinance Bank and UNDP launched a joint project (in the context of the wider "Mitigating the impact of the Syrian Refugees Crisis on the Jordanian Vulnerable Host Communities Project") to train and provide financial and non-financial services to more than 800 beneficiaries in the Northern Badia area. National Microfinance Bank's contribution helped to establish and develop a number of small enterprises in the targeted area.

In 2015, the National Microfinance Bank had 62,552 active clients and a total gross portfolio of JD 200.7 million. In June 2015, regulatory oversight of the National Microfinance Bank was transferred to the CBJ.

Social Security

The previous social security law was passed in 2001 to guarantee employee pension, disability and death benefits and to cover medical expenses of employees during the course of their employment. To cover the cost of these benefits, 5.5% of the employee's salary, plus a contribution from the employer equivalent to 11% of the employers' monthly salaries, is deducted and paid to the Social Security Corporation at the beginning of each month.

In January 2014, a new social security law came into force, which gradually phases in increases in social security rates. Pursuant to this law, in 2015, social security contribution rates increased to 7% of the employee's salary, plus an employer's contribution of 13.3% of monthly salaries. In 2016, contributions further increased to 7.3% of the employee's salary, plus an employer's contribution of 13.8%. Contributions increased by an additional 0.25% and 0.5%, respectively, in 2017. The law also modified the income base upon which social security contributions are applied and links annual raises of pensions with inflation rates or growth in the annual average increase in salaries in Jordan, whichever is less.

According to preliminary figures published by the Social Security Corporation, revenues of the Social Security Corporation and Social Security Investment Fund were JD 2,525.6 million in 2021, of which social security contributions were JD 1,894.7 million and expenditures were JD 1,540.1 million. Net income for the SSIF increased to JD 575 million in 2021 from JD 509 million in 2020. As at 31 December 2021, the total assets of the SSIF were JD 12.3 billion, as compared to JD 11.2 billion as at 31 December 2018. The SSIF's assets have increased from JD 1.6 billion at its inception at the beginning of 2003 to JD 12.3 billion as at 31 December 2021. This increase comprises two components, JD 5.6 billion from the Fund's income, and JD 5 billion from Social Security Corporation contributions. As at 31 March 2022, total assets of the SSIF were JD 12.3 billion, and total income for the quarter was JD 175.3 million (as compared to JD 137.3 million during the corresponding period of 2021).

Government debt held by the SSIF totalled 4,869 million as at 31 December 2017, JD 5,194 million as at 31 December 2018, JD 5,750 million as at 31 December 2019, JD 6,150 million as at 31 December 2020, and JD 6,634 million as at 31 December 2021.

Foreign Assistance

Jordan is reliant on foreign assistance in the form of budget support and aid to finance development projects. Such support has been crucial in assisting Jordan to continue its development and reform agenda as well as tackling the impact of regional crises, including the Syrian refugee influx and the interruption of the gas supply from Egypt. The bulk of foreign aid committed in recent years was extended in the form budget support (whether budget support grants or loans) in addition to support extended to implement priority development projects across key sectors and to the successive Jordan Response Plans.

Committed foreign assistance was JD 1,695.6 million in 2021 and is expected to be JD 2,284.7 million in 2022. This includes committed budget support grants and loans, grant and loan funded development projects (in the sectors of water and wastewater, education, health, municipal services, agriculture, employment, among others). This support excludes foreign assistance to finance priorities under the Jordan Response Plan. See "*Description of the Hashemite Kingdom of Jordan—International Relations—Syria—Jordan Response Plan*".

The Government's budget is supported by foreign grants. Foreign grants amounted to JD 788.4 million in 2019 (about 10.2% of total public revenues), JD 790.8 million in 2020 (about 11.3% of total public revenues) and to JD 803.3 million in 2021 (about 9.9% of total public revenues). Under the 2022 Budget Law, foreign grants are estimated at JD 848 million. Foreign grants (under the Budget Law) are extended principally by the following partners: the United States, the European Union, the GCC, and Canada. Additionally, JD 1,437.2 million is expected to be disbursed as budget support loans (including IMF disbursements under the Extended Fund Facility Program).

Moreover, several donors and MDBs have been providing budgetary support loans mainly in the form of development policy loans or sector policy loans, including the World Bank, the *Agence Française de Développement*, the European Union, Germany, and Japan. Jordan has also benefited from the Global Concessional Financing Facility (managed by the World Bank) in grant amount of U.S.$595.19 million blended with IBRD, EBRD and Islamic Development Bank loans of U.S.$1.55 billion.

Jordan's principal source of foreign assistance is the United States. The United States has committed grants over the period 2018-2022 in an aggregate amount of U.S.$1.275 billion, as economic and military aid to Jordan on an annual basis, of which at least U.S.$950 million will be extended as economic aid. The United States made additional grants of U.S.$250 million and U.S.$300 million above committed levels in 2018 and 2019, respectively. Other key partners include: Germany, which committed grants, loans (including the development policy loans) and technical assistance totalling €462.12 million in 2018 and €729.4 million in 2019; the European Union, which committed grants of €245.5 million in 2018 and 2019; Japan, which committed U.S.$335.5 million in 2018-2019, of which U.S.$300 million was a development policy loan; the GCC, which has committed grants totalling U.S.$5.0 billion, of which U.S.$3.75 billion has been disbursed by Saudi Arabia, Kuwait and UAE. This is in addition to the committed support package approved at the June 2018 Mecca Summit of U.S.$2.66 billion in the form of budget support grants, concessional loans, guarantees, and deposits at the Central Bank of Jordan.

See "*Risk Factors—Risks Relating to the Kingdom—Foreign grants*", "*Description of the Hashemite Kingdom of Jordan—International Relations—GCC*" and "*Public Debt—International Institutions*".

EXTERNAL SECTOR

General

The current account deficit was JD 2,822.7 million in 2021 (8.8% of GDP), as compared to JD 1,778.9 million (5.7% of GDP) in 2020, an increase in the deficit of JD 1,043.8 million, or 58.7%, primarily as a result of a 33.7% increase in the trade deficit partially offset by a net improvement in the services account, which recorded a surplus of JD 273.8 million as compared to a deficit of JD 421.7 million in 2020. The volume of external trade (domestic exports plus imports) increased by 23.8% in 2021 to JD 21,384.6 million, as compared to JD 17,279.5 million in 2020, meanwhile the volume of external trade during the first month of 2022 increased by 24.3% compared to the same period of 2021. This increase was primarily due to a 22.5% increase in imports and a 29.3% increase in domestic exports. See "*—Foreign Trade*".

The capital and financial account recorded a net inflow of JD 1,329.8 million in 2021, as compared to JD 1,900.0 million in 2020, a decrease of JD 570.2 million, or 30.0%. This inflow was primarily a result of net FDI inflows of JD 430.2 million, net portfolio investment outflows of JD 165.0 million, other investment net inflows of JD 2,739.5 million as a result of an increase in loan drawings by both general government and other sectors of JD 1,235.3 million and JD 161.7 million, respectively, and an increase of currency and deposits of non-residents held by the banking system of JD 681.8 million. There was also an increase in CBJ reserve assets of JD 1,692.1 million.

Net foreign assets held by the banking system increased by JD 260.5 million, or 3.4%, from JD 7,562.0 million as at 31 December 2020 to JD 7,822.5 million as at 31 December 2021. Net foreign assets held by the banking system decreased by JD 322.4 million, or 4.1%, during the first quarter of 2022. See "*Monetary System—The Jordanian Banking Sector*".

Jordan's external debt (public and private) as at 31 December 2021 was JD 27,784.9 million, as compared to JD 25,464.7 million as at 31 December 2020, representing an increase of 9.1%. Public sector external debt accounted for 40.9% of total external debt as at 31 December 2021. Jordan's external debt (public and private) to GDP ratio increased to 86.5% as at 31 December 2021 from 82.1% as at 31 December 2020. See "*Public Debt—External Debt*".

On Thursday, 24 February 2022, the Department of Statistics released export data for the Kingdom for 2021, noting that overall domestic exports and imports increased by 19.7% and 25.4%, respectively, as compared to 2020. Accordingly, the trade deficit has increased by 31.9% in 2021, as compared to decreasing by 14.4% in 2020.

Balance of Payments

The following table sets forth data on Jordan's balance of payments for the periods indicated.

Balance of Payments(1)(2)

	2017	2018	2019	2020	2021
			(JD millions)		
Current account	**(3,119.1)**	**(2,103.4)**	**(549.1)**	**(1,778.9)**	**(2,822.7)**
Trade balance (net)	(7,593.3)	(7,314.5)	(6,201.9)	(5,243.9)	(7,009.2)
Exports, f.o.b.	5,333.1	5,502.7	5,905.3	5,639.7	6,643.8
Imports, f.o.b.	12,926.4	12,817.2	12,107.2	10,883.6	13,653
Services account	1,391.0	1,760.1	2,088.6	(421.7)	273.8
Income account	(146.8)	(141.6)	5.3	(88.3)	(164.9)
Current transfers (net)	3,230.0	3,592.6	3,558.9	3,975.0	4,077.6
Capital and financial account	**(2,391.9)**	**(2,835.7)**	**(779.6)**	**(1,900.0)**	**(1,329.8)**
Capital account	30.0	24.0	18.0	17.2	17.2
Financial account	(2,361.9)	(2,811.7)	(761.6)	(1,882.8)	(1,312.6)
Direct investment	(1,436.4)	(683.4)	(487.3)	(521.1)	(430.2)
Abroad (net)	4.7	(5.4)	30.8	18.7	11.3
In Jordan (net)	1,441.1	678.0	518.1	539.8	441.5
Portfolio investment (net)	(676.8)	129.7	757.4	(301.6)	165.0
Other investment (net)	(156.3)	(1,581.8)	(1,436.8)	(1,847.3)	(2,739.5)
Reserve assets	(92.4)	(676.2)	405.1	787.2	1,692.1
Net errors and omissions	**727.2**	**(732.3)**	**(230.5)**	**(121.1)**	**1,492.9**
			(%)		
Current account/GDP(3)	(10.6)	(6.9)	(1.7)	(5.7)	(8.8)
Trade balance/GDP(3)	(25.8)	(24.0)	(19.6)	(16.9)	(21.8)
Services account/GDP(3)	4.7	5.8	6.6	(1.4)	0.9
Income account/GDP(3)	(0.5)	(0.5)	0.0	(0.3)	(0.5)
Current transfers (net)/GDP(3)	11.0	11.8	11.3	12.8	12.7
Direct investment (net)/GDP(3)	4.9	2.2	1.5	1.7	1.3
Gross foreign reserves (*U.S.$ millions*)	14,391.8	13,392.2	14,329.3	15,919.7	18,043.2
Coverage (*in months of prospective imports of goods and non-factor services*)	7.5	7.3	9.4	8.7	9.5

Source: CBJ

Notes:
(1) Certain figures in this table have been revised and may differ from previously published data.
(2) Descriptions of items in the balance of payments are set out in the IMF's Balance of Payments and International Investment Position Manual (Sixth Edition) (BPM6).
(3) Based on GDP at current market prices.

Current Account

The Kingdom's trade deficit fluctuated in the period 2017-2021, but the levels of imports significantly exceeded the levels of exports in each year. The trade deficit decreased by JD 584.1 million from 2017 to 2021.

In 2021, imports (FOB) increased by JD 2,769.4 million (25.4%), as compared to 2020. Imports (FOB) were JD 13,653.0 million in 2021, as compared to JD 10,883.6 million in 2020. This was primarily due to a 44.0% increase in energy imports and a 22.5% increase in non-energy imports.

Total exports (domestic exports plus re-exports) increased from JD 5,639.7 million in 2020, to JD 6,643.8 million in 2021, an increase of JD 1,004.1 million, or 17.8%. This was primarily due to increases in exports of chemicals, clothes, phosphates and potash.

The current account deficit was JD 2,822.7 million in 2021, as compared to JD 1,778.9 million in 2020, representing an increase in the deficit of JD 1,043.8 million, or 58.7%, primarily as a result of a 33.7% increase in the trade deficit, which was partially offset by a net improvement in the services account from a deficit of JD 421.7 million in 2020 to a surplus of JD 273.8 million in 2021. This increase was primarily due to an increase in tourism receipts in 2021 of 95.8%.

See "*—Foreign Trade*".

The primary income account deficit increased by JD 76.6 million, or 86.7%, to JD 164.9 million in 2021, as compared to JD 88.3 million in 2020.

The secondary income account surplus increased by JD 102.6 million, or 2.6%, from JD 3,975.0 million in 2020 to JD 4,077.6 million in 2021. This increase was primarily due to an increase in general government transfers and an increase in other sector net current transfers.

Capital and Financial Account

The capital and financial account recorded a net inflow of JD 1,329.8 million in 2021, as compared to JD 1,900.0 million in 2020, a decrease of JD 570.2 million, or 30.0%. This inflow was primarily a result of net FDI inflows of JD 430.2 million, net portfolio investment outflows of JD 165.0 million, other investment inflows of JD 2,739.5 million as a result of an increase in loan drawings by both general government and other sectors of JD 1,235.3 million and JD 161.7 million, respectively, and an increase of currency and deposits of non-residents held by the banking system of JD 681.6 million. There was also an increase in CBJ reserve assets of JD 1,692.1 million. See "*Public Debt*".

Foreign Trade

The following table sets forth certain external trade indicators for the periods indicated.

External Trade Indicators(1)

	2017	2018	2019	2020	2021
			(JD millions)		
Total exports	5,333.1	5,502.7	5,905.3	5,639.7	6,643.8
Domestic exports	*4,504.2*	*4,674.7*	*4,995.7*	*5,044.1*	*6,039.5*
Re-exports	*828.9*	*828.0*	*909.6*	*595.7*	*604.3*
Imports(2)	14,553.7	14,420.0	13,611.0	12,235.4	15,345.1
Total foreign trade(3)	**19,057.9**	**19,094.7**	**18,606.6**	**17,279.5**	**21,384.6**
Trade balance(4)	**(9,220.6)**	**(8,917.3)**	**(7,705.7)**	**(6,595.6)**	**(8,701.3)**

Source: CBJ

Notes:

(1) Certain figures in this table have been revised and may differ from previously published data.
(2) Including imports of non-residents.
(3) Domestic exports (not including re-exports) plus imports.
(4) Total exports minus imports.

The Government has implemented several measures aimed at increasing foreign trade. A number of sectors benefit from exemptions and reductions in customs duties under the Investment Law (as defined below) including exemptions from custom duties on imported fixed assets and raw materials. The Investment Promotion Law instituted simplified licensing and registration procedures and the Investment Law introduced a "one-stop shop" for investment and established the Jordan Investment Commission and development centres. See "*—Investment Promotion*".

The Government has also overhauled Jordan's customs legislation to streamline the process of importing and exporting goods. Such measures have included introducing a simplified export procedure for local products, reducing the number of officials involved and cutting the time needed for goods to clear customs. The number of customs procedures and approvals required to import or export goods have also been significantly reduced in recent years.

Jordan is a party to a number of free trade agreements with both Arab and non-Arab countries, including the United States. In addition, Jordan has entered into a number of bilateral investment treaties and international investment agreements. See "*Description of the Hashemite Kingdom of Jordan—International Relations*".

In July 2016, the Government and the EU announced plans to simplify the rules of origin that Jordanian importers apply in trading with the EU. Under the terms of these relaxed trade rules, which are aimed at improving employment opportunities and conditions for Syrian refugees in Jordan, Jordanian manufacturers that employ a certain number of refugees would pay lower or no duties on certain of their exports to EU countries over the next ten years. This measure is expected to boost investment and create jobs both for Jordanians and for refugees living in Jordan. The relaxation of these rules of origin was made following the EU's commitment to review the rules at the London conference on the Syrian crisis held in February 2016 and as part of the Jordan Compact. The Government developed an export diversification strategy for advanced economies, including the EU, to help increase the market share of Jordanian products in these countries, which it published at the end of June 2017.

In October 2016, the U.S. Department of Labor lifted restrictions on the import of garment products from Jordan into the United States. It is anticipated that this will have a positive effect on the volume of Jordanian exports to the United States.

Jordan 2025 identifies a number of policies and initiatives to increase foreign trade, including adopting and implementing a national export strategy, completing negotiations with trading partners including the EU, GCC countries and Mexico, updating the national trade policy, developing trade relations and legal frameworks with non-traditional markets, developing a plan for the promotion of exports of goods and services in certain promising sectors and directing technical support programmes at existing companies to enable them to access new markets. In conjunction with these measures, Jordan 2025 targets certain trade facilitation measures, including establishing logistics centres in Aqaba and along border areas and adapting a multimodal transport law. Jordan 2025 targets an increase in national exports of 10% by 2025, from 2015 levels.

Total foreign trade was JD 21,384.6 million in 2021, representing an increase of JD 4,105.1 million, or 23.8%, as compared to 2020. Total foreign trade was JD 19,057.9 million in 2017, increasing by 0.2% to JD 19,094.6 million in 2018, decreasing by 2.6% to JD 18,606.7 million in 2019 and by 7.1% to JD 17,279.4 million in 2020. Over the period 2017-2021, imports have increased by an average of 3.0%, whereas exports have increased by 4.7% (representing an increase of 6.8% in domestic exports and a decrease of 7.4% in re-exports). The increase in exports has principally been driven by increase in exports to the United States, the GCC and India, and the increase in clothes, chemicals, potash and phosphate exports due the increase in international demand and the increase in the global prices. The increase in imports has principally been driven by increases in energy imports of 44.0%, which was primarily due to the impact of higher international oil prices, and an increase in non-energy imports of 22.5%.

Merchandise Exports

Merchandise exports (*i.e.,* domestic exports and re-exports) increased by JD 1,004.0 million, or 17.8%, to JD 6,643.8 million in 2021, as compared to JD 5,639.8 million in 2020. The ratio of merchandise exports to GDP increased to 20.7%, as compared to 18.2% in 2020. Preliminary data from the Department of Statistics show domestic exports increasing by 37.2% during the first two months of 2022, as compared to the same period in 2021.

Domestic Exports

The following table sets forth data on domestic exports by product for the periods indicated.

Domestic Exports by Product(1)

	2017	2018	2019	2020	2021
			(JD millions)		
Food and live animals, of which:	**727.1**	**649.6**	**668.0**	**695.8**	**803.9**
Live Animals	116.7	70.7	113.3	108.0	91.4
Dairy Products and Eggs	30.3	38.4	42.8	54.4	60.2
Cereal and Cereal Preparations	17.9	23.1	31.1	31.1	48.8
Vegetables	282.3	226.4	185.7	176.1	172.2
Fruits and nuts	112.8	106.6	103.2	102.2	193.7
Fodder	26.2	33.6	21.8	37.4	32.1
Beverages and tobacco	**62.7**	**58.9**	**55.9**	**44.9**	**50.8**
Beverages	18.9	19.8	17.6	18.8	18.5
Tobacco and Manufactured Tobacco Substitutes	43.8	39.1	38.3	26.1	32.3
Crude materials except fuels, of which:	**711.1**	**744.8**	**778.8**	**707.9**	**1,024.4**
Phosphates	282.0	261.8	275.8	243.1	377.0
Potash	331.0	384.4	419.1	380.3	513.1
Mineral fuels, lubricants and related materials	**5.5**	**80.1**	**84.0**	**67.2**	**42.7**
Animal and vegetable oils, fats and waxes	**3.1**	**2.4**	**2.1**	**6.0**	**4.3**
Vegetable fats or oils	0.2	0.0	0.1	0.2	0.1
Chemicals, of which:	**1,091.7**	**1,166.0**	**1,264.9**	**1,475.5**	**1,885.4**
Complex fluorine salts	2.0	4.5	7.0	4.8	5.8
Sulphuric acid; oleum	1.3	0.4	0.0	0.0	0.0
Carbonates	17.4	16.5	17.2	16.0	29.4
Phosphoric acid	109.2	99.7	135.9	240.6	440.7
Dyeing, tanning and colouring materials	37.1	41.2	41.2	38.4	44.9
Medical and pharmaceutical products	447.0	446.8	435.7	423.2	421.4
Polishing & cleaning preparations & perfume materials	91.5	108.5	128.6	153.5	143.8
Plastic & articles thereof	48.8	48.8	44.8	35.5	48.9
Fertilizers	148.4	192.9	185.3	263.8	425.4
Manufactured goods classified by material, of which:	**389.4**	**364.4**	**391.8**	**355.9**	**500.6**
Paper and cardboard	110.1	108.4	99.7	91.9	94.0
Textile yarn, fabrics, made up articles & related products	40.0	33.7	38.8	45.9	47.6
Cement	26.6	29.9	41.1	32.7	39.1
Worked monumental or building stone	45.3	31.7	31.4	18.9	10.6
Machinery and transport equipment, of which:	**158.7**	**183.4**	**150.4**	**135.0**	**198.6**
Buses	0.4	0.5	0.4	0.0	0.0
Miscellaneous manufactured articles, of which:	**1,328.1**	**1,415.7**	**1,513.6**	**1,293.0**	**1,478.6**
Clothes	1,101.5	1,228.9	1,384.6	1,160.7	1,277.6
Footwear	0.5	0.4	0.6	0.2	0.3
Printed matter	6.0	7.3	5.0	8.2	6.0
Plastic products	79.1	70.3	61.9	52.0	47.3
Commodities and transactions not classified elsewhere	**26.9**	**9.4**	**86.2**	**262.9**	**50.1**
Total exports	**4,504.2**	**4,674.7**	**4,995.7**	**5,044.1**	**6,039.5**

Source: CBJ

Note:
(1) Certain figures in this table have been revised and may differ from previously published data.

The following tables set forth the destination of domestic exports from Jordan for the periods indicated.

Geographic Distribution of Domestic Exports[(1)]

	2017		2018		2019		2020		2021	
	Value	**of total**	**Value**	**of total**	**Value**	**of total**	**Value**	**of total**	**Value**	**of total**
	(JD millions)	*(%)*	*(JD millions)*	*(%)*	*(JD millions)*	*(%)*	*(JD millions)*	*(%)*	*(JD millions)*	*(%)*
Arab countries, of which:	**2,075.2**	**46.1**	**2,030.4**	**43.4**	**2,078.6**	**41.6**	**2,015.9**	**40.0**	**2,270.8**	**37.5**
Saudi Arabia	*571.5*	*12.7*	*503.7*	*10.8*	*549.0*	*11.0*	*576.2*	*11.4*	*733.4*	*12.1*
Iraq	*367.8*	*8.2*	*469.4*	*10.0*	*425.0*	*8.5*	*444.4*	*8.8*	*412.0*	*6.8*
United Arab Emirates	*203.5*	*4.5*	*184.3*	*3.9*	*186.4*	*3.7*	*183.0*	*3.6*	*160.8*	*2.7*
Syria	*31.2*	*0.7*	*33.0*	*0.7*	*53.0*	*1.1*	*35.0*	*0.7*	*56.4*	*0.9*
Lebanon	*84.5*	*1.9*	*76.0*	*1.6*	*80.0*	*1.6*	*55.2*	*1.1*	*31.7*	*0.5*
Kuwait	*239.8*	*5.3*	*171.3*	*3.7*	*209.3*	*4.2*	*160.9*	*3.2*	*159.5*	*2.6*
EU countries	**124.1**	**2.8**	**141.7**	**3.0**	**144.6**	**2.9**	**153.3**	**3.0**	**197.3**	**3.3**
Other European countries	**17.4**	**0.4**	**11.9**	**0.3**	**38.4**	**0.8**	**179.2**	**3.6**	**54.2**	**0.9**
NAFTA and South American countries, of which:	**1,167.1**	**25.9**	**1,297.0**	**27.7**	**1,482.1**	**29.7**	**1,309.5**	**26.0**	**1,739.2**	**28.8**
United States	*1,112.6*	*24.7*	*1,228.5*	*26.3*	*1,381.9*	*27.7*	*1,220.5*	*24.2*	*1,586.5*	*26.3*
Asian countries, of which:	**840.8**	**18.7**	**943.0**	**20.2**	**970.3**	**19.4**	**1,073.3**	**21.3**	**1,418.9**	**23.5**
India	*382.7*	*8.5*	*485.7*	*10.4*	*496.1*	*9.9*	*603.5*	*12.2*	*906.6*	*15.0*
Indonesia	*106.9*	*2.4*	*94.2*	*2.0*	*96.8*	*1.9*	*89.7*	*1.8*	*119.8*	*2.0*
Malaysia	*29.2*	*0.6*	*64.9*	*1.4*	*25.9*	*0.5*	*36.0*	*0.7*	*40.4*	*0.7*
Other countries	**279.6**	**6.2**	**250.8**	**5.4**	**281.8**	**5.6**	**312.8**	**6.2**	**359.0**	**5.9**
Total	**4,504.2**	**100.0**	**4,674.7**	**100.0**	**4,995.7**	**100.0**	**5,044.1**	**100**	**6,039.5**	**100.0**

Source: CBJ

Note:

(1) Certain figures in this table have been revised and may differ from previously published data.

In 2021, the United States was the largest importer of Jordanian goods, purchasing 26.3% of Jordanian domestic exports. India was Jordan's second largest trading partner, purchasing 15.0% of Jordanian exports, followed by Saudi Arabia with 12.1%. The top six importers of Jordanian exports (the United States, India, Saudi Arabia, Iraq, Kuwait and the United Arab Emirates) collectively accounted for 65.5% of domestic exports during 2021, as compared to 65.5% in 2020.

The general price index of domestic exports increased by 10.5% to 232.8 in 2021, as compared to 210.6 in 2020, while the quantity index increased by 8.3% to 326.2 in 2021, as compared to 301.1 in 2020.

Re-exports

In 2021, re-exported commodities increased by JD 8.6 million, or 1.4%, to JD 604.3 million, as compared to JD 595.7 million in 2020. Consumer goods and capital goods accounted for approximately 60.0% of total re-exports in 2021 with 26.9% of re-exports being imported by the United States, the United Arab Emirates, Syria, Iraq and Saudi Arabia in 2021. Preliminary data from the Department of Statistics show re-exports increasing by 17.2% during the first two months of 2022, as compared to the same period in 2021.

Imports

The following table sets forth the levels of Jordanian imports by product for the periods indicated.

Imports by Product[(1)]

	2017	2018	2019	2020	2021
			(JD millions)		
Food and live animals, of which:	**2,461.8**	**2,420.5**	**2,405.5**	**2,592.6**	**2,873.5**
Live animals	126.2	100.1	113.3	188.8	209.1
Meat, fish and preparations thereof	362.5	359.4	354.9	345.3	375.1
Dairy products and eggs	193.1	192.5	197.4	206.8	222.2
Wheat and flour of wheat	172.6	192.5	149.9	219.3	279.2
Rice	114.8	123.4	141.0	138.1	127.5
Barley	125.8	140.1	151.5	85.6	146.3
Maize	138.8	131.2	114.7	115.7	167.5
Fruits, vegetables and nuts	386.2	348.2	377.1	400.1	377.0
Sugar	134.9	103.8	83.8	115.6	108.4
Coffee, tea, cocoa, spices and manufactures thereof	207.3	234.9	224.2	240.1	252.2
Fodder	169.7	160.2	151.4	159.2	188.0
Beverages and tobacco, of which:	**142.2**	**135.7**	**120.0**	**157.8**	**166.0**
Tobacco and tobacco manufactures	54.0	50.0	34.0	53.4	48.7
Crude materials except fuels, of which:	**229.1**	**251.5**	**253.1**	**269.5**	**313.2**
Oil seeds oleaginous fruit	38.4	48.7	58.6	69.2	64.2
Wood and cork	56.0	60.7	48.4	48.1	56.8
Pulp and waste paper	42.1	46.6	37.9	37.6	38.2
Textile fibres and their wastes	20.9	20.0	19.8	26.2	27.5
Crude minerals and crude fertilizers	16.6	22.4	35.6	32.5	51.1
Mineral fuels, lubricants and related materials, of which:	**2,425.0**	**2,999.6**	**2,552.4**	**1,317.1**	**1,895.9**
Crude oil	776.8	875.8	782.1	411.9	747.1
Petroleum products	763.6	1,052.0	971.3	552.6	880.6
Animal and vegetable oils, fats and waxes, of which:	**118.4**	**118.6**	**108.4**	**119.5**	**170.2**
Crude palm oil	0.6	0.2	0.1	0.0	0.0
Chemicals, of which:	**1,479.2**	**1,576.8**	**1,550.4**	**1,647.6**	**1,958.8**
Ammonia	0.1	0.0	16.8	32.7	88.9
Dyeing, tanning and colouring materials	61.1	64.1	60.5	63.1	75.7
Medical and pharmaceutical products	440.0	457.2	443.7	487.3	543.4
Polishing & cleaning preparations & perfume materials	215.6	236.1	235.7	235.4	241.6
Fertilizers	25.7	23.6	26.9	25.7	29.3
Plastic and articles thereof	404.9	424.6	378.1	344.4	467.1
Manufactured goods classified by material, of which:	**2,072.0**	**2,233.6**	**2,166.7**	**1,924.1**	**2,286.5**
Rubber products	66.2	57.2	61.6	66.2	73.8
Cork and wood manufacturers	72.9	67.8	64.1	60.6	99.6
Paper and cardboard	230.1	240.1	221.0	198.9	223.6
Textile yarn, fabrics and made up articles	655.5	668.9	752.0	655.2	825.8
Iron and steel	327.8	410.8	343.4	351.7	346.2
Machinery and transport equipment, of which:	**3,946.4**	**3,289.6**	**3,172.2**	**2,571.5**	**2,928.3**
Power generating machinery and equipment	559.8	304.4	378.5	71.5	138.5
Machinery specialised for agriculture, industry and construction sectors	236.4	235.8	225.1	213.0	203.7
Office machines and automatic data processing equipment	141.6	142.8	128.9	149.3	163.3
Telecommunication equipment	387.5	422.5	424.8	408.8	418.2
Electrical machinery, apparatus and appliances	525.3	515.1	564.2	363.1	450.8
Other machinery and equipment	461.0	375.8	391.6	323.7	365.5
Transport equipment and spare parts	1,634.8	1,293.2	1,059.0	1,042.1	1,188.3
Miscellaneous manufactured articles, of which:	**1,063.2**	**971.2**	**950.2**	**871.5**	**1,171.5**
Clothing and footwear	355.2	325.1	296.4	296.1	362.8
Professional, scientific and controlling instruments	141.0	123.9	135.8	139.6	135.0
Commodities and transactions not classified elsewhere	**616.3**	**423.0**	**332.1**	**764.4**	**1,581.3**
Total imports	**14,553.7**	**14,420.0**	**13,611.0**	**12,235.4**	**15,345.1**

Source: CBJ

Note:

(1) Certain figures in this table have been revised and may differ from previously published data.

Total imports decreased by 10.7% in 2015 and by 5.6% in 2016, increased by 6.1% in 2017, before decreasing by 0.9% in 2018, 4.8% in 2019 and 10.1% in 2020, then increasing by 25.4% in 2021. The increase in the value of imports in 2021 was primarily due to the 44.0% increase in energy imports and the 22.5% increase in non-energy imports. Preliminary data from Department of Statistics show imports during the first two months of 2022 increasing by 32.9%, with energy imports increasing by 42.2% and non-energy imports increasing by 31.0%, as compared to the same period in 2021.

The following table sets forth data relating to Jordanian energy imports for the periods indicated.

Energy Imports

	Actual					IMF 3rd Review Projections				
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Imports (*JD millions*)	2,158.2	2,669.7	2,183.6	1,402.1	2,019.2	2,074.4	2,054.6	2,042.6	2,046.8	2,025.6
Imports (*%/GDP*)	7.3	8.8	6.9	4.5	6.3	6.1	5.7	5.4	5.1	4.8

Source: CBJ, NEPCO, IMF

The ratio of imports to GDP increased to 47.8% in 2021, as compared to 39.4% in 2020. The increase in the imports to GDP ratio was primarily due to the increase in total imports value by JD 3,109.7 million, or 25.4%.

The following table sets forth the origin of Jordanian imports for the periods indicated.

Origins of Jordanian Imports[(1)]

	2017		**2018**		**2019**		**2020**		**2021**	
	Value	**of total**	**Value**	**of total**	**Value**	**of total**	**Value**	**of total**	**Value**	**of total**
	(JD millions)	*(%)*	*(JD millions)*	*(%)*	*(JD millions)*	*(%)*	*(JD millions)*	*(%)*	*(JD millions)*	*(%)*
Arab countries, *of which:*	**3,472.1**	**23.9**	**3,850.7**	**26.7**	**3,605.3**	**26.5**	**2,882.5**	**23.6**	**4,344.4**	**28.3**
Saudi Arabia	*1,954.1*	*13.4*	*2,392.5*	*16.6*	*2,265.8*	*16.6*	*1521.5*	*12.4*	*2,282.2*	*14.9*
Egypt	*335.7*	*2.3*	*396.4*	*2.7*	*546.6*	*4.0*	*424.2*	*3.5*	*505.8*	*3.3*
United Arab Emirates	*705.6*	*4.8*	*584.7*	*4.1*	*367.9*	*2.7*	*448.9*	*3.7*	*1,014.2*	*6.6*
Syria	*47.5*	*0.3*	*49.9*	*0.3*	*30.8*	*0.2*	*31.3*	*0.3*	*50.3*	*0.3*
Iraq	*1.2*	*0.0*	*1.6*	*0.0*	*44.7*	*0.3*	*43.7*	*0.4*	*59.1*	*0.4*
E.U. countries, *of which:*	**3,201.5**	**22.0**	**3,123.9**	**21.7**	**2,751.8**	**20.2**	**2,516.3**	**20.6**	**2,868.2**	**18.7**
Germany	*639.3*	*4.4*	*659.8*	*4.6*	*599.6*	*4.4*	*522.9*	*4.3*	*544.2*	*3.5*
Italy	*589.2*	*4.0*	*445.6*	*3.1*	*432.4*	*3.2*	*363.7*	*3.0*	*456.2*	*3.0*
France	*299.1*	*2.1*	*338.7*	*2.3*	*301.9*	*2.2*	*216.6*	*1.8*	*211.2*	*1.4*
United Kingdom	*239.7*	*1.6*	*172.7*	*1.2*	*162.9*	*1.2*	*153.5*	*1.3*	*141.9*	*0.9*
Other European countries	**492.1**	**3.4**	**532.4**	**3.7**	**401.2**	**2.9**	**447.4**	**3.7**	**790.1**	**5.1**
NAFTA and South American countries, *of which:*	**2,153.6**	**14.8**	**2,000.2**	**13.9**	**1,786.5**	**13.1**	**1,617.1**	**13.2**	**1,704.1**	**11.1**
United States	*1,420.3*	*9.8*	*1,252.6*	*8.7*	*1,108.9*	*8.1*	*976.2*	*8.0*	*987.9*	*6.4*
Asian countries, *of which:*	**4,514.0**	**31.0**	**4,350.0**	**30.2**	**4,681.0**	**34.4**	**4,287.7**	**35.0**	**5,269.3**	**34.3**
China	*1,963.1*	*13.5*	*1,964.7*	*13.6*	*2,220.8*	*16.3*	*1,924.2*	*15.7*	*2,229.2*	*14.5*
India	*355.8*	*2.4*	*402.5*	*2.8*	*653.7*	*4.8*	*347.5*	*2.8*	*420.2*	*2.7*
Japan	*404.7*	*2.8*	*290.3*	*2.0*	*287.5*	*2.1*	*234.4*	*1.9*	*256.1*	*1.7*
South Korea	*396.2*	*2.7*	*322.4*	*2.2*	*271.5*	*2.0*	*305.8*	*2.5*	*356.7*	*2.3*
Turkey	*484.3*	*3.3*	*547.5*	*3.8*	*394.6*	*2.9*	*396.9*	*3.2*	*490.5*	*3.2*
Other countries	**720.4**	**5.0**	**562.8**	**3.9**	**385.2**	**2.8**	**484.4**	**4.0**	**369.0**	**2.4**
Total	**14,553.7**	**100.0**	**14,420.0**	**100.0**	**13,611.0**	**100.0**	**12,235.4**	**100.0**	**15,345.1**	**100.0**

Source: CBJ

Note:

(1) Certain figures in this table have been revised and may differ from previously published data.

In 2021, Saudi Arabia was the largest exporter of goods into Jordan, accounting for 14.9% of imports. China followed Saudi Arabia, accounting for 14.5%, followed by the United Arab Emirates with 6.6% and the United States with 6.4%. Saudi Arabia, China, the UAE, the United States, Germany, Egypt and Turkey accounted for approximately 52.5% of total imports in 2021, as compared to 50.8% in 2020.

Foreign Direct Investment and Remittances

FDI plays an important role in creating employment and raising standards of living in Jordan, as well as financing Jordan's current account deficit and building up foreign currency reserves. FDI inflow to Jordan was JD 1,441.1 million in 2017 (4.9% of GDP), JD 678.0 million in 2018 (2.2% of GDP), JD 518.1 million in 2019 (1.6% of GDP), JD 539.8 million in 2020 (1.7% of GDP) and JD 441.5 million in 2021 (1.3% of GDP).

The following table sets forth certain FDI figures for the periods indicated.

Foreign Direct Investment(1)

	2017	2018	2019	2020	2021
			(JD millions)		
From abroad (net)	1,441.1	678.0	518.1	539.8	441.5
From Jordan (net)	4.7	(5.4)	30.8	18.7	11.3
Net direct investment	**(1,436.4)**	**(683.4)**	**(487.3)**	**(521.1)**	**(430.2)**
Direct investment (net)/GDP(2)	4.9	2.2	1.5	1.7	1.3

Source: CBJ

Notes:

(1) Certain figures in this table have been revised and may differ from previously published data.

(2) Based on GDP at current market prices.

Jordan ranked 75 out of 190 countries in the World Bank's 2020 Doing Business Report, moving up 29 places from its 2019 ranking and was recognised as one of the economies with the most notable improvement.

Workers' remittances also play an important role in the Kingdom's economy. In 2021, workers' remittances increased slightly by 1.0% to JD 2,170.9 million, as compared to JD 2,150.4 million in 2020. Workers' remittances also increased slightly by 1.0% in the first two months of 2022, to JD 412.8 million, as compared to JD 408.7 million in the same period of 2021. Workers' remittances are expected to be consistent in 2022 and to return to pre-pandemic levels in the medium term, as the precautionary measures related to COVID-19 are phased out, international oil prices increase and economic growth returns to the GCC.

The following table sets forth workers' remittances for the periods indicated.

Workers' Remittances

	2017	2018	2019	2020	2021
			(JD millions)		
Workers' remittances	2,371.9	2,345.7	2,366.8	2,150.4	2,170.9

Source: CBJ

See "*Risk Factors—Risks Relating to the Kingdom—Foreign direct investment and remittances*".

Investment Promotion

In recent years, the Government has adopted a number of initiatives to encourage investment and facilitate doing business in Jordan. Jordan 2025 also identifies a number of policies and initiatives to improve the business environment in Jordan, including, *inter alia*, strengthening the capacities of the Jordan Investment Commission ("**JIC**"), developing a ten-year national investment strategy, developing a strategic plea for investment promotion aimed at high-value countries and investments, expanding industrial zones and implementing measures to reduce the costs of doing business in Jordan.

In November 2013, Jordan became the fourth country from the MENA region to adhere to the OECD Declaration on International Investment and Multinational Enterprises, which aims to promote investment activity among adhering countries.

The Government has, jointly with the World Bank, developed a roadmap to enhance the investment climate in Jordan. This roadmap identifies the most urgent reforms needed as those in respect of starting a business, registering a property, dealing with construction permits, paying taxes and business inspection reform.

The Government has submitted a draft business inspection law to the National Assembly, which is aimed at reducing overlapping and unplanned business inspections, introduce risk-based targeting and help raise businesses awareness of compliance requirements.

In May 2016, the National Assembly passed the Jordan Investment Fund Law, which established a fund with the exclusive right to own, develop, operate and manage certain projects, including, *inter alia*: (i) the national railway system (ii) the electricity connectivity system with Saudi Arabia; (iii) the pipeline transporting crude oil and other oil derivatives to a petroleum refinery, together with consumption and storage facilities; and (iv) any other project approved by the Council of Ministers. Pursuant to the law, the fund's Board of Directors is chaired by the Prime Minister. Other members include the Minister of Planning and International Co-operation, the Minister of Finance, the Minister of Energy and Industry, the Minister of Trade and Supply and three further members to be selected by the Council of Ministers. Under the law, the fund benefits from certain incentives and tax exemptions. See "*The Economy—Public Investment Management and Public Private Partnerships*".

Jordan Investment Commission

On 16 October 2014, a new investment law, Law № 30/2014 (the "**Investment Law**") was passed. The Investment Law consolidated two entities: the Jordan Investment Board (which operated under the previous Investment Promotion Law), the Jordanian Development Zones and the Free Zones Commissions (which operated under the development zones and free zones law) into a new entity, the Jordan Investment Commission. The JIC is responsible for screening both local and foreign investments in Jordan. The Investment Law also incorporates a statement of investors' rights and a legal framework for a newly-established "Investment Window", which is a "one-stop shop" located at the JIC's headquarters. The Investment Window aims to provide a single place service to licence the economic activities in Jordan and review and simplify the licencing procedures through the institution. The Investment Window is expected to become fully operational in the summer of 2017. The Investment Law provides for the JIC to act as sole government agency responsible for attracting investments, supporting exports and offering a safe and stable investment environment and confers on the JIC the power and authority required to centralise and expedite all investment related procedures, including establishing and regulating development and free zones. As the regulating entity for development and free zones, the JIC is able to tailor specific geographic areas in Jordan for companies interested in establishing and managing sector-specific and free zones.

The Investment Law also created the Investment Council, which acts under the chairmanship of the Prime Minister. The Investment Council is responsible for: (i) submitting recommendations to the Council of Ministers in respect of new legislation, national strategies and investment related policies; (ii) ratifying the JIC's annual plan, advising and providing recommendations to the JIC and appointing and setting the remuneration for the JIC's auditors; (iii) analysing and proposing solutions to obstacles to investment in Jordan and directing the JIC to develop mechanisms to enhance investment activity; (iv) overseeing the JIC's activities; and (v) ratifying the JIC's financial statements and presenting such financial statements to the Council of Ministers for ratification. The Investment Law also expands the sectors previously covered by the Investment Promotion Law to include crafts and services, in addition to the previously covered sectors of industry, agriculture, hotels, hospitals, entertainment cities, research centres, media production, convention centres, transport, distribution and extraction of water, gas and oil derivatives using pipelines, air transport, sea transport and railways.

Thirteen sets of regulations relating to the Investment Law are at various stages of Government review and approval, including: regulations relating to the Investment Window and investment incentives, which have been adopted; regulations regarding registration procedures in development zones and taxation in development and free zones, which are awaiting Government approval; and regulations regarding customs procedures and tax incentives for investment in less-developed areas are, which are currently being drafted.

In 2021, the Government established a Ministry of Investment to highlight the importance of investment for the Kingdom and enforce the role of JIC. The government is currently working on the rules and regulations governing the establishment and work of the Ministry.

Jordan Investment Board

The Jordan Investment Board was established under the Investment Promotion Law to promote FDI and local investment, as well as offering financial investments to sustain such investment. The Jordan Investment Board has entered into bilateral investment agreements with a number of countries, including the United States, France, Germany, the United Arab Emirates, Qatar, Kuwait, Malaysia and Turkey, to promote economic co-operation and to encourage the flow of private capital and the transfer of technology to stimulate economic development. Pursuant to the Investment Law, the Jordan Investment Board has been consolidated into the JIC.

Jordan Free and Development Zones Group

Following the establishment of the free zone in Aqaba Port in 1973, the Free Zones Corporation was established in 1976 as a Government corporation with financial and administrative independence. In April 2011, the Free Zones Corporation was transformed into a Government-owned company and was subsequently registered as a private company. In August 2016, the Free Zones Corporation was merged with the Jordan Development Zones Corporation (a Government-owned company) to create the Jordan Free and Development Zones Group, a Government-owned company registered as a private company. The Jordan Free and Development Zones Group is responsible for organising and developing private free zones as export platforms to contribute to the development of the national economy. In 2015, there were six public free zones and 40 private free zones in Jordan.

In 2016, there were 2,552 companies registered in the free zones, as compared to 2,527 companies in 2015. The value of exported goods from public and private free zones for both domestic and foreign markets decreased to JD 3.2 billion in 2016, as compared to JD 3.5 billion in 2015, a decrease of JD 0.2 billion, or 9.0%. There were approximately 3,316 investors in the free zones in 2016, as compared to approximately 3,247 investors in 2015, an increase of 2.1%.

Pursuant to the Investment Law, free zones in Jordan are now regulated by the JIC.

Jordan Enterprise Development Corporation

The Jordan Enterprise Development Corporation (the "**JEDCO**") was established by a decree of the Council of Ministers on 12 June 2003 to improve the economic competitiveness of enterprises in the various industrial, agricultural and service sectors in Jordan, to support them and to help enable them to develop and compete locally and globally, along with increasing export volume and opportunities. JEDCO is consolidated under the JIC

MONETARY SYSTEM

Central Bank of Jordan

Following the enactment of the Law of the Central Bank of Jordan in 1959, the CBJ commenced operations on 1 October 1964. The CBJ is an autonomous public legal entity governed by the CBJ Law, which outlines the CBJ's authority and responsibilities. The CBJ is the issuer of all Jordanian currency. It is responsible for formulating and implementing monetary, credit and banking policy, maintaining price stability, managing the Kingdom's gold and foreign reserves and regulating and supervising the Jordanian banking sector.

Although it is state-owned, the CBJ has the status of an autonomous corporate body. The CBJ is managed by a governor and two deputies, who are each appointed by the Prime Minister for a five-year term, subject to renewal, and a board of directors, which includes the governor, the two deputies and five other members (who are appointed by the Prime Minister for three-year terms, subject to renewal). The term of the current governor and deputies expires in January 2027.

Amendments to the CBJ Law were approved by the National Assembly in May 2016 and became effective on 16 June 2016. These amendments are intended to increase transparency and align the CBJ's autonomy and oversight functions with international best practice. The amendments aim to:

- enhance the CBJ's ability to maintain financial stability through the expansion of its monitoring and supervisory role in respect of financial institutions or institutions that provide payment services or electronic currency or electronic transfers and the regulation and development of payment, settlement and clearing systems;

- enhance the CBJ's policy autonomy through the removal of provisions in the CBJ Law that may conflict with such autonomy;

- enhance the financial autonomy of the CBJ through the removal of provisions in the CBJ Law relating to direct Government financing by the CBJ and the CBJ activity as the "lender of last resort" for the Government in emergency circumstances;

- restructure the CBJ's board of directors to promote the independence of the chairman and the other members of the board and to increase their responsibilities and authorities;

- provide the CBJ with the necessary tools to oversee the operations of Islamic banks in the Kingdom; and

- reform the penalties and measures that may be imposed or taken by the CBJ in respect of banks and institutions under its supervision.

Monetary Policy

The Government views the growth and success of the Jordanian banking sector as a key driver for the economic development of the country, as a whole. The CBJ has historically sought to maintain monetary and banking stability by controlling inflation rates and stabilising the foreign exchange rate.

The CBJ monitors domestic, regional and global economic and political developments with the aim of safeguarding macroeconomic stability and ensuring high reserve buffers. The monetary policy implemented by the CBJ successfully contributed to maintaining the inflation rates within acceptable levels, despite the Government decision to liberalise oil derivatives prices in November 2012 and the increase tariff on certain imported goods, in addition to the impact of increased domestic demand for goods and services fuelled by Syrian refugees. The CBJ cut interest rates twice during 2014, by an aggregate of 75 basis points, after cuts of 50 basis points in 2013. These cuts were driven by positive momentum in the economy, including a strong external position, confidence in the Jordanian Dinar, continued de-dollarisation and a level of inflation acceptable to the CBJ. See "*Risk Factors—Risks Relating to the Kingdom—Exchange rate*".

The following table sets forth the dollarisation ratio in the Kingdom as at the dates indicated.

Dollarisation

	2017	2018	2019	2020	2021
Dollarisation ratio (%)	19.9	21.2	20.6	20.0	19.0

Source: CBJ

As a result of above target levels of reserves, as well as declines in headline and core inflation and the current account deficit, the CBJ lowered interest rates by 25 basis points in February 2015, to 2.75% (the main CBJ rate), with the aim of stimulating and reducing the cost of credit, as well as encouraging consumption and investment to foster economic growth. The CBJ lowered interest rates by a further 25 basis points in July 2015, to 2.50%.

During the period from December 2016 to December 2018, the CBJ raised the overnight deposit window rate nine times by a total of 225 basis points and raised the interest rates on other instruments by a total of 225 basis points, in order to maintain the competitiveness of the Jordanian Dinar and preserve monetary and financial stability.

During 2019, the CBJ cut interest rates on all monetary policy instruments three times by a total of 75 basis points in response to the recent trends of the interest rates in the regional and international markets, and the positive outcomes of the Jordanian balance of payments, particularly national exports, tourism receipts and the continuous flows of workers' remittances, which contributed positively to foreign reserves. The decision aims to catalyse the growth of credit granted to various economic sectors and promote domestic spending, both consumption and investment, which should positively affect the rate of economic growth.

On 5 March 2020, the CBJ cut interest rates twice, by 50 basis points, on all its monetary policy rates, and on 17 March 2020, by 75 basis points on the overnight deposit window rate and by 100 basis points on other instruments. These decisions came in response to the recent trend of interest rate cuts in the regional and international market, and as a response to the COVID-19 pandemic. The CBJ raised its key interest rate by 25 basis points and 50 basis points on 20 March and 8 May 2022, respectively, aiming to preserve monetary and financial stability in the Kingdom, and to sustain the strength and attractiveness of JD-denominated assets against other currencies.

As at 31 December 2021, foreign assets held at the CBJ were 14,269.5 million, an increase of 11.6%, as compared to 31 December 2020. This increase was primarily due to a JD 1,429.0 million, or 21.7%, increase in cash, balances and deposits held by the CBJ. The increase in cash, balances and deposits held by the CBJ was primarily due to receiving loans and grants.

Domestic liquidity amounted to JD 39,509.2 million as at 31 December 2021, as compared to JD 37,011.9 million as at 31 December 2020, and total deposits at licensed banks amounted to JD 39,522.3 million as at 31 December 2021, as compared to JD 36,789.1 million at 31 December 2020. The outstanding balance of credit facilities extended by licensed banks amounted to JD 30,028.5 million, as at 31 December 2021, as compared to JD 28,639.1 million as at 31 December 2020.

The CBJ is committed to maintaining the attractiveness of the Jordanian Dinar and keeping reserves at an adequate level. The CBJ also monitors the risk premium, dollarisation, core inflation and the effectiveness of monetary policy transmission mechanisms.

The following table sets forth the financial position of the CBJ as at the dates indicated.

Assets and liabilities of the Central Bank of Jordan

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(JD millions)		
Gold and SDRs[1]	1,516.8	1,324.9	1,530.7	2,659.8	2,657.7
Cash, balances and deposits	4,889.7	5,429.4	5,876.5	6,573.6	8,002.6
Bonds and treasury bills	4,640.4	3,580.4	3,512.3	2,791.0	2,842.3
Other foreign assets[2]	766.9	766.9	766.9	766.9	766.9
Total foreign assets (net)	**11,813.8**	**11,101.6**	**11,686.4**	**12,791.3**	**14,269.5**
Claims on central government	824.8	752.9	822.8	953.9	899.7
Claims on deposit-money banks	349.8	365.4	342.5	935.9	1,030.1
Claims on financial institutions	194.3	254.2	453.8	770.8	770.8
Claims on private sector	22.9	22.8	22.9	23.1	22.5
Other assets	162.0	404.7	381.1	550.6	687.5
Total domestic assets	**1,553.8**	**1,800.0**	**2,023.1**	**3,234.3**	**3,410.5**
Total assets	**13,367.6**	**12,901.6**	**13,709.5**	**16,025.6**	**17,680.0**
Currency issued	4,836.5	4,802.4	5,162.0	6,496.5	6,834.8
Banks' deposits	6,216.6	5,443.4	5,894.9	6,373.5	7,473.1
In Jordanian Dinar, of which:	*5,373.5*	*4,603.8*	*5,134.9*	*5,636.2*	*6,763.2*
Certificates of Deposit	*600.0*	*600.0*	*500.0*	*0.0*	*0.0*
In foreign currencies	*843.1*	*839.6*	*760.0*	*737.3*	*709.9*
Public entities deposits	0.5	0.3	0.2	0.2	2.5
Central government deposits	959.7	513.5	396.6	413.1	565.1
Financial institutions deposits	24.5	3.6	1.7	4.6	11.2
Foreign liabilities	765.7	1,514.3	1,567.4	1,506.5	1,330.8
Capital, reserves and provisions	325.0	368.8	380.2	468.2	502.2
Other liabilities	239.1	255.3	306.5	763.0	960.2
Total liabilities	**13,367.6**	**12,901.6**	**13,709.5**	**16,025.6**	**17,680.0**

Source: CBJ

Notes:
(1) Special Drawing Rights
(2) Includes loans arising from payment agreements.

The Jordanian Banking Sector

As at 31 December 2021, the Jordanian banking sector consisted of 23 banks, comprising 19 commercial banks (6 of which are foreign banks) and four Islamic banks (one of which is a foreign bank). All these banks are supervised by the CBJ under relevant laws, bylaws, regulations and circulars (*e.g.*, CBJ Law № 23 of 1971 and its amendments, Banking Law № 28 of 2000 and its amendments).

The CBJ was established in 1964 as an independent monetary authority with autonomous corporate identity. The CBJ is responsible for setting the rules and regulations for the banking sector, including ensuring banks and financial institutions threat their customers in a fair and transparent manner, in addition to raising the public awareness of banking and financial activities.

The holdings of non-Jordanians in the share capital of Jordanian licensed banks was approximately 55.9% at the end of 2021, as compared to 57.2% at the end of 2020. This proportion of foreign ownership, which is high compared to elsewhere in the region, is due to the absence of any restrictions on foreign ownership. Although foreign shareholdings declined in 2010 and 2011 they have increased again since, reflecting the increased confidence of investors in the banking system in particular, and the Jordanian economy in general.

In 2021, bank assets grew by 7.0% to approximately JD 61.1 billion as at 31 December 2021, as compared to approximately JD 57.0 billion as at 31 December 2020. Customer deposits also grew by 7.4% to approximately JD 39.5 billion as at 31 December 2021, as compared to approximately JD 36.8 billion as at 31 December 2020, and credit facilities increased by 4.9% to approximately JD 30.0 billion as at 31 December 2021, as compared to approximately JD 28.6 billion as at 31 December 2020.

In the first quarter of 2022, bank assets increased by 0.8% to approximately JD 61.5 billion, as compared to approximately JD 61.1 billion as at 31 December 2021. Customer deposits also increased by 1.6% to approximately JD 40.1 billion as at 31 March 2022, as compared to approximately JD 39.5 billion as at 31 December 2021, and credit facilities increased by 2.3% to approximately JD 30.7 billion as at 31 March 2022, as compared to approximately JD 30.0 billion as at 31 December 2021.

The following table sets forth the aggregate financial position of licenced banks in the Kingdom as at the dates indicated.

Assets and liabilities of licenced banks(1)

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(JD millions)		
Cash in vaults (in foreign currencies)	201.6	241.7	207.2	283.8	260.1
Balances with foreign banks	4,064.8	3,836.7	3,816.8	4,494.1	4,447.5
Portfolio (non-resident)	757.2	740.5	802.3	801.2	848.5
Credit facilities to private sector (non-resident)	500.2	655.3	674.4	612.8	687.8
Other foreign assets	137.9	77.7	81.6	111.1	93.7
Total foreign assets	**5,661.7**	**5,551.9**	**5,582.3**	**6,303.0**	**6,337.6**
Claims on the public sector	10,292.6	11,180.8	12,247.8	12,874.8	14,304.9
Claims on central government	9,652.5	10,383.9	11,446.8	12,008.9	13,244.3
Claims on public entities(2)	640.0	796.9	801.0	865.9	1,060.6
Claims on private sector (resident)	22,502.9	23,686.8	24,742.8	26,238.4	27,535.9
Claims on financial institutions	302.9	371.4	399.9	592.8	569.0
Reserves	5,850.5	5,048.5	5,641.5	6,123.1	7,312.8
Deposits with the CBJ in foreign currencies	840.1	857.5	763.8	734.1	704.3
Unclassified assets	3,651.8	4,220.9	4,263.9	4,171.8	4,292.4
Total domestic assets	**43,440.8**	**45,365.9**	**48,059.7**	**50,735.0**	**54,719.3**
Total assets	**49,102.5**	**50,917.8**	**53,642.0**	**57,038.0**	**61,056.9**
Demand deposits	8,444.5	7,952.7	8,125.9	8,956.2	9,817.2
Public non-financial institutions	*30.4*	*26.7*	*31.8*	*59.3*	*61.3*
Municipalities and village councils	*21.6*	*25.3*	*12.7*	*9.7*	*5.3*
Non-banking financial institutions	*64.2*	*111.0*	*69.5*	*70.9*	*57.1*
Social Security Corporation	*66.5*	*73.4*	*51.0*	*143.2*	*117.5*
Private sector (resident)	*8,261.8*	*7,716.3*	*7,960.9*	*8,673.1*	*9,576.0*
Time and saving deposits	20,161.6	21,106.4	22,210.8	22,111.5	23,452.9
Public non-financial institutions	*220.0*	*219.0*	*203.4*	*204.1*	*217.9*
Municipalities and village councils	*58.2*	*50.7*	*38.3*	*18.8*	*19.6*
Non-banking financial institutions	*245.3*	*279.2*	*309.6*	*340.4*	*405.3*
Social Security Corporation	*983.6*	*1,329.3*	*1,328.3*	*1,370.1*	*1,398.0*
Private sector (resident)	*18,654.5*	*19,228.2*	*20,331.2*	*20,178.1*	*21,412.1*
Foreign liabilities	6,799.1	7,334.9	8,049.7	9,539.6	10,603.1
Central government deposits	955.9	946.8	912.5	944.9	985.9
Credit from the CBJ	527.4	753.8	880.2	1,622.9	1,736.7
Capital, accounts and allowances	7,564.2	7,865.8	8,152.6	8,715.2	9,117.6
Unclassified liabilities	4,649.8	4,957.4	5,310.2	5,147.7	5,343.5
Total liabilities	**49,102.5**	**50,917.8**	**53,642.0**	**57,038.0**	**61,056.9**

Source: CBJ

Notes:

(1) Certain figures in this table have been revised and may differ from previously published data.

(2) Includes public non-financial institutions, the Social Security Corporation and municipalities and local councils.

Banks carried out their activities through a composite network of 878 branches and 66 representative offices (as at 31 December 2021). The ratio of the Jordanian population to the total number of branches was approximately 12,200 people per branch as at 31 December 2019. The Social Security Corporation participates in the ownership of several Jordanian banks.

Banks licenced in Jordan have fully-provisioned their investment in countries experiencing conflicts, including Syria.

The following table sets forth data in relation to the indicators of bank soundness in Jordan as at the dates indicated.

Indicators of Bank Soundness

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**(1)
	(%, unless otherwise indicated)				
Risk-weighted capital adequacy ratio	17.8	16.9	18.3	18.3	18.0
Non-performing loans (*in millions of JD*)	1,019.4	1,236.1	1,299.0	1,496.0	1,422
Non-performing loans (*as a % of total loans*)	4.2	4.9	5.0	5.5	5.0
Provisions (*as % of classified loans*)	75.4	79.3	69.5	71.5	79.9
Liquidity ratio	130.1	131.9	133.8	136.5	141.5
Return on assets	1.2	1.2	1.2	0.6	1.0
Return on equity	9.1	9.6	9.4	5.1	8.3

Source: CBJ

Note:
(1) Preliminary.

Islamic Banking

Islamic banking has been carried on in Jordan for over four decades, and there are currently four Islamic banks (one of which is foreign). Since then it has played an important role in financing and contributing to economic and social sectors in the country, in compliance with the principles of Shariah rules and Islamic banking practices.

The Islamic banking sector in Jordan has grown in recent years and, based on preliminary data as at 30 June 2021, accounted for approximately 19.1% of total banking sector assets, 23.3% of total deposits and 25.7% of total credit facilities.

Structure of deposits

The following table sets forth the structure of deposits with licenced banks in the Jordanian banking sector as at the dates indicated.

Deposits Structure(1)

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
	(JD millions)				
Public sector	**2,336.2**	**2,671.2**	**2,578.0**	**2,750.2**	**2,805.3**
Demand deposits	251.5	307.7	286.8	334.3	273.8
In Jordanian Dinars	*231.9*	*274.2*	*272.9*	*322.2*	*254.4*
In foreign currencies	*19.6*	*33.5*	*13.9*	*12.1*	*19.4*
Saving deposits	18.9	3.1	4.5	4.9	5.7
In Jordanian Dinars	*18.9*	*2.8*	*4.5*	*4.9*	*5.0*
In foreign currencies	*0.0*	*0.3*	*0.0*	*0.0*	*0.7*
Time deposits	2,065.8	2,360.4	2,286.7	2,411.0	2,525.8
In Jordanian Dinars	*1,943.0*	*2,228.9*	*2,195.4*	*2,320.1*	*2,442.0*
In foreign currencies	*122.8*	*131.5*	*91.3*	*90.9*	*83.8*
Private sector (resident)	**26,916.3**	**26,944.5**	**28,292.1**	**28,851.1**	**30,988.2**
Demand deposits	8,261.8	7,716.3	7,960.9	8,673.0	9,576.1
In Jordanian Dinars	*5,619.0*	*5,172.6*	*5,560.7*	*5,959.4*	*6,672.2*
In foreign currencies	*2,642.8*	*2,543.7*	*2,400.2*	*2,713.6*	*2,903.9*
Saving deposits	5,116.9	5,041.8	5,166.1	5,426.8	5,803.0
In Jordanian Dinars	*4,071.5*	*3,970.6*	*4,077.6*	*4,283.5*	*4,604.8*
In foreign currencies	*1,045.4*	*1,071.2*	*1,088.5*	*1,143.3*	*1,198.2*
Time deposits	13,537.6	14,186.4	15,165.1	14,751.3	15,609.1
In Jordanian Dinars	*11,567.7*	*11,703.2*	*12,492.2*	*12,465.7*	*13,446.7*
In foreign currencies	*1,969.9*	*2,483.2*	*2,672.9*	*2,285.6*	*2,162.4*
Private sector (non-resident)	**3,635.6**	**3,842.3**	**4,056.1**	**4,776.5**	**5,266.4**
Demand deposits	1,255.7	1,229.2	1,180.4	1,430.2	1,620.0
In Jordanian Dinars	*445.6*	*399.2*	*414.8*	*465.7*	*514.2*
In foreign currencies	*810.1*	*830.0*	*765.6*	*964.5*	*1,105.8*
Saving deposits	603.3	625.4	663.1	793.4	905.9
In Jordanian Dinars	*257.8*	*278.0*	*316.5*	*389.0*	*446.3*
In foreign currencies	*345.5*	*347.4*	*346.6*	*404.4*	*459.6*
Time deposits	1,776.6	1,987.7	2,212.6	2,552.9	2,740.5
In Jordanian Dinars	*1,194.0*	*1,275.0*	*1,425.0*	*1,647.2*	*1,855.0*
In foreign currencies	*582.6*	*712.7*	*787.6*	*905.7*	*885.5*
Non-banking financial institutions	**309.6**	**390.1**	**379.1**	**411.3**	**462.4**
Demand deposits	64.2	110.9	69.5	70.9	57.1
In Jordanian Dinars	*53.0*	*86.6*	*43.3*	*43.3*	*40.2*
In foreign currencies	*11.2*	*24.3*	*26.2*	*27.6*	*16.9*
Saving deposits	0.2	1.2	1.3	1.8	6.1
In Jordanian Dinars	*0.2*	*1.0*	*1.1*	*1.6*	*0.6*
In foreign currencies	*0.0*	*0.2*	*0.2*	*0.2*	*0.1*
Time deposits	245.2	278.0	308.3	338.6	399.2
In Jordanian Dinars	*239.6*	*275.5*	*303.3*	*331.3*	*397.8*
In foreign currencies	*5.6*	*2.5*	*5.0*	*7.3*	*1.4*
Total deposits	**33,197.7**	**33,848.1**	**35,305.3**	**36,789.1**	**39,522.3**

Source: CBJ

Note:

(1) For the exchange rates used to calculate the Jordanian Dinar equivalent of foreign currency-denominated deposits, see "—*Foreign Exchange Rates*".

Total deposits at licenced banks in Jordan were JD 39,522.3 million as at 31 December 2021, as compared to JD 36,789.1 million as at 31 December 2020, an increase of JD 2,733.2 million, or 7.4%. Residential private sector deposits accounted for the greatest proportion both of total deposits and of the increase in deposits in 2021, increasing by JD 2,137.1 million, or 7.4%, and accounting for 78.4% of the total deposits and 78.2% of the overall increase in total deposits in 2021. During the first quarter of 2022, total deposits at licenced banks increased by JD 615.9 million, or 1.6%, and residential private sector deposits increased by JD 519.3 million, or 1.7%, as compared to 31 December 2021.

Lending Activities

The following tables set forth the structure of credit facilities extended by licenced banks in Jordan as at the dates indicated.

Credit Facilities Extended by Licenced Banks by type and maturity of credit facility

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**(1)
			(JD millions)		
Total credit	**24,736.8**	**26,111.8**	**27,082.2**	**28,639.1**	**30,028.5**
Overdraft	2,672.4	3,085.6	2,937.8	2,709.9	2,699.4
Loans and advances	16,364.7	16,962.4	17,557.1	18,471.8	18,851.0
Due within 3 months	*1,818.0*	*2,009.2*	*1,850.1*	*1,770.0*	*1,507.5*
Due within 3-6 months	*1,129.9*	*1,352.5*	*1,299.0*	*1,437.2*	*1,243.8*
Due within 6-12 months	*1,448.9*	*1,501.4*	*1,579.2*	*1,633.8*	*1,633.4*
Due in more than 12 months	*11,147.0*	*11,059.7*	*11,648.3*	*12,178.5*	*12,952.7*
Received	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Accrued	*820.9*	*1,039.6*	*1,180.5*	*1,452.3*	*1,513.6*
Discounted bills and bonds	207.2	242.7	182.4	214.1	212.4
Due within 3 months	*88.2*	*142.2*	*99.4*	*149.5*	*156.2*
Due within 3-6 months	*26.4*	*21.5*	*22.4*	*17.7*	*11.4*
Due within 6-12 months	*27.6*	*27.1*	*15.7*	*14.5*	*13.6*
Due in more than 12 months	*33.5*	*20.3*	*17.5*	*16.5*	*17.1*
Received	*5.0*	*1.9*	*1.3*	*0.0*	*0.0*
Accrued	*26.5*	*29.7*	*26.1*	*15.9*	*14.1*
Islamic banks receivables(2)	5,340.1	5,653.8	6,230.6	7,048.7	8,045.0
Credit cards(3)	152.4	167.3	174.3	194.6	220.7

Source: CBJ

Notes:

(1) Preliminary.

(2) Since 31 December 2014, Islamic banks receivables have been accounted for as a separate line item. Prior to 31 December 2014, Islamic banks receivables were accounted for as loans and advances.

(3) Since 31 December 2014, credit cards have been accounted for as a separate line item. Prior to 31 December 2014, credit cards were accounted for as overdraft.

Credit Facilities Extended by Licenced Banks, by borrower and economic activity

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**(1)
			(JD millions)		
Type of Borrower					
Central Government	2,114.8	1,994.7	1,878.0	1,804.1	1,816.4
Public entities	357.6	429.0	501.3	566.0	686.5
Financial institutions	17.0	21.5	29.9	129.7	129.2
Private sector (resident)	21,747.1	23,011.3	23,998.6	25,526.5	26,708.6
Private sector (non-resident)	500.3	655.3	674.4	612.8	687.8
Total	**24,736.8**	**26,111.8**	**27,082.2**	**28,639.1**	**30,028.5**
Economic Activity					
Agriculture	337.3	336.7	336.5	416.8	453.3
Mining	255.2	355.7	296.4	236.6	168.2
Industry	2,724.2	3,064.3	3,353.6	3,525.4	3,485.4
General trade	4,230.9	4,470.6	4,231.1	4,524.3	4,453.1
Construction	6,601.0	6,830.9	6,975.4	7,261.5	7,718.5
Transportation services	354.3	328.9	343.1	385.6	394.7
Tourism, hotels and restaurants	619.7	592.1	638.0	735.6	713.5
Public services and utilities	3,707.2	3,852.9	4,269.0	4,360.9	4,596.0
Financial services	632.5	768.2	634.8	655.7	763.5
Other	5,274.5	5,511.5	6,004.3	6,536.7	7,282.3
Of which, buying shares	*158.0*	*152.1*	*212.2*	*268.7*	*346.8*
Total	**24,736.8**	**26,111.8**	**27,082.2**	**28,639.1**	**30,028.5**
Of which, in foreign currencies	*2,595.4*	*2,931.5*	*3,265.6*	*3,496.8*	*3,697.3*

Source: CBJ

Note:
(1) Preliminary.

Total credit facilities extended by licenced banks in Jordan were JD 30,028.5 million as at 31 December 2021, as compared to JD 28,639.1 million as at 31 December 2020, an increase of JD 1,389.5 million, or 4.9%. Private sector resident credit facilities accounted for the greatest proportion both of total credit facilities and the increase in credit facilities in 2021, increasing by JD 1,182.1 million, or 4.6%, and accounting for 88.6% of total credit facilities. Credit facilities extended to the construction, public services and utilities and other sectors (mostly comprising facilities extended to individuals for consumption purposes) accounted for the greatest proportions of credit facilities, accounting for 25.7%, 15.3% and 24.3%, respectively, as at 31 December 2021.

During the first quarter of 2022, total credit facilities extended by licenced banks increased by JD 699.2 million, or 2.3%, and residential private sector resident credit facilities increased by JD 697.4 million, or 2.6%, as compared to 31 December 2021. Credit facilities extended to the construction, public services and utilities and other sectors accounted for 25.8%, 15.1% and 24.0%, respectively, as at 31 March 2022.

Deposit Insurance

The Jordan Deposit Insurance Corporation ("**JODIC**") was established in 2000. JODIC's aim is to promote financial stability by protecting depositors, encouraging savings, supporting confidence in the banking system, dealing with bank failures and protecting the Jordanian taxpayers. JODIC is managed by a Board of Directors, chaired by the Governor of the CBJ.

All Jordanian banks and branches of foreign banks operating in the Kingdom are required to be members of JODIC including, since 2019, Islamic banks. JODIC guarantees deposits up to JD 50,000 per depositor per member bank, excluding Government deposits, interbank deposits and certain cash collateral. In order to enable JODIC to meet these obligations, member banks pay an annual premium of JD 2.5 per JD 1,000 in insured deposits to JODIC. The JODIC Board of Directors may increase the premium for a bank up to JD 5 per JD 1,000 if the CBJ finds that the degree of risk assumed by such bank has become unacceptable.

In April 2019, the law establishing JODIC was amended under Law № 8 of 2019. The amendments included extending the JODIC deposit insurance scheme to cover deposits held by Islamic banks and enhancing JODIC's role in the resolution process for banks that are in financial difficulty. JODIC operates in collaboration with the CBJ to protect the banking system as one of the main pillars of the national economy.

__Banking Supervision__

The CBJ's Banking Supervisory Department monitors and supervises the Jordanian banking sector to ensure its stability and protect the rights of depositors and shareholders, thereby managing the risk and enhancing the contribution of the sector in the context of the financial system and national economy as a whole. Its remit includes the licensing of banks domestically and abroad, regulating credit and managing credit risk, monitoring and enforcing financial ratios, analysing banks' performance, implementing controls and monitoring breaches, and developing the regulatory framework.

The Banking Supervisory Department conducts both off-site and on-site supervision of banks in Jordan. Off-site supervisory activities include studying banks' monthly and quarterly statements, monitoring supervisory systems, and regularly reviewing banks' compliance with applicable laws and regulations. A risk-based framework for off-site supervision of banks and money exchange firms has been in place since the beginning of 2017, and there are different teams for specific areas of off-site supervision, reflecting the broad and complex nature of the mandate. The department also conducts on-site visits to ensure compliance by, and review the quality of, the management of the banks and the adequacy of internal control procedures.

In June 2017, the CBJ issued regulations regarding domestic systemically important banks, which aim to enhance the ability of such banks to maintain a sound financial position and reduce adverse side effects that may result from large domestic systemically important banks facing financial difficulty. The regulations are in line with international best practices and are part of the CBJ's implementation of the Basel framework for dealing with domestic systemically important banks. The regulations set out an objective methodology for the identification of domestic systemically important banks based on their size, interconnectedness, substitutability and complexity of their operations. The regulations set out capital surcharge requirements for domestic systematically important banks, as well as enhanced corporate governance and risk management rules.

The Banking Law № 28 of 2000 (the "**Jordanian Banking Law**") was further amended under the Banking Law № 7 of 2019 to reflect developments in banking supervision at a domestic, regional and international level. Changes implemented under the revised law include updated capital adequacy ratios, CBJ controls on banks' selection of auditors, measures to manage banks in financial difficulty, enhanced corporate governance, board membership, and restrictions on transfers of ownership. Other recent developments in the banking sector include the implementation of IFRS 9 in 2018, the issuance of anti-money laundering and anti-terrorism measures in 2018, the imposition of controls for the dealing of foreign exchange and precious metals in 2018, the extension of capital adequacy controls for Islamic banks in 2018, and enhanced exposure and credit controls in 2019.

The banking sector regulations govern the following key areas:

- *Corporate Governance:* Amendments to the Jordanian Banking Law, including in respect of the role and responsibilities of the board of directors of the CBJ, as well as providing for the separation between ownership and management of banks, are aimed at strengthening the regulatory framework for corporate governance and maintaining a stable and a resilient banking sector in the Kingdom.

- *Capital Requirement*: The minimum requirement for paid up capital of banks is JD 100 million for domestic banks and JD 50 million for branches of foreign banks.

- *Capital Adequacy:* Under the CBJ Law, as amended, and the CBJ's guidance on regulatory capital, Jordanian banks must at all times maintain the minimum regulatory capital determined from time-to-time by the CBJ. The current minimum is 12% of risk-weighted assets (*i.e.,* credit, operational and market risk). If a bank has an external banking presence, its capital adequacy ratio should not be less than 14%; the ratio is increased depending on the category to which the bank belongs and according to the time frame mentioned in the relevant guidance, which ranges between 0.5% and 2%, *i.e.*, 14% + (0.5%-2%) if the bank is classified as domestic, systemically-important bank.

- *Reserve Requirements:* Under the Jordanian Banking Law, the CBJ requires Jordanian banks to deposit cash reserves with the CBJ. The CBJ has discretion to determine the reserve ratio and may keep this compulsory cash reserve in a current account or as a call or time deposit, the balance of which may not be reduced by withdrawals below the prescribed percentage, unless approved by the CBJ.

- *Liquidity Requirements:* Under the Jordanian Banking Law, Jordanian banks must maintain a minimum limit set by the CBJ of total liquid assets, or specific types of such assets, as a proportion its total assets (including guarantees and securities existing in favour of the bank), or as a proportion of its total liabilities. The current minimum liquidity ratio is 100%.

- *Exposure Limits:* Under the Jordanian Banking Law, the CBJ sets limits in relation to the loan to regulatory capital ratio permitted for banks to grant loans to a person and such person's related parties, as well as the ratio of total loans granted to the prime ten clients of a bank to the total amount of loans granted by the Bank. The current exposure limit is 25% of the bank's regulatory capital in respect of a person and to related parties.

- *Asset Classification and Provisioning:* Under the Jordanian Banking Law, banks must adhere to the regulations of the CBJ in relation to classification and valuation of assets and the reserves to be maintained on the basis of such classification and valuation.

- *Credit and Investment Policy:* Under the Jordanian Banking Law, banks are required to have in place a written credit and investment policy that defines the criteria and terms for granting credit facilities and principles of investment. A copy of the policy and any amendments to it must be provided to the CBJ.

- *Offshore Restrictions:* Banks are generally not permitted to lend outside of Jordan.

- *Foreign Exchange:* The CBJ has issued guidance on granting direct facilities in foreign currency, including controls on granting credit facilities for persons who do not conduct activities in the Kingdom, or financing activities outside the Kingdom.

- *Major Holders:* The CBJ monitors effective interest ownership, particularly when a group has 10% or more of a bank's capital.

- *Subsidiaries:* Guidance to control the risks of investments by banks in other corporates, which aims to maintain funds for banks and their subsidiaries inside the Kingdom, as well as the investments of their foreign branches.

Non-Performing Loans

Non-performing loans amounted to JD 1,422.0 million as at 31 December 2021, as compared to JD 1,496.0 million as at 31 December 2020, a decrease of JD 74.0 million, or 5.0%. The ratio of non-performing loans to total debt was 5.0% as at 31 December 2021, as compared to 5.5% as at 31 December 2020. The provisions coverage ratio has also improved, helping reduce the risk of such loans on the banks, from 71.5% as at 31 December 2020 to 79.9% as at 31 December 2021.

Treatment of Financial Institutions in Difficulty

Under the Jordanian Banking Law, the CBJ is authorised to take certain steps to assist banks that are in financial difficulty to mitigate or avoid adverse consequences for the sector or the national economy. The Jordanian Banking Law gives powers to the CBJ, in certain circumstances, to take control of a bank that is in difficulty, including to:

- Take over management of the distressed bank for up to 12 months;

- Restructure the distressed bank's share capital;

- Implement measures to manage the distressed bank's regulatory capital;

- Merge the distressed bank with another bank (with the approval of the counterparty bank); and

- Transfer some or all of the distressed bank's assets or liabilities to a third party entity.

If the cost of taking any such measures exceeds the liquidation value of the distressed bank, the CBJ can authorise the JODIC to incur costs to effect such measures and to cover such costs from the proceeds of any subsequent sale or transfer of the distressed bank or its assets.

Equity Participation

Under the Jordanian Banking Law, Jordanian banks are prohibited from holding more than 10% of the equity of a company whose objectives do not include holding deposits, although the CBJ does have discretion to raise this limit to 20% in certain circumstances. Jordanian banks are also limited to holding equity in other deposit-taking companies, up to a maximum of 10% of the capital of the acquirer or the target.

Jordanian Banking in the Palestinian Territories

Due to the historic links between the Kingdom and the Palestinian territories, six Jordanian banks operate in such territories. Whilst the Palestinian Monetary Authority regulates the branches of Jordanian banks operating in the Palestinian territories, the CBJ receives their financial statements and has the right to conduct on-site examinations of such branches.

The following table shows the consolidated balance sheet of branches of Jordanian banks operating in the Palestinian territories as at the dates indicated.

Consolidated Balance Sheet of Jordanian Banks' Branches Operating in the Palestinian Territories

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(JD millions)		
Cash in vaults	275.1	268.3	343.3	309.6	420.6
Balances with the banking system	1,529.6	1,553.6	1,612.8	1,947.8	2,080.2
Credit facilities	2,266.3	2,270.7	2,224.6	2,410.8	2,567.9
In Jordanian Dinars	*297.4*	*351.3*	*359.9*	*327.5*	*376.6*
In U.S. Dollars	*920.5*	*950.2*	*965.8*	*1,051.0*	*1,002.3*
In other foreign currencies	1,048.4	969.2	898.9	1,032.3	1,189.0
Portfolio	494.8	552.5	561.0	585.6	604.8
Other assets	186.9	167.0	191.4	211.8	155.6
Total assets	**4,752.7**	**4,812.1**	**4,933.1**	**5,465.6**	**5,829.1**
Deposits of banking system	211.6	233.1	237.7	309.0	310.3
Customers' deposits	3,610.7	3,604.7	3,711.2	4,083.0	4,443.8
In Jordanian Dinars	*1,028.1*	*974.5*	*1,006.8*	*1,063.0*	*1,162.7*
In U.S. Dollars	*1,273.2*	*1,290.9*	*1,310.9*	*1,388.0*	*1,684.4*
In other foreign currencies	1,309.4	1,339.3	1,393.5	1,632.0	1,596.7
Capital, reserves and provisions	641.2	668.7	635.1	729.8	716.8
Other liabilities	289.2	305.6	349.1	343.8	358.2
Total liabilities	**4,752.7**	**4,812.1**	**4,933.1**	**5,465.6**	**5,829.1**

Source: CBJ

The consolidated balance sheet of Jordanian banks in the Palestinian territories increased by JD 363.5 million, or 6.7%, to JD 5,829.1 million as at 31 December 2021 from JD 5,565.6 million as at 31 December 2020, as compared to an increase of JD 532.5 million, or 10.8%, during 2020.

Money Supply

During the period 2011-2016, the money supply in the Kingdom grew significantly, growing at an average annual rate of 7.5% for M1 and 6.4% for M2. Money supply grew by 5.8% in 2020 and by 6.7% in 2021. This was primarily due to an increase in deposits of JD 2.2 billion (7.1%) and an increase in currency in circulation of JD 286.0 million (4.8%) in 2021. In the first two months of 2022, money supply grew by 0.2%, as compared to 1.2% during the same period in 2021.

The following table sets forth information regarding money supply in the Kingdom as at the dates indicated.

Money Supply

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
	(JD millions)				
Money supply (M1)	**10,135.2**	**9,676.3**	**10,322.8**	**12,150.3**	**13,117.5**
Change from previous year *(%)*	(2.4)	(4.5)	6.7	17.7	8.0
Currency in circulation	4,326.5	4,296.4	4,631.0	5,939.4	6,225.4
Demand deposits in Jordanian Dinars	5,808.7	5,379.9	5,691.8	6,210.9	6,892.1
Quasi-money	22,822.4	23,683.0	24,646.9	24,861.6	26,391.7
Demand deposits in foreign currencies	*2,660.8*	*2,576.7*	*2,436.1*	*2,750.1*	*2,938.8*
Time and saving deposits, of which:	*20,161.6*	*21,106.3*	*22,210.8*	*22,111.5*	*23,452.9*
In foreign currencies	*3,035.7*	*3,591.3*	*3,801.5*	*3,469.5*	*3,389.9*
Foreign assets (net)	9,122.6	7,368.3	7,507.4	7,562.0	7,822.5
CBJ	*10,260.0*	*9,151.3*	*9,974.8*	*10,798.6*	*12,088.0*
Licensed banks	*(1,137.4)*	*(1,783.0)*	*(2,467.4)*	*(3,236.6)*	*(4,265.5)*
Domestic assets (net)	23,835.0	25,991.0	27,462.3	29,449.9	31,686.7
Money supply (M2)	**32,957.6**	**33,359.3**	**34,969.7**	**37,011.9**	**39,509.2**
Change from previous year *(%)*	0.2	1.2	4.8	5.8	6.7
Net claims on public sector	9,989.7	10,909.4	11,905.7	12,956.8	14,504.3
Net claims on central government general budget	7,342.2	8,118.6	9,230.3	10,243.5	11,682.8
Net claims on central government own-budget	2,007.5	1,993.9	1,874.4	1,847.4	1,761.0
Claims on public entities	640.0	796.9	801.0	865.9	1,060.5
Claims on private sector (resident)	22,525.8	23,709.6	24,765.7	26,261.5	27,558.4
Claims on financial institutions	497.2	625.7	853.8	1,363.6	1,339.8
Other items (net)	(9,177.7)	(9,253.7)	(10,062.9)	(11,132.0)	(11,715.8)

Source: CBJ

Inflation

Inflation, as measured by the CPI, has fluctuated in recent years and was (0.9) % in 2015, (0.8) % in 2016, 3.3% in 2017, 4.5% in 2018, 0.8% in 2019, 0.3% in 2020, and 1.4% in 2021. The unprecedented global developments that emerged during the COVID-19 pandemic in early 2020 led central banks across the world to adopt expansionary monetary policies. The CBJ cut its monetary policy rates twice in March 2020 to counter the economic impact of the COVID-19 pandemic on the national economy. The COVID-19 pandemic has affected the economy from both a demand and a supply perspective. The disruption of supply chains and economic recovery from the repercussions of the COVID-19 pandemic at the end of 2020 and during 2021 caused an inflationary wave in global prices; however, the impact of this inflationary wave was limited on the Jordanian economy and inflation did not exceed 1.4% in 2021. This was a result of several measures taken by the Government, principal among which were (i) the adoption of ceilings for the transportation costs of imported goods for the purposes of calculating taxes and customs duties until the end of 2021, and (ii) stabilising prices in civil and military institutions until the end of 2021. However, in the first four months of 2022, the inflation rate rose to 2.6%, reflecting a 3.8% rise in food prices and a 5.4% increase in transportation costs. These increases in turn reflected increased food and energy prices globally, with these two factors contributing 68% of the increased inflation rate in the first four months of 2022. The Government expects that inflation will remain around 2.5% during 2022-2023, thus remaining within moderate levels and consistent with the pace of recovery in economic activity. In general, however, local price trends remain dependent on developments in oil and food prices in global markets.

The following table sets forth annual year-on-year inflation rates, as measured by the CPI, for the twelve months ended in the month indicated.

Annual Inflation Rates as measured by the CPI

	2017	2018	2019	2020	2021
			(%)		
January	2.54	3.34	1.98	1.68	(0.35)
February	4.56	3.85	0.39	1.91	0.38
March	4.27	3.72	1.17	2.07	0.15
April	3.52	4.53	0.85	0.57	1.25
May	3.70	4.64	0.82	(0.21)	1.65
June	3.69	5.02	0.85		1.77
July	1.83	5.76	0.58	(0.56)	1.84
August	2.28	5.32	0.58	(0.57)	2.01
September	3.51	4.48	0.32	0.1	1.85
October	3.48	4.24	0.72	0.01	1.61
November	3.33	4.74	0.15	0.08	1.61
December	3.24	3.93	0.77	(0.40)	2.40

Source: Department of Statistics

The following table sets forth the relative weight and composition of the components that the Department of Statistics uses to calculate the CPI.

Weight and Composition of the Consumer Price Index

	Weight *(Relative Importance)*	2017	2018	2019	2020	2021
	(%)	*(2018=100 in all line items)*				
Food and non-alcoholic beverages, *of which:*	26.52	96.9	100.0	100.3	102.6	102.7
Cereal and related products	*4.17*	*82.5*	*100.0*	*103.9*	*105.4*	*107.3*
Meat and poultry	*4.69*	*100.1*	*100.0*	*98.7*	*101.2*	*107.6*
Dairy products and eggs	*3.72*	*98.5*	*100.0*	*97.3*	*101.4*	*101.6*
Oils and fats	*1.70*	*95.8*	*100.0*	*99.0*	*99.2*	*105.2*
Fruits and nuts	*2.57*	*100.2*	*100.0*	*96.3*	*100.5*	*98.7*
Vegetables	*2.96*	*101.8*	*100.0*	*99.6*	*105.0*	*91.5*
Sugar and confectionery	*2.31*	*100.1*	*100.0*	*101.4*	*103.8*	*104.6*
Alcohol and tobacco and cigarettes, *of which:*	4.37	87.3	100.0	98.4	101.4	104.0
Alcoholic beverages	*0.01*	*98.0*	*100.0*	*100.4*	*106.3*	*121.9*
Tobacco and cigarettes	*4.37*	*87.2*	*100.0*	*98.4*	*101.4*	*103.9*
Housing, of which:	23.78	96.6	100.0	101.5	99.7	101.3
Rents	*17.54*	*97.4*	*100.0*	*102.4*	*102.3*	*103.8*
Fuels and lighting	*4.69*	*92.5*	*100.0*	*98.5*	*90.2*	*91.3*
Clothing and footwear	4.12	101.5	100.0	98.3	97.5	96.3
Household furnishings and equipment	4.94	98.3	100.0	101.0	101.5	102.0
Transportation	15.98	91.0	100.0	100.6	98.6	103.0
Communications	2.83	99.8	100.0	100.0	100.9	102.3
Education	4.35	97.4	100.0	102.6	104.4	104.7
Health	4.00	94.7	100.0	101.9	104.6	105.5
Culture and recreation	2.55	97.9	100.0	97.6	98.5	99.1
Restaurants and hotels	1.79	93.3	100.0	102.6	104.8	106.3
Other goods and services	4.77	98.2	100.0	101.4	103.6	103.8
Consumer Price Index	**100.0**	**95.7**	**100.0**	**100.8**	**101.1**	**102.5**

Source: Department of Statistics, CBJ

Interest Rates

In 2012, the CBJ introduced a new operating framework aimed at increasing the effectiveness of its monetary policy. As part of this new framework, in May 2012, the CBJ introduced a weekly repurchase facility, which aims to improve the distribution of excess reserves in order to reduce the volatility of interest rates in the interbank market and to provide higher flexibility to commercial banks in managing their liquidity needs. In addition, in June 2012, the CBJ commenced open market operations acting as a buyer and seller of treasury securities and Government-guaranteed securities for the purpose of injecting or absorbing liquidity in the markets, as needed, rather than conducting currency swaps with commercial banks.

In February 2015, the CBJ further revised its monetary policy operational framework and introduced a key interest rate, "the CBJ main rate" to be the benchmark rate by which other policy rates will be determined. The CBJ also issued certificates of deposit in Jordanian Dinar with different volumes and various maturities, to assist banks' liquidity and encourage economic growth through lending operations. Also in February 2015, the CBJ cut interest rates by 25 basis points on the rediscount facility and the overnight repurchase agreement, and cut the overnight deposit window (window rate) by 100 basis points. In addition, the CBJ introduced its main rate, which represents the weekly repurchase agreements, at a rate of 2.75%. The CBJ attributed its decision to a combination of declining inflation, the increased attractiveness of dinar-denominated assets and declines in the current account deficit. At the same time, the CBJ reintroduced certificates of deposits (with maturities of one to two weeks) to manage excess liquidity in the banking system more effectively. In July 2015, the CBJ lowered the interest rates on monetary tools by 25 basis points to 2.5%, with the aim of stimulating credit and reducing its cost, in addition to encouraging consumption and investment. During the period from December 2016 to December 2018, the CBJ raised the overnight deposit window rate nine times by a total of 250 basis points, and raised the interest rates on other instruments eight times by a total of 225 basis points, in order to maintain the competitiveness of the Jordanian Dinar and preserve monetary and financial stability. During the period from August 2019 to March 2020, the CBJ reduced the overnight deposit window rate five times by a total of 200 basis points, and the interest rates on other instruments by a total of 225 basis points. The main CBJ rate was 2.50% from 17 March 2020 until 17 March 2022, when the CBJ raised it by 25 basis points to 2.75%. The CBJ raised the rate by a further 50 basis points to 3.25% on 8 May 2022. The decision of the CBJ's open market operations committee was in line with the interest rates changes in regional and international monetary markets, to address the anticipated inflation pressures amid the rising global inflation rates.

Banks' Interest Rates

In 2021, the interest rates on all types of credit facilities extended by licenced banks and all types of deposits held by licenced banks decreased compared to 2020. The interest rates on all types of deposits have increased in the first quarter of 2022, except for the interest rate on demand deposits which has decreased, compared to levels at the end of 2021. The interest rates on all types of credit facilities had decreased in the first quarter of 2022, except for the interest rate on loans and advances, which remained at the same level as at the end of 2021.

The following table sets forth certain interest rates on credit facilities and deposits at licensed banks for the periods indicated.

Banks' Weighted Average Interest Rates on Deposits and Credit Facilities[(1)]

	2017	2018	2019	2020	2021
			(%)		
Deposits					
Demand deposits	0.34	0.38	0.33	0.27	0.26
Saving deposits	0.55	0.71	0.63	0.34	0.27
Time deposits	3.80	4.73	4.92	3.65	3.45
Credit facilities					
Overdrafts	8.77	8.41	8.47	7.30	7.16
Loans and advances	8.64	8.69	8.46	7.17	6.95
Discounted bills and bonds	10.23	9.64	9.55	8.51	7.99

Source: CBJ

Note:

(1) Interest rates in this table represent weighted averages for customers at the individual bank level and for banks at the banking system level.

Foreign Exchange Rates

The currency of Jordan is the Jordanian Dinar. There are 1,000 fils to one dinar. In October 1995 Jordan adopted a pegged exchange rate system, whereby the Jordanian Dinar was pegged to the U.S. Dollar at 708 fils per U.S. Dollar and has remained at such peg to date. The exchange rate of the Jordanian Dinar against the other major currencies is determined according to the exchange rates of these currencies against the U.S. Dollar in the international financial markets. The CBJ believes that the currency peg has contributed to the strengthening of confidence in the Jordanian Dinar and continues to serve the Jordanian economy. There are no plans to remove or change the currency peg. See "*Risk Factors—Risks Relating to the Kingdom—Exchange rate*".

The following table sets forth the average exchange rate of the Jordanian Dinar in major foreign currency units as at the dates indicated.

Average Exchange Rate of the Jordanian Dinar in Major Foreign Currency Units

	Average for the period				
	2017	**2018**	**2019**	**2020**	**2021**
U.S. Dollar	1.410	1.410	1.410	1.410	1.410
Euro	1.192	1.240	1.270	1.159	1.248
Pound Sterling	1.053	1.114	1.077	1.050	1.061
Japanese Yen (¥100)	159.2	158.5	154.0	146.4	160.6

Source: CBJ

Foreign Assets

Pursuant to applicable law, the CBJ follows investment rules and guidelines established by the CBJ's board of directors in respect of its management of foreign reserves, which sets out, *inter alia*, eligible investments, currencies, maturities, ratings and size limits.

The following table sets forth the CBJ's net foreign assets as at the dates indicated.

Net Foreign Assets(1)

	31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(JD millions)		
Gold	1,473.7	1,302.2	1,519.0	2,646.0	2,646.1
Special drawing rights	43.1	22.7	11.7	13.8	11.6
Convertible currencies	4,889.7	5,429.4	5,876.5	6,573.6	8,002.6
Bond and treasury bills	4,640.4	3,580.4	3,512.3	2,791.0	2,842.3
Loans arising from payment agreements	766.9	766.9	766.9	766.9	766.9
Gross foreign assets	11,813.8	11,101.6	11,686.4	12,791.3	14,269.5
Liabilities in foreign currencies	1,553.8	1,950.3	1,711.5	1,992.6	2,181.5
Net foreign assets	**10,260.0**	**9,151.3**	**9,974.8**	**10,798.6**	**12,088.0**

Source: CBJ

Note:

(1) Classification is based on currency irrespective of residency.

The CBJ's foreign reserves are not subject to any security interest or other encumbrances.

Stock Market

The Amman Stock Exchange was established in March 1999 as an independent, non-profit institution, authorised to function as a regulated market for trading securities in Jordan. On 20 February 2017, the Amman Stock Exchange registered as a public company named the 'The Amman Stock Exchange Company' (the "**ASE**"), wholly-owned by the Government and authorised to function as an exchange for the trading of securities. The ASE is governed by a board of directors, currently comprising seven members. The chief executive officer oversees the day-to-day running of the ASE and reports directly to the board. The ASE membership is comprised of Jordan's 58 brokerage firms.

Jordan has a small fixed income market, largely comprised of treasury bills and bonds issued by the public sector. Historically, the Government financed its budget deficits through foreign loans or direct borrowing arrangements with banks as opposed to issuing treasury bonds on the local capital market. However, in May 2001, the National Assembly passed The Public Debt Management Law, which, *inter alia*, required that Government domestic borrowing be carried out by issuing Government securities and prohibited direct domestic borrowings from commercial banks or other institutions.

Since 2017, companies listed on the ASE are placed into one of two markets on the basis of various standards and criteria, including shareholders' equity, free float, profitability, number of shareholders and capital. The ASE has also indicated that it will embark on a number of key projects to maintain the lead it has amongst Arab and regional stock exchanges, such as launching new indexes, new financial instruments *e.g.* ETFs, and implementing a world-class trading system and an electronic disclosure system using XBRL language.

The following table sets forth selected indicators for the Amman Stock Exchange as at the dates indicated.

Indicators for the Amman Stock Exchange

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
Number of listed companies	194	195	191	179	172
Market capitalisation (*JD millions*)	16,962.6	16,122.7	14,914.8	12,907.8	15,496
Value of traded shares (*JD millions*)	2,926.2	2,319.3	1,585.4	1,048.8	1,963.6
Average daily trading (*JD millions*)	11.8	9.3	6.4	4.9	7.9
Volume of traded shares (*millions*)	1,716.7	1,245.9	1,247.2	1,142.7	1,538.2
Volume of transactions (*thousands*)	717.5	511.8	503.0	421	818.3
Number of trading days	247	250	249	213	247
Turnover ratio (*%*)	25.7	18.8	18.2	17.3	24.2
ASE general weighted price index	4,009.4	3,797.1	3,513.8	3,049.6	4,005.3
ASE general free float weighted price index (ASE 100)	2,126.8	1,908.8	1,815.2	1,657.2	2,118.6
ASE free float weighted price index (ASE 20)	1,033.2	926.4	891.0	806.5	1,074.4
ASE general un-weighted price index	466.0	402.4	382.0	377.3	—
Volume of traded bonds (*thousands*)	15.7	31.9	8.9	2.6	1.1
Value of traded bonds (*JD millions*)	1.9	3.2	0.9	0.3	1.5
P/E ratio (*times*)	19.5	17.9	11.4	10.0	37.3
P/BV (*times*)	1.2	1.2	1.1	0.9	1.1
Dividend yield ratio (*%*)	4.6	5.0	5.7	1.8	3.0
Non-Jordanian ownership of total market cap. *(%)*	48.1	51.7	51.6	51.1	48.1
Net investment of non-Jordanians (*JD millions*)	(334.3)	484.5	114.1	(67.5)	(60.9)
Market capitalisation/GDP *(%)*	61.8	56.7	49.7	41.5	49.9

Source: ASE

Nonbank Financial Sector

Jordan's nonbank financial sector is small. Its assets amounted to less than 5% of total financial assets in 2015. It mainly consists of insurance and microfinance companies, and money exchangers.

In June 2015, the National Assembly approved a microfinance institutions law, which aims to improve the supervision of microfinance institutions in order to formalise the shadow banking sector. Under the microfinance bylaw № 5 of 2015, the CBJ's supervisory remit has been expanded to include the microfinance sector. As at 1 June 2020, the CBJ had granted licences to nine microfinance institutions.

In 2014, the operations of the Insurance Commission were transferred to the Ministry of Industry, Trade and Supply. The Government has also announced its intention to amend the insurance law to transfer supervision of the insurance sector to the CBJ. These amendments are expected to be approved by the National Assembly in the second half of 2020. See "*The Economy—Production Sectors—Finance, Insurance, Real Estate and Business Services—Insurance*".

Jordan 2025

Jordan 2025 includes a number of initiatives for the banking sector and, in particular, SME lending. In respect of the banking sector, Jordan 2025 aims to (i) improve transparency and financial depth of the sector through, *inter alia*, the operation of the credit bureau, the creation of a national steering committee and a technical committee to raise financial awareness and increase the use of financial services, the development of a national payments system to increase financial depth and proliferation and the strengthening of the financial consumer protection framework; (ii) encourage lending against movable collateral by reviewing the law on attaching moveable and immovable property to secure debt; (iii) increase loan guarantees for SMEs and entrepreneurs through the restructuring of the Jordan Loan Guarantee Corporation to strengthen its role; and (iv) increase funds available to SMEs and entrepreneurs through the provision of CBJ funding programmes in certain industries, the establishment of a fund to support SME start-ups, the encouragement of value-added services offered by credit information companies and co-operation and information exchange between all credit providers and the credit bureau. Jordan 2025 targets increasing the percentage of bank loans provided to SMEs from 9% in 2014 to 14% by 2025, while the coverage of credit bureaux (of the adult population) is targeted to reach 55% by 2025.

PUBLIC FINANCE

The Budget Process

The Government's financial year runs from 1 January to 31 December. The General Budget Law sets out the budget for the year and estimates of revenues and expenditures for the year, as well as a three-year budget forecast with revenue and expenditure estimates.

The budget process begins in May of the previous year with the General Budget Department of the Ministry of Finance preparing a draft budget covering the general Government budget for the year and the budgets for the various independent institutions. The draft budget is generally approved by the Council of Ministers by the end of November and, in accordance with Article 112 of the Constitution, presented to the National Assembly for approval. When voting upon the draft budget for a given year, the National Assembly considers and votes on each section individually. In its deliberations, the National Assembly may reduce expenditures in a particular section but may not increase such expenditures. After the close of the deliberations regarding the draft budget, it may propose further laws in respect of additional expenditures. If approved, the draft budget becomes the General Budget Law for the year. If the National Assembly does not approve the budget before 1 January of the relevant year, Article 113 of the Constitution permits the Government to continue spending at a monthly rate of one-twelfth of the previous year's budgeted appropriations. The Government is required to submit final accounts to the National Assembly within six months of the end of each year.

If the Chamber of Deputies has been dissolved, the General Budget Department prepares the draft budget and submits it to the Council of Ministers to approve as a temporary budget law. The temporary budget law is then presented to the King for ratification. When the National Assembly returns, the temporary law is submitted to the National Assembly for endorsement. If endorsed, it is then presented to the King a second time for ratification. If not endorsed, the temporary budget law is returned to the Council of Ministers for reconsideration.

Successive governments have implemented a policy to avoid having budgetary arrears to the extent possible. Where additional expenditures are required and in certain other circumstances, budget supplements are prepared and approved in the same way as the General Budget Law. Budget supplements were prepared in 2011 and 2012 (as well as in earlier years), which added appropriations of JD 584 million in 2011 and JD 807 million in 2012, principally in order to cover extraordinary expenditures relating to subsidies of oil products and food items, principally due to increased international market prices of such commodities, which were sold at subsidised fixed prices domestically, as well as an appropriation of JD 50 million in 2012 to cover the costs of accommodating refugees from Syria. See "*Risk Factors—Risks Relating to the Kingdom—Syrian refugees*", "*Risk Factors—Risks Relating to the Kingdom—Subsidy reform*" and "*—Subsidies*". A budget supplement of JD 263 million was introduced in 2021 to provide governmental stimulation packages, principally to help contain the consequences of the COVID-19 pandemic, by adopting measures to protect jobs and vulnerable persons.

The budgets for individual Government departments, including 59 decentralised public enterprises, regulatory commissions and agencies, are jointly prepared by the General Budget Department and the relevant individual Government unit and must then be approved in the same manner as the Government's budget. Although the budgets of the 59 decentralised agencies are not consolidated in the budget of the central government, grants made by the Government to such agencies are reflected in the central Government's expenditures, and net income received by the Government from such agencies is reflected in the central Government's revenues. The budgets of the ten official universities are approved by the relevant university's board of trustees and the Higher Council of Education and are then submitted to the Council of Ministers for approval.

In 2019, the budgets of 29 government units were transferred from the General Budget Law to the Law of Government Units in order to enhance the comprehensiveness of the general budget and the financial data contained therein, in addition to improving transparency, increasing oversight of units' expenditures, and restructuring and tabulating accounts related to these units.

Municipal budgets are approved by the Ministry of Municipalities and also require Council of Ministers approval. The Greater Amman Municipality Budget is approved by the Prime Minister. The budgets of Government departments are not included in the General Budget Law; a separate budget law is issued for Government departments.

In the context of the SBA with the IMF, certain measures were adopted in order to improve budget execution. With effect from the 2016 budget, General Budget institutions are required to prepare their base budget requests within approved preliminary budget ceilings. In addition, in September 2015 a law requiring that all Government agency revenue is collected through the treasury single account (the "**TSA**") beginning in January 2016 was passed by the National Assembly. An action plan has also been prepared for the resolution of arrears between agencies in the energy and healthcare sectors.

The Chamber of Deputies adopted the 2020 General Budget Law, on 15 January 2020 as Law № 4 of 2020, and the Government Units Budgets Law on 15 January 2020 as Law № 5 of 2020.

General Budget Department

Since 1964, the General Budget Department of the Ministry of Finance has prepared the draft annual General Budget Law. The Law Regulating the Budget Law № 58 of 2008, *inter alia*, sets out the duties and responsibilities of the General Budget Department, which include:

- preparing the draft annual General Budget Law for the Kingdom;
- preparing budgets of individual Government departments;
- preparing details of the process of approval for the above budgets, which budgets must be approved by 1 January annually;
- proposing allocation of human resources in accordance with public policy;
- proposing allocation of financial resources in accordance with public policy;
- reviewing all requests for Government funds and assessing the performance of Government departments;
- preparing budgets for certain public institutions;
- providing opinions on the accounts of independent public institutions; and
- providing opinions on draft legislation.

Reform

In addition to the recent introduction of approved budget ceilings for Government departments, the Government has announced its commitment to further reforms to improve public financial management. This includes making the macro-fiscal unit at the Ministry of Finance operational, consolidating the central Government's financial statements with those of extra-budgetary agencies and public utilities and working towards the gradual integration of trust accounts into the TSA. The Ministry of Finance is also working to consolidate the budgets of the Government and state-owned entities.

In 2019, a new income tax law was implemented, which aims to expand the tax base progressively and equitably, close loopholes and tackle evasion, whilst providing protection for low-income households.

In connection with the conclusion of the EFF with the IMF, the Government has announced that it will conduct a comprehensive review of tax and customs exemptions and is preparing amendments to the income tax law to reduce the personal tax exemption threshold, raise general income tax rates, strengthen the framework for transfer pricing and establish a minimum corporate income tax to combat tax evasion. In addition, the Government is considering increasing sales taxes on items that it considers to be non-essential. See "*The Economy—Government Programmes—Other Reforms*".

In addition, the Ministry of Finance has established a Macro Fiscal Unit to improve data gathering and the quality of statistical information. Work is underway to better staff the unit and technical assistance has been sought from USAID and the IMF to develop the organizational structure and the expertise within the unit.

Jordan 2025 highlights a number of priority initiatives for public financial management, including reviewing legislation to achieve greater equity in the distribution of tax burdens, expanding the use of technology in the collection of public revenues, reducing and clarifying tax exemptions, reviewing financial legislation to achieve greater fiscal discipline and updating legislation regarding financial audit and control in line with international best practices.

2022 Budget

The 2022 budget reflects underlying assumptions including Jordan's commitments under the IMF programme to reduce public deficit and to put debt on a downward trajectory. The budget aims to bring the primary deficit down from 3.5% of GDP in 2021 to 3.1% of GDP in 2022, in line with IMF targets. The IMF forecasts Jordan's economic recovery to continue in 2022, with nominal GDP growth to reach 5.3% in 2022, as compared to the estimated 3.5% growth in 2021 and the 1.8% contraction in 2020.

Under a 2.7% real GDP growth projection for 2022, revenues are projected to increase by 9.5% in 2022 over estimated 2021 levels. The increase is partially due to the Ministry of Finance's legislative and administrative reforms to reduce tax evasion and avoidance.

The Government also implemented measures to increase the efficiency of public expenditure and to stimulate growth, whilst protecting the most vulnerable. For example, the Government has increased capital expenditure by 43.6% above 2021 levels, allocating capital for PPP projects as well as the Government Economic Priorities Program. The budget also includes provision to accelerate economic recovery following the COVID-19 pandemic, through national employment schemes, the *Istidama* programme for job preservation, and increased support for tourism and industry.

The following table sets forth summaries of the 2021 and 2022 budgets of the central Government, as well as the actual results from 2018-2021.

Budget 2021-2022

	2018	2019	2020	2021 (*budgeted*)	2021 (*actual*)[1]	2022 (*budgeted*)
				(JD millions)		
Domestic revenues, *of which:*	6,944.9	6,965.9	6,238.0	7,298.0	7,324.9	8,064.0
Tax revenues	*4,535.6*	*4,680.8*	*4,958.6*	*5,390.0*	*5,626.9*	*6,089.0*
Pension contributions	*10.9*	*9.0*	*7.3*	*8.0*	*7.5*	*7.5*
Other revenues[2]	*2,398.4*	*2,276.1*	*1,272.1*	*1,900.0*	*1,690.5*	*1,967.5*
Foreign grants	894.7	788.4	790.8	839.8	803.3	848.0
Total revenues and grants	**7,839.6**	**7,754.3**	**7,028.9**	**8,137.8**	**8,128.2**	**8,912.0**
Current expenditure	7,619.6	7,897.2	8,388.5	8,808.4	8,720.6	9,106.6
Capital expenditure	947.7	915.5	822.8	1,299.7	1,138.2	1,546.4
Total expenditure	**8,567.3**	**8,812.7**	**9,211.3**	**10,108.1**	**9,858.8**	**10,653.0**
Overall deficit/surplus						
Including foreign grants[3]	*(727.6)*	*(1,058.4)*	*(2,182.4)*	*(1,970.3)*	*(1,730.6)*	*(1,741.0)*
Excluding foreign grants[3]	*(1,622.3)*	*(1,846.8)*	*(2,973.3)*	*(2,810.1)*	*(2,533.9)*	*(2,589.0)*
Overall deficit (including grants)/GDP *(%)*	(2.4)	(3.3)	(7.0)	(6.2)	(5.4)	(5.1)
Overall deficit (excluding grants)/GDP *(%)*	(5.3)	(5.8)	(9.6)	(8.8)	(7.9)	(7.6)

Source: Ministry of Finance

Notes:
(1) Preliminary figures.
(2) Including revenues received by the Government from the decentralised agencies of Government including, *inter alia*, the CBJ.
(3) Grants include foreign aid and other grants received by the Government from abroad. See "*Risk Factors—Risks Relating to the Kingdom—Foreign grants*".

Public Accounts

The following table sets forth a summary of the revenues, expenditure and overall balance of the budget sector public accounts for the periods indicated.

Summary of Central Government Public Accounts

	2017	2018	2019	2020	2021[1]
			(JD millions)		
Domestic Revenues, *of which:*	6,717.4	6,944.9	6,965.9	6,238.0	7,324.9
Tax Revenues	*4,343.6*	*4,535.6*	*4,680.8*	*4,958.6*	*5,626.9*
Pension Contributions	*11.6*	*10.9*	*9.0*	*7.3*	*7.5*
Other Revenues[2]	*2,362.2*	*2,398.4*	*2,276.1*	*1,272.1*	*1,690.5*
Foreign Grants[3][4]	707.9	894.7	788.4	790.8	803.3
Total Revenues and Grants	**7,425.3**	**7,839.6**	**7,754.3**	**7,028.9**	**8,128.2**
Current Expenditure, *of which:*	7,113.0	7,619.6	7,897.2	8,388.5	8,720.6
Interest payments (commitment basis)	*856.2*	*1,004.4*	*1,113.4*	*1,243.4*	*1,403.4*
Capital Expenditure	1,060.2	947.7	915.5	822.8	1,138.2
Total expenditure	**8,173.2**	**8,567.3**	**8,812.7**	**9,211.3**	**9,858.8**
Overall deficit					
Including foreign grants[3][4]	*(747.9)*	*(727.6)*	*(1,058.4)*	*(2,182.4)*	*(1,730.6)*
Excluding foreign grants[3][4]	*(1,455.9)*	*(1,622.3)*	*(1,846.8)*	*(2,973.3)*	*(2,533.9)*
Overall deficit (including grants)/GDP *(%)*[5]	(2.5)	(2.4)	(3.3)	(7.0)	(5.4)

Sources: Ministry of Finance, CBJ

Notes:

(1) Preliminary figures.

(2) Including revenues received by the Government from the decentralised agencies of Government including, *inter alia*, the CBJ.

(3) See "*Risk Factors—Risks Relating to the Kingdom—Foreign grants*".

(4) Grants include foreign aid and other grants received by the Government from abroad.

(5) GDP at current market prices.

Summary

Total revenues and grants have increased from JD 7,425.3 million in 2017 to JD 8,128.2 million in 2021. The principal factor resulting in the overall increase in revenues from 2017 to 2021 has been increases in tax revenues (from JD 4,343.6 million in 2017 to JD 5,626.9 million in 2021). Over the same period, foreign grants have increased from JD 707.9 million in 2017 to JD 803.3 million in 2021, and pension contributions decreased from JD 11.6 million in 2017 to JD 7.5 million in 2021.

In 2021, total revenues and grants increased by JD 1,099.3 million, or 15.6%, to JD 8,128.2 million, as compared to JD 7,028.9 million in 2020. This increase was primarily due to a JD 1,086.9 million, or 17.4% increase in domestic revenues, which were JD 6,238.0 million in 2020, as compared to JD 7,324.9 million in 2021, which included a JD 668.3 million, or 13.5% increase in tax revenues, which was JD 4,958.6 million in 2020, as compared to JD 5,626.9 million in 2021, and a JD 418.4 million, or 32.9% increase in other revenues, which was JD 1,272.1 million in 2020, as compared to JD 1,690.5 million in 2021.

In the first quarter of 2022, total revenues and grants reached JD 1,858.5 million, as compared to JD 1,851.7 million in the same period in 2021. Domestic revenues increased slightly, by 1.8%, to JD 1,829.2 million in the first quarter of 2022, as compared to JD 1,797.2 million in the same period in 2021.This increase was mainly driven by an increase of 5.6% in tax revenues to JD 1,413.2 million in the first quarter of 2022, as compared to JD 1,338.5 million in the same period in 2021. Other revenues were JD 415 million in the first quarter of 2022, as compared to JD 456 million in the same period in 2021.

Total budget sector expenditure increased from JD 8,173.2 million in 2017 to JD 9,858.8 million in 2021. The principal factors resulting in the overall increases in expenditure from 2017 to 2021 have been increases in current expenditure (from JD 7,113.0 million in 2017 to JD 8,719.9 million in 2021), while capital expenditure has fluctuated but overall increased (from JD 1,060.2 million in 2017 to JD 1,138.1 million in 2021). Increases in current expenditure over the period have primarily been due to increases in compensation of employees, interest expense and purchases of goods and services.

In 2021, total budget sector expenditure increased by JD 646.7 million, or 7.0%, to JD 9,858.8 million, as compared to JD 9,211.3 million in 2020. This increase was primarily due to an increase in current expenditure of JD 332.1 million, or 4%, and an increase in capital expenditure of JD 315.4 million, or 38.3%, as compared to 2020, which reflected the reovery of economic activity following the COVID-19 pandemic.

Total budget expenditure increased from JD 2,125.9 million in the first quarter of 2021 to JD 2,204.4 million in the first quarter of 2022, an increase of 3.7%. This was mainly due to an increase in current expenditure of JD 80.5 million, or 4%, while capital expenditure of JD 82.5 million in the first quarter of 2022 was in line with same period in 2021 (JD 80.5 million).

The budget sector overall fiscal deficit (including foreign grants) has increased from JD 747.9 million in 2017 to JD 1,729.8 million in 2021. Accordingly, the overall deficit as a percentage of total GDP increased from 2.5% in 2017 to 5.4% in 2021.

The budget sector overall fiscal deficit (including foreign grants) has decreased from JD 2,182.4 million in 2020 to JD 1,729.8 million in 2021. Accordingly, the overall deficit as a percentage of total GDP decreased from 7.0% in 2020 to 5.4% in 2021.

The 2022 Budget, which was passed by Parliament on 14 February 2022, projects expenditures of JD 10,653 million. Domestic revenues are forecast to reach JD 8,064 million augmented by foreign assistance of JD 848 million. This results in a budget deficit of JD 1,741 million or 5.1% GDP after foreign assistance or 7.6% GDP pre-foreign assistance.

Revenues

The Government's principal sources of revenue are taxes on income and profits (consisting of corporate and personal income taxes), taxes on financial transactions, taxes on goods and services, taxes on international trade, pension contributions, revenues from selling goods and services and property income. In 2021, tax revenues accounted for 69.2% of total budget sector revenues (or 76.8% of domestic revenues). Non-tax revenues mainly comprise of the proceeds of the sale of goods and services, property income and miscellaneous revenues such as revenues from mining. The Government also receives significant revenue in the form of grants from foreign governments and international agencies. For a further description of certain tax reform developments and proposals, see "*—The Budget Process—Reform*".

The following table sets forth the components of domestic revenues for the periods indicated.

Components of Domestic Revenues

	2017	**2018**	**2019**	**2020**	**2021**[1]
			(JD millions)		
Taxes on Income and Profits, of which:	938.1	965.0	1,020.2	1,103.6	1,179.6
Income tax from individuals[2]	*195.3*	*202.8*	*234.5*	*263.9*	*276.8*
Income tax from companies and other projects	*65.5*	*52.9*	*44.1*	*52.6*	*48.5*
Taxes on financial transactions	107.7	93.0	81.6	46.8	70.6
Taxes on goods and services	2,993.5	3,184.6	3,302.4	3,533.9	4,038.7
Taxes on international trade and transactions, of which:	304.3	292.9	276.6	274.4	338.0
Customs duties and fees	*286.1*	*265.5*	*252.5*	*256.8*	*315.1*
Other additional taxes	0.0	0.0	0.0	0.0	0.0
Tax Revenues	**4,343.6**	**4,535.6**	**4,680.8**	**4,958.6**	**5,626.9**
Pension Contributions	**11.6**	**10.9**	**9.0**	**7.3**	**7.5**
Revenues from selling goods and services	916.1	901.8	883.6	634.1	838.4
Property income, of which:	358.0	305.1	436.4	235.2	357.9
Financial surplus	*319.4*	*271.3*	*393.4*	*206.7*	*335.2*
Interests	*12.5*	*8.2*	*14.3*	*5.0*	*5.2*
Miscellaneous revenues, of which:	1,088.1	1,191.5	956.2	402.8	494.1
Mining revenues	*36.9*	*42.9*	*42.8*	*26.8*	*45.1*
Repayments	*19.6*	*36.3*	*20.1*	*17.1*	*26.7*
Other Revenues[3]	**2,362.2**	**2,398.4**	**2,276.1**	**1,272.1**	**1,690.5**
Total Domestic Revenues	**6,717.4**	**6,944.9**	**6,965.9**	**6,238.0**	**7,324.9**

Source: Ministry of Finance

Notes:

(1) Preliminary figures.

(2) The Government estimates that between 5-10% of Jordanians are personal income taxpayers.

(3) Including revenues received by the Government from the decentralised agencies.

The following table sets forth central Government budget sector revenues for the periods indicated.

Revenues

	2017	2018	2019	2020	2021[1]
	(JD millions, unless otherwise indicated)				
Total Revenues and Grants	**7,425.3**	**7,839.6**	**7,754.3**	**7,028.9**	**8,128.2**
Annual change *(%)*	5.0	5.6	(1.1)	(9.4)	15.6
Percentage of GDP[2]	25.3	25.7	24.5	22.7	25.3
Percentage of Total Revenues and Grants	100.0	100.0	100.0	100.0	100.0
Percentage of Tax Revenues	170.9	172.8	165.7	141.8	144.5
Domestic Revenues	**6,717.4**	**6,944.9**	**6,965.9**	**6,238.0**	**7,324.9**
Annual change *(%)*	7.8	3.4	0.3	(10.4)	17.4
Percentage of GDP[2]	22.8	22.8	22.0	20.1	22.8
Percentage of Total Revenues and Grants	90.5	88.6	89.8	88.7	90.1
Percentage of Tax Revenues	154.7	153.1	148.8	125.8	130.2
Tax revenues	**4,343.6**	**4,535.6**	**4,680.8**	**4,958.6**	**5,626.9**
Annual change *(%)*	2.1	4.4	3.2	5.9	13.5
Percentage of GDP[2]	14.8	14.9	14.8	16.0	17.5
Percentage of Total Revenues and Grants	58.5	57.9	60.4	70.5	69.2
Percentage of Tax Revenues	100.0	100.0	100.0	100.0	100.0
Pension contributions	**11.6**	**10.9**	**9.0**	**7.3**	**7.5**
Annual change *(%)*	(23.7)	(6.0)	(17.4)	(18.9)	2.7
Percentage of GDP[2]	0.04	0.04	0.03	0.02	0.02
Percentage of Total Revenues and Grants	0.2	0.1	0.1	0.1	0.1
Percentage of Tax Revenues	0.3	0.2	0.2	0.1	0.1
Other revenues	**2,362.2**	**2,398.4**	**2,276.1**	**1,272.1**	**1,690.5**
Annual change *(%)*	20.3	1.5	(5.1)	(44.1)	32.9
Percentage of GDP[2]	8.0	7.9	7.2	4.1	5.3
Percentage of Total Revenues and Grants	31.8	30.6	29.4	18.1	20.8
Percentage of Tax Revenues	54.4	52.9	48.6	25.7	30.0
Foreign grants[3]	**707.9**	**894.7**	**788.4**	**790.8**	**803.3**
Annual change *(%)*	(15.3)	26.4	(11.9)	0.3	1.6
Percentage of GDP[2]	2.4	2.9	2.5	2.5	2.5
Percentage of Total Revenues and Grants	9.5	11.4	10.2	11.3	9.9
Percentage of Tax Revenues	16.3	19.7	16.8	15.9	14.3

Source: Ministry of Finance

Notes:

(1) Preliminary figures.

(2) GDP at current market prices.

(3) See "*Risk Factors—Risks Relating to the Kingdom—Foreign grants*".

Expenditure

The rates of growth in central Government budget sector total expenditure over the past four years were 4.8% in 2018, 2.9% in 2019, 4.5% in 2020 and 7.0% in 2021.

The following table sets forth the components of public expenditure for the years indicated.

Components of Public Expenditure

	2017	2018	2019	2020	2021[1]
			(JD millions)		
Compensations of employees, *of which*:	1,385.5	1,418.8	1,568.6	1,676.8	1,771.3
Wages, salaries and allowances	*1,272.7*	*1,297.6*	*1,421.5*	*1,495.3*	*1,595.0*
Social security	*112.8*	*121.1*	*147.1*	*181.5*	*176.3*
Purchases of goods and services	379.6	364.6[2]	383.4[2]	415.2	441.7
Interest payments (commitment basis), of which:	856.2	1,004.4	1,113.4	1,243.4	1,403.4
Internal	*587.3*	*647.6*[2]	*713.2*	*847.2*	*977.1*
External	*268.8*	*356.9*[2]	*400.2*	*396.2*	*426.3*
Subsidies, *of which*:	291.5	*391.5*[2]	352.8[2]	310.8	238.1
Subsidies for non-financial public institutions, of which:	*170.5*	*170.4*	*188.4*[2]	*193.7*	*180.4*
Emergency expenditures	*0.0*	*0.0*	*0.0*	—	—
Food & oil subsidies	*0.0*	*0.0*	*0.0*	*0.0*	*55.0*
Grants[3]	110.0	122.5	21.1	18.9	20.2
Social benefits, *of which*:	1,480.2	1,542.4[2]	1,633.2	1,840.2	1,892.9
Pensions and compensation	*1,277.1*	*1,331.8*[2]	*1,369.90*	*1,570.5*	*1,605.0*
Social assistance, of which:	*203.1*	*210.6*	*263.3*	*269.7*	*287.9*
Social safety net	*0.0*	*161.1*	*160.0*	*113.1*	—
Miscellaneous expenditure, *of which*:	284.9	361.8	280.1	247.6	203.4
Scholarships and training	*22.9*	*21.4*[2]	*21.2*[2]	*21.4*	*6.6*
Military expenditure	2,325.1	2,413.5	2,544.6	2,635.7	2,749.6
Current Expenditure	**7,113.0**	**7,619.6**	**7,897.2**	**8,388.5**	**8,720.6**
Capital Expenditure	**1,060.2**	**947.7**	**915.5**	**822.8**	**1,138.2**
Total Expenditure	**8,173.2**	**8,567.3**	**8,812.7**	**9,211.3**	**9,858.8**

Source: Ministry of Finance

Notes:

(1) Preliminary figures.

(2) Figures as published by the General Government Finance Bulletin issued on a monthly basis by the Ministry of Finance.

(3) Including funds transferred to decentralised agencies.

The following table sets forth budget sector expenditure for the years indicated.

Expenditures

	2017	2018	2019	2020	2021[(1)]
		(JD millions, unless otherwise indicated)			
Total Expenditure	**8,173.20**	**8,567.3**	**8,812.7**	**9,211.3**	**9,858.8**
Annual Change *(%)*	2.8	4.8	2.9	4.5	7.0
Percentage of GDP[(2)]	27.8	28.1	27.9	29.7	30.7
Percentage of Total Expenditure	100	100	100	100	100
Percentage of Tax Revenues	188.2	188.9	188.3	185.8	175.2
Current Expenditure	**7,113.0**	**7,619.6**	**7,897.2**	**8,388.5**	**8,720.6**
Annual Change *(%)*	2.8	7.1	3.6	6.2	4.0
Percentage of GDP[(1)]	24.2	25	25	27	27.1
Percentage of Total Expenditure	87	88.9	89.6	91.1	88.5
Percentage of Tax Revenues	163.8	168	168.7	169.2	155.0
Interest Payments (Commitment Basis)	**856.2**	**1,004.4**	**1,113.4**	**1,243.4**	**1,403.4**
Annual Change *(%)*	2.5	17.3	10.8	11.7	12.8
Percentage of GDP[(2)]	3	3.3	3.6	4	4.4
Percentage of Total Expenditure	10.5	11.7	12.6	13.5	14.2
Percentage of Tax Revenues	19.7	22.1	23.8	25.08	24.9
Capital Expenditure	**1,060.2**	**947.7**	**915.5**	**822.8**	**1,138.2**
Annual Change *(%)*	3	(10.6)	(3.4)	(10.1)	38.3
Percentage of GDP[(2)]	3.6	3.1	2.9	2.7	3.5
Percentage of Total Expenditure	13	11.1	10.4	8.9	11.5
Percentage of Tax Revenues	24.4	20.9	19.6	16.6	20.2

Source: Ministry of Finance

Notes:
(1) Preliminary Figures.
(2) GDP at current market prices.

Subsidies

Government spending on subsidies to support low-income Jordanians has fluctuated in recent years. Total subsidies were JD 210.1 million in 2017, JD 317.8 million in 2018, JD 282.6 million 2019, JD 258.6 million in 2020 and JD 256.0 million in 2021. Subsidies amount to JD 301 million in the 2022 budget.

Beginning in 2005, Jordan commenced a strategy to gradually phase out fuel price subsidies and, by February 2008, all domestic fuel prices (except liquid petroleum gas) were based on a market-driven automatic fuel pricing mechanism, which instituted a full pass-through of international fuel prices. This automatic pricing mechanism was withdrawn in January 2011 due to the high international oil prices. In 2012, automatic fuel pricing mechanisms were reinstated for certain refined oil products, resulting in market prices for such products.

In September 2012, there were protests in the cities of Amman, Irbid, Ma'an and Karak in response to a 10% increase in gasoline and diesel fuel prices, a measure intended to reduce the cost of subsidies. As a result of these protests, the King cancelled the fuel price increases. On 13 November 2012, the Council of Ministers announced the lifting of fuel subsidies on household cooking gas, diesel, kerosene and lower-grade gasoline and the introduction of an automatic pricing mechanism. These price increases were accompanied by introducing targeted cash transfers to low- and middle-income families representing approximately 70% of the population in an effort to offset fuel price increases. This announcement resulted in demonstrations in Amman and other cities in Jordan, some of which were violent.

In January 2017, the Kingdom withdrew electricity subsidies and in 2018, the Government withdrew bread subsidies, replacing the latter with a direct cash support program that ran for three years from 2018 to 2020. Water subsidies are being gradually eliminated and only subsidies relating to wheat and barley remain in the budget. In line with the Government's continuing policy of subsidy reform, subsidies are being replaced with targeted cash support implemented through the National Aid Fund.

See "*Risk Factors—Risks Relating to the Kingdom—Subsidy reform*" and "*The Economy—Social Programmes—National Aid Fund*".

IMF and Improving Budget Statistics

Budget figures and other statistics are discussed with IMF missions in regular Article IV Consultations. In addition, the Ministry of Finance has been working to improve the Government's budget statistics in accordance with the IMF's *Government Finance Statistics Manual* classification standard, as well as with the SDDS and the *Report on Standards and Codes*. Fiscal data published by the Ministry of Finance are in line with the IMF's *2014 Government Finance Statistics Manual*.

The Government's statistics are divided into five categories: (i) Government financial statistics for the ministries and Government offices; (ii) Government financial statistics for autonomous Government institutions; (iii) financial statistics for municipalities and local councils; (iv) financial statistics for the Public Institution for Social Security; and (v) a combination of the previous four categories.

See "*Risk Factors—Risks Relating to the Kingdom—Statistics*".

PUBLIC DEBT

General

Public debt in Jordan is comprised of the domestic and external debt of the central Government (including all ministries and agencies whose budgets make up the general budget) and state-owned enterprises and public agencies, to the extent guaranteed by the central government, and excludes other (*i.e.,* non-guaranteed) debt of state-owned enterprises and public agencies as well as debt held by the SSIF. As at 31 March 2022, outstanding public debt (excluding debt held by the SSIF) was JD 28,686.9 million, or 88.1% of GDP, as compared to JD 28,763.1 million, or 89.5% of GDP, as at 31 December 2021 and JD 26,499.3 million as at 31 December 2020. As at 31 December 2019, Jordan's total outstanding debt (excluding debt held by the SSIF) was JD 23,958.5 million, as compared to JD 22,883.3 million as at 31 December 2018. The following table sets forth certain principal indicators in respect of Jordan's public debt as at the dates indicated (excluding debt held by the SSIF).

Public Debt Indicators(1)

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
Gross public debt (excluding debt held by the SSIF)....	**22,356.5**	**22,883.3**	**23,958.5**	**26,499.3**	**28,763.1**
Gross public debt/GDP *(%)*(2)...................................	76.0	75.1	75.8	85.4	89.5
Net public debt *(JD millions)*	**20,523.1**	**21,475.6**	**22,680.4**	**25,163.2**	**27,260.1**
Net public debt/GDP *(%)*(2)..	69.8	70.5	71.8	81.1	84.9
Weighted average maturity of net public debt (*year/month*)...	5.4	5.4	6.4	6.8	6.6
Net public debt *per capita (JD)*(3)...............................	2,952.9	2,092.1	2,183.8	2,364.1	—
External public debt *(JD millions)*...............................	**11,823.2**	**11,856.5**	**11,970.4**	**13,715.2**	**15,137.5**
External public debt/GDP *(%)*(2)	40.2	38.9	37.9	44.2	47.1
External public debt/exports (goods and services) *(%)*	116.9	112.8	107.5	177.7	*n/a*
Official reserves/external public debt *(%)*..................	73.2	67.6	69.9	61.2	65.4
Short term debt/official reserves *(%)*	10.5	17.5	16.2	16.1	21.8
Weighted average maturity of external public debt (*year/month*)...	7.9	7.9	9.2	9.2	8.9
External public debt *per capita (JD)*(3).......................	1,703.8	1,165.0	1,169.0	1,304.7	1,402.5
Net domestic debt *(JD millions)*(4)................................	**8,699.9**	**9,619.1**	**10,710.0**	**11,448.0**	**12,122.6**
Net domestic debt to GDP *(%)*(2)................................	29.6	31.6	33.9	36.9	37.7
Weighted average maturity of domestic net debt (*year/month*)...	3.4	3.6	4.2	4.5	4.5
Net domestic debt *per capita (JD)*(3)	1,249.1	927.1	1,014.8	1,059.4	1,096.4
External debt service *(JD millions)*(5)...........................	**1,179.7**	**1,300.1**	**2,146.2**	**2,083.8**	**1,829.6**
External debt service/GDP *(%)*(2)(6)............................	4.0	4.3	6.8	6.7	5.7
External debt service/exports (goods and services) *(%)*	11.7	12.2	18.7	26.3	*n/a*
Official reserves/external debt service *(%)*	736.4	628.4	402.1	414.0	553.9
Implicit interest rate *(%)*(7)	**2.8**	**3.2**	**3.5**	**3.3**	**3.1**
Government-guaranteed debt(8)	**3,365.6**	**3,218.9**	**3,042.2**	**2,929.0**	**3,123.2**
Domestic	2,726.6	2,743.5	2,423.5	2,328.5	2,272.8
External..	639.0	475.4	618.7	600.5	850.5
Gross Government-guaranteed Debt/GDP *(%)*(2)	11.4	10.6	9.6	9.4	9.7

Source: Ministry of Finance

Notes:

(1) Certain figures in this table have been revised and differ from previously published data.
(2) All GDP figures are at current market prices. The GDP figure for 2021 is preliminary.
(3) More recent figures are not yet available.
(4) Includes Treasury Account and central Government bank deposits.
(5) Budget and guaranteed.
(6) Figures reflect debt service payments on a "cash basis", *i.e.*, the transactions are recorded only when cash is actually received or paid out.
(7) External debt only.
(8) The key beneficiaries of Government-guaranteed domestic debt are NEPCO and the Water Authority and the key beneficiary of Government-guaranteed external debt is NEPCO.

Public Debt Management

Steps to revitalise Jordan's economy have been underway since 1989, and Jordan has been pursuing an active public debt management programme in order to control the size and cost of the public debt. Public debt management in Jordan aims to: (i) ensure that the stock and rate of growth of debt can be managed and sustained over time; (ii) ensure that public obligations are fully met; (iii) reduce the susceptibility of the economy to contagion and financial risk; and (iv) enhance the primary market of government securities and develop an active secondary market for domestic debt instruments.

Under the Public Debt Management Law, Government borrowing is restricted to the following purposes: (i) to finance the general budget deficit; (ii) to support the balance of payments; (iii) to finance projects of national priority that are included in the General Budget Law; (iv) to provide the necessary funds set out in the General Budget Law or any temporary law issued to deal with disasters and emergencies; and (v) to restructure internal and external debt. The Government may not provide guarantees other than in exceptional cases related to projects of national importance and for Government entities, provided that the Council of Ministers, upon the recommendation of the Minister of Finance, approves the issuance of such guarantees.

The Public Debt Management Law provides for the establishment of a Public Debt Management Committee, a ministerial committee formed to manage the public debt. In addition, pursuant to the Public Debt Management Law, outstanding net domestic public debt and outstanding external public debt each may not exceed 60% of GDP at current prices of the latest year for which data is available (under Articles 21 and 22 of the Public Debt Management Law, respectively) and total net public debt (domestic and external) may not exceed 80% (under Article 23 of the Public Debt Management Law). Article 24 of that law provides that the Council of Ministers shall determine the date on which Articles 22 and 23 enter into force.

Pursuant to the 2008 amendment to the Public Debt Management Law, net outstanding domestic public debt and net outstanding external public debt each may not exceed 40% of GDP at current prices of the latest year for which data is available and net outstanding public debt may not exceed 60% of GDP at current prices of the latest year for which data is available. Unless and until a Council of Ministers resolution is passed implementing this amendment, these debt to GDP ratios are not in effect.

The Council of Ministers adopted Resolution № 6743 during its meeting of 26 November 2014 suspending the resolution by which Articles 22 and 23 came into force, thereby suspending the application of Articles 22 and 23 of the Public Debt Management Law for a period of three years, commencing on 26 November 2014. On 19 October 2015, the Special Council for the Interpretation of Laws issued a decision interpreting Article 24 of the Public Debt Management Law and confirming the authority of the Council of Ministers to suspend application of the Council of Ministers' decision by which Articles 22 and 23 came into force for such period or periods as it deems appropriate. As such, the legality of Resolution № 6743 has been confirmed by the decision of the Special Council for the Interpretation of Laws, and, accordingly, Articles 22 and 23 of the Public Debt Management Law are currently suspended. Pursuant to the Constitution, the resolutions of the Special Council for the Interpretation of Laws, once published in the *Official Gazette*, are binding and authoritative. The Government is and has been in excess of the debt to GDP ratios set out in the Public Debt Management Law. Any past, existing or future breach of the borrowing limits set out in the Public Debt Management Law, however, will not invalidate the issuance of the Notes. See "*Risk Factors—Risks Relating to the Kingdom—Public debt and budget deficit*".

The Government has taken steps to improve the efficiency of debt issuance by increasing the number of treasury bills and bond auctions, reducing the size of offers and moving towards the establishment of a debt auction calendar. The Government has adopted a debt management strategy for 2019 to 2023, which has the following key aims: (i) continue to pursue external sources of debt, principally denominated in U.S. Dollars, to cover the Kingdom's borrowing needs and to increase the proportion of foreign exchange as a percentage of total debt; (ii) extend the average maturity of domestic debt by issuing debt instruments with longer tenors (3–15 years) as market conditions permit; (iii) decrease the proportion of short-term debt, *i.e.*, maturing within one year; and (iv) issue Islamic finance or *sukuks* to diversify the financing sources and expand the investor base in government debt securities. This debt issuance strategy has effectively managed refinancing risk (the average time to maturity being 6.6 years), both domestically and externally, and kept average costs relatively low (at approximately 4.3%).

On 16 September 2012, the National Assembly passed a law permitting the issuance of *sukuks* by Jordan and Jordanian companies. In 2014, the Government promulgated implementing regulations in two stages: (i) in April 2014, bylaws setting forth permitted *sukuk* structures and enabling the transfer of assets necessary to issue *sukuk* were passed and (ii) in July 2014, the Jordanian Securities Commission passed the remaining regulations relating to dealings in *sukuk* as an investment instrument. In addition, changes to Jordan's Companies Law have been made to accommodate corporate issuances of *sukuks*. In May 2016, NEPCO issued a JD 75 million *sukuk*, which matures in 2021. In March 2017, NEPCO issued a JD 75 million *sukuk*, which matures in 2022. In August 2018, NEPCO issued a JD 150 million *sukuk*, which matures in 2023. In November 2021, NEPCO issued a JD 225 million *sukuk*, which matures in 2026. NEPCO is the first Jordanian company to issue a *sukuk*.

In its consultations with the IMF in March 2020 in the context of the EFF, the Government confirmed its commitment to reduce the net public debt to GDP ratio to approximately 79.6% by 2025.

The following table sets forth Jordan's projected domestic and external debt (principal and interest) and debt service requirements for the years indicated.

Debt Projections

	2022	2023	2024	2025	2026	2027
			(JD millions)			
Principal	**5,240**	**3,848**	**2,938**	**2,106**	**4,547**	**1,672**
Domestic Debt	3,114	2,900	2,400	850	2,589	477
External Debt, of which:	2,126	948	538	1,256	1,958	1,195
IBRD and IDA	*71*	*83*	*106*	*115*	*120*	*118*
IMF	*17*	*99*	*190*	*195*	*135*	*122*
Eurobonds	*709*	—	—	*709*	*709*	*709*
Domestic Bonds	*950*	*496*	—	—	*744*	—
Interest	**1,262**	**1,108**	**959**	**858**	**739**	**543**
Domestic Debt	851	732	616	530	470	344
External Debt, of which:	411	376	342	328	269	200
IBRD and IDA	*41*	*40*	*38*	*36*	*35*	*33*
IMF	*14*	*14*	*13*	*11*	*9*	*7*
Eurobonds	*226*	*217*	*217*	*211*	*167*	*124*
Domestic Bonds	*68*	*44*	*23*	*23*	*18*	—

Source: Ministry of Finance

Domestic Debt

Domestic debt comprises central Government debt denominated in Jordanian Dinars.

Gross domestic debt (excluding debt held by the SSIF) increased by JD 841.5 million, or 6.6%, to JD 13,625.6 million as at 31 December 2021, as compared to JD 12,784.0 million as at 31 December 2020. This increase was primarily due to the JD 897.2 million, or 8.6%, increase in outstanding treasury bills and bonds issued by the Government (amounting to JD 11,078 million as at 31 December 2021, as compared to JD 10,181 million as at 31 December 2020), which was, in turn, a result of financing a portion of the budget deficit from the domestic market. As at 31 March 2022, gross domestic debt (excluding debt held by the SSIF) was JD 13,741.3 million. Net domestic debt, which is equal to gross domestic debt minus Government deposits in banks and excluding debt held by the SSIF, increased by JD 674.6 million, or 5.9%, to JD 12,122.6 million as at 31 December 2021, as compared to JD 11,448.0 million as at 31 December 2020. Net domestic debt, as a percentage of GDP, increased from 36.8% as at 31 December 2020 to 37.73% as at 31 December 2021. As at 31 March 2022, net domestic debt was JD 12,514.9 million or 38.5% of GDP. Government debt held by the SSIF totalled JD 6,756.1 million as at 31 March 2022, JD 6,633.9 million as at 31 December 2021, JD 6,149.7 million as at 31 December 2020 and JD 5,749.9 million as at 31 December 2019. The weighted average maturity of domestic debt increased to 4.5 years as at 31 December 2021, as compared to 4.5 years as at 31 December 2020, 4.2 years as at 31 December 2019 and 3.6 years at end of 2017, primarily as a result of the Government's continued policy of issuing domestic bonds with long maturities.

The following table sets forth Jordan's outstanding domestic debt (budgetary and own-budget agencies) as at the dates indicated.

Domestic Debt

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(JD millions)		
Central Government gross domestic debt *(A)*	**10,533.4**	**11,026.8**	**11,988.1**	**12,784.0**	**13,625.6**
Budgetary agencies	**7,806.8**	**8,283.3**	**9,564.6**	**10,455.6**	**11,352.8**
Treasury bonds	7,308.9	7,721.3	8,988.7	10,005.5	10,778.1
Treasury bills	145	285	300	175	300
Bonds for overdraft settlement	80	0	0	0	0
CBJ advance	272	272	272	272	272
Credit facilities	1	5	4	3	3
Own-budget agencies(1)	**2,726.6**	**2,743.5**	**2423.5**	**2,328.5**	**2,272.8**
Bonds	552.0	510.5	467.4	467.4	451.4
Credit facilities and loans	2,174.6	2,233.0	1,956.2	1,861.1	1,821.4
Bank deposits *(B)*	**1,834**	**1,408**	**1,278**	**1,336**	1,502
Budgetary agencies, *of which*	1,506	1,135	1,000	1,133	1,349
Treasury account(2)	*(448)*	*(876)*	*(1,027)*	*(1,281)*	*(1,066)*
Own-budget agencies	328	273	279	203	153
Net domestic debt *(A – B – C)*	**8,699.9**	**9,619.1**	**10,710.0**	**11,448.0**	**12,122.6**
Government-guaranteed domestic debt	2,726.6	2,743.5	2,423.5	2,328.5	2,272.8
Net domestic debt to GDP *(%)*	29.6	31.6	33.9	36.9	37.7
Central Government gross domestic debt to GDP *(%)*(3)	35.8	36.2	37.9	41.2	42.4
Domestic debt held by the SSIF	**4,869**	**5,194**	**5,750**	**6,150**	**6,634**

Source: Ministry of Finance

Notes:
(1) Own-budget agencies are autonomous agencies whose budgets are approved by the Council of Ministers. Most of the fiscal operations of own-budget agencies are fully-funded.
(2) Excludes government deposits within Treasury Single Account.
(3) Calculated without SSIF.

Jordanian banks hold a substantial majority of the domestic debt, holding JD 11,699 million, or 57.7%, of gross domestic debt as at 31 December 2021, JD 10,934 million, or 57.7%, as at 31 December 2020 and JD 10,495 million, or 60.6%, as at 31 December 2019. Domestic debt held by institutions other than banks increased from JD 5,897 million as at 31 December 2017 to JD 8,000 million as at 31 December 2020, and to JD 8,561 million as at 31 December 2021, representing an increase of 35.7% and 45.1%, respectively. See "*Risk Factors—Risks Relating to the Kingdom—Refinancing risk*".

The following table sets forth Jordan's outstanding domestic debt, by holder, as at the dates indicated.

Domestic Debt by Holder

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(JD millions)		
Banks	9,505	9,824	10,495	10,934	11,699
Non-banks, of which:	5,897	6,397	7,243	8,000	8,561
SSIF	*4,869*	*5,194*	*5,750*	*6,150*	*6,634*
Gross domestic debt(1)	10,533	11,027	11,988	12,784	13,626
Gross domestic debt(2)	**15,402**	**16,221**	**17,338**	**18,934**	**20,260**

Source: Ministry of Finance

Notes:
(1) Calculated without SSIF.
(2) Calculated with SSIF.

External Debt

External debt consists of central Government debt and Government-guaranteed debt denominated in a foreign currency. As at 31 March 2022, Jordan's total external debt (excluding debt held by the SSIF) was JD 14,946 million, as compared to JD 15,138 million as at 31 December 2021 and JD 13,715 million as at 31 December 2020.

The following table sets forth Jordan's outstanding external debt as at the dates indicated.

External Debt

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(JD millions)		
Government debt[(1)]	11,184.1	11,381.1	11,351.7	13,114.7	14,287.0
Government-guaranteed debt[(2)]	639.0	475.4	618.7	600.5	850.5
Total external debt	**11,823.2**	**11,856.5**	**11,970.4**	**13,715.2**	**15,137.5**

Source: Ministry of Finance

Notes:

(1) Calculation excludes SSIF.

(2) Includes the U.S.$145 million amortising bond issued by the Development and Investment Projects Fund of the Jordanian Armed Forces, and guaranteed by the Government, in 2005. Payments of principal in respect of this bond are made on a semi-annual basis, with the last payment made in December 2019.

The following table sets forth Jordan's outstanding external debt (excluding debt held by the SSIF), by source, as at the dates indicated.

External Debt by Source

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(JD millions)		
Bilateral loans, *of which:*	**2,358.4**	**2,317.4**	**2,454.1**	**2,807.2**	**2,880.2**
Industrial countries	1,783.4	1,773.4	1,901.2	2,221.7	2,272.8
Arab countries	386.4	358.2	365.4	392.3	422.0
Other countries	188.5	185.8	187.5	193.2	185.4
Export credit guarantees, *of which:*	**50.6**	**36.2**	**26.5**	**17.7**	**6.4**
Japan	35.9	24.4	17.3	9.3	0.0
United States	8.3	6.0	3.4	2.6	1.8
Multilateral	**3,418.6**	**3,262.6**	**3,716.0**	**4,634.9**	**5,684.3**
Others, *of which:*	**5,995.6**	**6,240.3**	**5,773.7**	**6,255.4**	**6,566.4**
Bonds	5,920.0	6,230	5,667.2	6,148.9	6,261.7
Total external debt	**11,823.2**	**11,856.5**	**11,970.4**	**13,715.2**	**15,137.5**

Source: Ministry of Finance

The following table sets forth Jordan's outstanding external debt, by currency, as at the dates indicated.

External Debt by Currency

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(JD millions)		
U.S. Dollars	8,966.6	8,526.0	8,702.2	9,573.9	10,405.4
Japanese Yen	769.6	719.4	668.1	642.9	609.6
Euros	1,010.9	1,025.1	1,215.9	1,685.1	1,921.9
Kuwaiti Dinars	691.6	643.8	620.1	609.6	604.6
Special Drawing Rights	1,100.5	679.4	493.4	900.8	1,283.3
Saudi Riyals	136.2	124.0	135.1	167.6	187.5
British Pounds Sterling	0.0	0.0	0.0	0.0	0.0
Others	147.8	138.7	134.9	135.3	125.2
Total external debt	**11,823.2**	**11,856.5**	**11,970.4**	**13,715.2**	**15,137.5**

Source: Ministry of Finance

The following table sets forth Jordan's outstanding external debt, by creditor, as at the end of the periods indicated.

External Debt by Creditor

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(JD millions)		
Japan	794.7	736.4	751.1	862.3	822.4
World Bank	1,332.2	1,599.1	2,119.3	2,363.6	2,643.5
France	567.1	618.0	607.4	707.5	705.9
AFESD	506.4	472.1	440.6	424.2	405.9
Germany	335.0	329.5	452.1	548.9	614.4
United States	46.9	40.7	35.0	31.1	27.1
Kuwait Fund	222.7	213.1	214.8	213.9	227.1
European Investment Bank	75.7	82.3	91.6	83.9	117.9
International Monetary Fund	901.4	536.6	358.5	736.7	1,085.0
Saudi Fund	136.2	124.1	135.1	167.6	187.5
Spain	30.9	29.1	27.9	28.1	25.9
Islamic Development Bank	70.1	77.2	109.3	110.4	101.6
Arab Monetary Fund	203.1	167.6	126.3	198.2	284.1
Others, *of which:*	6,600.8	6,830.7	6,501.4	7,238.8	7,889.2
Private creditors (bonds)	*5,920.0*	*6,230*	*5,667.2*	*6,148.9*	*6,261.7*
Total external debt	**11,823.2**	**11,856.5**	**11,970.4**	**13,715.2**	**15,137.5**

Source: Ministry of Finance

In 2013, 2014 and 2015, Jordan issued Eurobonds in aggregate principal amounts of U.S.$1.25 billion, U.S.$1.0 billion and U.S.$2.0 billion, respectively, all of which are guaranteed by the United States of America acting through USAID.

In November 2015, Jordan issued its U.S.$500 million 6.125% Notes due 2026, making its debut bond offering pursuant to Rule 144A under the Securities Act. In October 2016, Jordan issued its U.S.$1 billion 5.750% Notes due 2027. In April 2017, Jordan issued its U.S.$500 million 6.125% Notes due 2026 (to be consolidated and form a single series with the U.S.$500 million 6.125% Notes due 2026 issued on 10 November 2015). In October 2017, Jordan issued its U.S.$1 billion 7.35% Notes due 2047. In July 2020, Jordan issued its U.S.$500 million 4.950% Notes due 2025 and its U.S.$1.250 billion 5.850% Notes due 2030.

The following table sets forth details of Jordan's outstanding international Government bonds.

International Government Bonds

Issue Date	Issue Size	Coupon	Maturity
30 June 2015[(1)]	U.S.$1,000,000,000	2.578%	30 June 2022
30 June 2015[(1)]	U.S.$500,000,000	3.000%	30 June 2025
10 November 2015	U.S.$500,000,000	6.125%	10 November 2026
27 April 2017	U.S.$500,000,000	6.125%	10 November 2026
26 October 2016	U.S.$1,000,000,000	5.750%	31 January 2027
1 October 2017	U.S.$1,000,000,000	7.375%	1 October 2047
7 July 2020	U.S.$500,000,000	4.950%	7 July 2025
7 July 2020	U.S.$1,250,000,000	5.850%	7 July 2030

Source: Ministry of Finance

Note:

(1) Guaranteed by the United States, acting through USAID. These notes are not listed.

External Debt Service Projections

The following table sets forth Jordan's external debt service projections, by source, for the periods indicated based on Jordan's outstanding debt as at 31 December 2021.

External Debt Service Projections by Source Based on Amounts Outstanding as at 31 December 2021

	0-3 months	4-6 months	7-9 months	10-12 months	13-18 months	19-24 months	Over two years	Total
				(JD millions)				
Bilateral	**38.3**	**62.9**	**29.6**	**66.4**	**95.1**	**101.4**	**2,439.8**	**2,833.5**
Principal	33.7	49.2	24.8	53.0	78.1	84.9	2,205.0	2,528.7
Interest	5.0	13.7	4.8	13.4	17.0	16.5	234.7	305.1
Export credit	**0.5**	**0.5**	**0.5**	**0.0**	**1.5**	**0.5**	**3.4**	**6.9**
Principal	0.4	0.4	0.4	0.0	1.4	0.5	3.3	6.4
Interest	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.4
Multilateral	**81.8**	**151.7**	**57.0**	**149.6**	**174.6**	**251.5**	**5,745.0**	**6,611.2**
Principal	68.6	118.1	42.9	116.1	130.2	207.1	5,001.4	5,684.4
Interest	13.2	33.6	14.1	33.5	44.4	44.4	743.6	926.8
Others	**468.3**	**1,097.6**	**94.2**	**350.1**	**154.7**	**686.7**	**7,071.0**	**9,922.6**
Principal	370.6	1,032.6	5.0	294.2	15.2	545.3	5,024.6	7,287.5
Interest	97.7	64.9	89.2	55.8	139.5	141.4	2,046.4	2,634.9
Total	**589.3**	**1,312.7**	**181.3**	**566.0**	**425.9**	**1,040.1**	**15,259.1**	**19,374.5**

Source: Ministry of Finance

The following table sets forth Jordan's external debt service projections, by currency, for the periods indicated based on Jordan's outstanding debt as at 31 December 2021.

External Debt Service Projections by Currency Based on Amounts Outstanding as at 31 December 2021

	0-3 months	4-6 months	7-9 months	10-12 months	13-18 months	19-24 months	Over two years	Total
				(JD millions)				
U.S. Dollars	**526.2**	**1,230.5**	**114.2**	**481.2**	**262.8**	**789.8**	**10,771.1**	**14,175.8**
Principal	424.0	1,137.7	20.2	398.4	93.3	618.8	8,082.7	10,775.1
Interest	102.2	82.8	94.0	82.8	169.5	171.0	2,688.4	3,400.7
Special Drawing Rights	**27.3**	**16.6**	**27.3**	**16.7**	**53.2**	**131.5**	**1,095.8**	**1,368.4**
Principal	22.6	12.4	22.7	12.4	44.7	123.2	1,045.4	1,283.3
Interest	4.7	4.2	4.7	4.3	8.5	8.3	50.4	85.1
Kuwaiti Dinar	**13.7**	**12.8**	**16.7**	**12.3**	**28.5**	**27.7**	**639.8**	**751.4**
Principal	8.9	8.5	11.1	8.3	19.4	19.0	529.2	604.6
Interest	4.8	4.3	5.6	4.0	9.0	8.7	110.6	146.8
Japanese Yen	**8.7**	**14.2**	**8.7**	**14.1**	**22.5**	**22.3**	**566.4**	**656.9**
Principal	7.5	12.2	7.5	12.2	19.7	19.7	530.8	609.6
Interest	1.2	2.0	1.2	1.9	2.8	2.6	35.6	47.3
Euros	**7.7**	**32.1**	**8.2**	**35.4**	**46.8**	**57.0**	**1,872.6**	**2,059.8**
Principal	6.2	24.0	6.8	26.3	37.7	47.2	1,773.7	1,921.9
Interest	1.5	8.1	1.4	9.1	9.1	9.8	98.9	137.9
Others	**5.6**	**6.5**	**6.3**	**6.5**	**12.2**	**11.9**	**313.2**	**362.1**
Principal	4.2	5.6	4.9	5.7	10.0	9.9	272.4	312.7
Interest	1.4	0.9	1.4	0.8	2.1	2.0	40.8	49.4
Total	**589.3**	**1,312.7**	**181.3**	**566.0**	**425.9**	**1,040.1**	**15,529.1**	**19,374.5**

Source: Ministry of Finance

The following table sets forth Jordan's external debt service projections by interest type for the periods indicated based on Jordan's outstanding debt as at 31 December 2021.

External Debt Service Projections by Interest Type Based on Amounts Outstanding as at 31 December 2021

	0-3 months	4-6 months	7-9 months	10-12 months	13-18 months	19-24 months	Over two years	Total
				(JD millions)				
Floating	**46.6**	**117.6**	**18.6**	**108.0**	**86.7**	**168.8**	**4,566.5**	**5,112.8**
Principal	40.6	93.0	11.9	83.6	56.6	138.9	3,951.9	4,376.3
Interest	6.0	24.6	6.8	24.5	30.1	29.9	614.6	736.50
Fixed	**542.7**	**1,195.1**	**162.7**	**458.0**	**339.2**	**871.3**	**10,692.7**	**14,261.7**
Principal	432.8	1,107.4	61.3	379.7	168.2	698.9	8,282.4	11,130.9
Interest	109.9	87.7	101.4	78.3	171.0	172.3	2,410.3	3,310.8
Total	**589.3**	**1,312.7**	**181.3**	**566.0**	**425.9**	**1,040.1**	**15,259.1**	**19,374.5**

Source: Ministry of Finance

Government-Guaranteed Debt

The following table sets forth Jordan's outstanding Government-guaranteed external debt, by lender, as at the dates indicated.

Government Guaranteed Debt(1)

	As at 31 December				
	2017	2018	2019	2020	2021
			(JD millions)		
Arab countries	145.7	56.5	54.3	50.7	47.2
Foreign banks and companies	55.0	0.0	106.5	106.5	304.7
Multilateral institutions, of which:	417.7	408.6	457.9	443.3	498.6
IBRD	*5.5*	*4.8*	*4.1*	3.4	2.7
European Investment Bank	*0.0*	*0.0*	*0.0*	0.0	0.0
Islamic Development Bank	*26.0*	*22.8*	*26.0*	24.0	20.2
AFESD	*309.7*	*297.2*	*274.9*	264.1	254.0
EBRD	*0.0*	*0.0*	*0.0*	151.8	221.7
Bonds(2)	20.6	10.3	0.0	0.0	0.0
Total Government-guaranteed debt	**639.0**	**475.4**	**618.7**	**600.5**	**850.5**

Source: Ministry of Finance

Notes:

(1) The key beneficiary of Government-guaranteed external debt is NEPCO.

(2) Includes the U.S.$145 million amortising bond issued by the Development and Investment Projects Fund of the Jordanian Armed Forces, and guaranteed by the Government, in 2005. Payments of principal in respect of this bond are made on a semi-annual basis, with the last payment scheduled to take place in December 2019.

As at 31 March 2022, outstanding Government-guaranteed external debt was JD 821.4 million.

The Government may not provide guarantees except in exceptional cases related to projects of national importance and for Government entities, provided that the Council of Ministers, upon the recommendation of the Minister of Finance, approves the issuance of such guarantees.

International Institutions

IMF

Jordan joined the IMF on 29 August 1952 and has benefited from IMF arrangements on a number of occasions.

In 1990, Jordan's external debt as a percentage of GDP reached 189.4%. To reduce this ratio, as well as to restore stability and confidence in the Jordanian Dinar, the Government launched a series of measures, supported by an IMF stand-by arrangement and a trade and industry adjustment loan from the World Bank, which together with certain other facilities and loans were conditional upon Jordan implementing certain reform and stabilisation programmes.

As a result of relatively slow economic growth in the 1990s, Jordan again approached the IMF for assistance. In late 1998, Jordan received a loan commitment of approximately SDR 23.7 million from the IMF for structural adjustment support. In April 1999, Jordan finalised a second IMF agreement that included loans of SDR 55.4 million to support economic adjustment and structural reform. In July 2003, the IMF and Jordan signed a two-year, U.S.$113 million stand-by credit programme. In July 2004, Jordan graduated from its IMF structural adjustment programme, and it completed a "post monitoring programme" in 2007.

On 3 August 2012, the Government and the IMF agreed to the U.S.$2 billion SBA, which is now completed.

On 24 August 2016, the Executive Board of the IMF approved a three-year U.S.$723 million EFF for Jordan, of which U.S.$313.8 million was disbursed. The EFF was intended to: (i) support the economic and financial reform efforts outlined in Jordan 2025; (ii) advance fiscal consolidation to lower public debt; and (iii) support broad structural reforms to enhance the conditions for more inclusive growth. The IMF completed a further Article IV consultation with Jordan, on 25 March 2020 approving a 48-month extended arrangement under the EFF for U.S.$1.3 billion. The IMF acknowledged that while Jordan had made progress in reforming its economy since 2017, economic growth since 2016 still averaged only 2%. While the increase in tourism and exports gave some momentum to economic activity in 2019, recent progress in improving the business climate has not yet translated into higher domestic or foreign investment.

On 25 March 2020, the Executive Board of the IMF approved Jordan's four-year extended arrangement totalling the equivalent of SDR 926.4 million (approximately U.S.$1.3 billion), which was augmented on 30 June 2021 to the equivalent of SDR 1,070.5 million (approximately U.S.$1.5 billion).

On 14 December 2020, following the completion of its first review of Jordan's programme supported by the EFF, the Executive Board of the IMF approved the bringing-forward of about U.S.$150 million in disbursements into 2021 and 2022 to support near-term financing needs as a result of the COVID-19 pandemic, and made U.S.$148 million immediately available, bringing total disbursements to Jordan in 2020 to U.S.$689 million.

On 1 July 2021, following the completion of its second review of Jordan's EFF and its conclusion that the country continued to meet its fiscal targets, the IMF announced the release of a U.S.$206 million disbursement to Jordan under the four-year U.S.$1.3 billion loan programme, bringing total disbursements to around U.S.$900 million since the start of 2020. It also approved Jordan's request to expand the programme by U.S.$200 million to help the county continue to mitigate the impact of the COVID-19 pandemic alongside the hosting of 1.3 million Syrian refugees.

On 20 December 2021, following the completion of its third review of Jordan's programme supported by the EFF, the Executive Board of the IMF made the equivalent of U.S.$335.2 million immediately available, bringing total disbursements since the beginning of the COVID-19 pandemic to SDR 881.7 or approximately U.S.$1.2 billion, which includes emergency financial assistance provided in May 2020 under the 'Rapid Financing Instrument', equivalent to approximately U.S.$396 million, to support the Government's spending on health and social protection in response to the COVID-19 pandemic.

See "*Description of the Hashemite Kingdom of Jordan—International Relations—International Organisations—IMF*" and "*Risk Factors—Risks Relating to the Kingdom—Reliance on multilateral and bilateral creditors*".

World Bank

The World Bank has supported Jordan's economic adjustment and structural reform process since 1989 when it extended to Jordan a U.S.$150 million Industrial and Trade Policy Adjustment Loan.

Under its Country Partnership Strategy for 2012-2015, the World Bank approved Programmatic Development Policy Loans in 2012 and 2014, each of U.S.$250 million, to improve transparency, accountability, budget and debt management, efficiency of public spending and services, private sector development, and job creation. In 2015, the World Bank approved a U.S.$50 million assistance package to Jordan to support start-ups and enhance access to finance for underserved communities in Jordan.

The World Bank has also assisted Jordan in mitigating the impact of the Syrian conflict by supporting the Kingdom's efforts to accommodate the influx of Syrian refugees, with a U.S.$150 million loan in 2013, complemented by an Emergency Services and Social Resilience Grant of U.S.$54.3 million leveraged grants from the United Kingdom, Canada, Sweden and Switzerland. This project aims to help municipalities strengthen their service delivery capacity, supporting local economic development and fostering social cohesion in host communities. See "*Risk Factors—Risks Relating to the Kingdom—Syrian refugees*".

In September 2015, the World Bank approved a U.S.$250 million financial package to support Jordan's efforts to reform the energy and water sectors. The package aims to assist the gradual reform of electricity and water subsidies (electricity subsidies having been withdrawn with effect from January 2017), diversify fuel sources for environmentally friendly and sustainable power generation, improve efficiency in the energy and water sectors and optimise water use, in line with the initiatives identified in Jordan 2025. On 11 December 2016, the World Bank approved a U.S.$250 million financial package to improve the efficiency of the water and energy sectors in Jordan.

In October 2015, the World Bank, the United Nations and the IDB launched MENA Financing Initiative. See "*Description of the Hashemite Kingdom of Jordan—International Relations—Syria—Donor Conferences and Funding Initiatives*".

In May 2016, the World Bank approved a U.S.$2.5 million project to pilot delivery of justice sector services to low-income Jordanians and refugees in host communities.

In July 2016, the World Bank announced a project in Jordan aimed at improving economic opportunities for Jordanians and Syrian refugees, including providing work permits for over 90,000 Syrian refugees and addressing the need for the rehabilitation of municipal infrastructure in Jordan, would be financed using U.S.$300 million provided as budget support. In May 2020, the World Bank approved additional financing to the Economic Opportunities for Jordanians and Syrian Refugees Program for Results, with total financing of U.S.$100 million through the International Development Association. Also in July 2016, the World Bank approved its Country Partnership Strategy for Jordan for the period 2017-2022. The Country Partnership Strategy is intended to help renew Jordan's social contract and promote economic and social inclusion and focuses on supporting measures to foster conditions for stronger private-sector-led growth and better employment opportunities, as well as to improve the equity and quality of service delivery. A total of U.S.$1.4 billion of funding is available over the six years of the Country Partnership Strategy, with the first portion, U.S.$300 million in concessional rate loans, supported by the GCFF disbursed in October 2016. On 1 December 2016, the World Bank approved a second financial package of U.S.$250 million, consisting of a U.S.$25 million contribution from the GCFF, combined with a U.S.$225 million loan supported by the GCFF. The package is aimed improving the financial viability and efficiency of the water and energy sectors.

On 30 December 2016, the World Bank approved the provision of additional financing of U.S.$10.8 million under the Emergency Services and Social Resilience Project, which was approved on 11 October 2013, and the extension of the completion date of the project until 31 December 2017. The Emergency Services and Social Resilience Project is aimed at helping Jordanian municipalities and host communities address Syrian refugee inflows and supporting local economic development.

As at 30 December 2016, the World Bank's portfolio in Jordan included 13 active projects valued at U.S.$681.5 million in loans and grants. The portfolio comprises investments in municipal services, education, energy, environment, public sector governance, public administration, social services, access to finance and the private sector.

In 2017, the World Bank supported the following projects in Jordan:

- The U.S.$200 million *PforR Jordan Education Reform Support Program*, comprising a U.S.$147.7 million IBRD loan and a U.S.$52.3 million GCFF grant, which aims to expand access to early childhood education and to improve student assessment and teaching and learning conditions for Jordanian and Syrian refugee children.
- The U.S.$21,120 million *Second Additional Financing to the Municipal Services and Social Resilience Project*, financed through the Multi-Donor Trust Fund ("**MDTF**"), which aims to support Jordanian municipalities affected by the influx of Syrian refugees in delivering services and employment opportunities for Jordanian and Syrians.
- The U.S.$50 million *Jordan Emergency Health Project*, comprising a U.S.$36.1 million IBRD loan and a U.S.$13.9 million GCFF grant, which is designed to support the Government's delivery of primary and secondary health services to poor, uninsured Jordanians, and registered Syrian refugees at Ministry of Health facilities.
- The *Innovative and Startups Fund*, co-financed by the World Bank and the CBJ with a total amount of U.S.$98 million, comprising U.S.$48 million from the CBJ and a U.S.$50 million loan from the World Bank to the Government. The fund aims to make investments in innovative start-ups and early-stage SMEs, leveraging private sector funds, as well as to support the entrepreneurship ecosystem to generate a viable deal flow of start-ups.
- The *Integrated Social Services for Vulnerable Youth* with a U.S.$2.80 million grant from the Japan Social Development Fund. The objective of this project is to improve the quality of life of vulnerable youths through increasing the provision of services to young people, by increasing the participation of youth in decision-making related to these services, and by empowering local NGOs/service providers and communities.

- The *Ozone Depleting Substance for HCFC Phase Out* (ODSIII) - Phase III with a U.S.$2.49 million grant financed through the Ozone Projects Trust Fund. The objective of this project is to support Jordan in its overall efforts to meet its Montreal Protocol HCFC phase-out obligations, and to strengthen the capacity of responsible government entities to continue to effectively implement and comply with the Montreal Protocol.

In 2018, the World Bank supported the following projects in Jordan:

- The U.S.$500 million *First Programmatic Equitable Growth and Job Creation Development Policy Loan* (building on 5-year Growth Matrix), comprising a U.S.$389 million IBRD loan and a U.S.$111 million GCFF grant, which aims to support the Government's initiatives to reduce business costs and improve market accessibility, create more flexible and integrated labour markets, and provide better and efficient social assistance and enhance fiscal sustainability, under the Reform Matrix. See "*—Reform Matrix*".
- *Promoting Financial Inclusion Policies in Jordan* with a U.S.$1.05 million Trust Fund grant. The project aims to promote financial inclusion and digital financial services by supporting the implementation of the national financial inclusion strategy.

In 2019, the World Bank supported the following projects in Jordan:

- *Additional Financing to the Emergency Health Project* totalling U.S.$200 million, comprising a U.S.$141.1 million IBRD Loan and a U.S.$58.9 million GCFF grant. The project's development objective is to support the Government in maintaining the delivery of primary and secondary health services to poor, uninsured Jordanians and registered Syrian refugees at Ministry of Health facilities.
- A U.S.$950 million *Development Policy Loan* (DPL II) financed by the IBRD to support initiatives designed to (i) reduce business costs and improve market accessibility, (ii) create more flexible and integrated labour markets and provide better and more efficient social assistance, and (iii) improve fiscal sustainability and take more informed decisions regarding risk.

In 2020, the World Bank supported the following projects in Jordan:

- A U.S.$20 million IBRD loan to support the *COVID-19 Emergency Response Project*, designed to (i) prevent, detect and respond to the threat posed by COVID-19; (ii) strengthen the National Health System for public health preparedness; and (iii) provide support for the International Coordination and Project Management Unit at the Ministry of Health in managing and overseeing project activities.
- The U.S.$200 million financing of the *Youth, Technology and Jobs* project, comprising a U.S.$163.1 million IBRD loan and a U.S.$36.9 million GCFF grant. This project aims to improve digitally-enabled income opportunities and expand digitised government services in Jordan by stimulating private sector-led growth of the digital economy and taking steps to address specific constraints in the supply and demand sides of the digital economy.
- Additional financing to the *PforR Economic Opportunities for Jordanians and Syrian Refugees* with a total amount of U.S.$100 million financed through IDA. This results-based financing was directed at the Kingdom's goal of job creation and safeguarding economic growth, while mitigating the economic impact by COVID-19.
- U.S.$100 million of additional financing to the *PforR Jordan Education Reform Support Program*, comprising a U.S.$81.4 million IBRD loan and a U.S.$18.4 GCFF grant, aimed at expanding access to early childhood education and improving student assessment, as well as teaching and learning conditions for Jordanian children and Syrian refugee children.
- The third additional financing agreement supporting the *Municipal Services and Social Resilience Project*, with a U.S.$8.8 million grant financed through the DFID Trust Fund. This project provides additional financing for activities related to supporting Jordanian municipalities affected by the influx of Syrian refugees in delivering services and employment opportunities for Jordanians and Syrians, specifically through the provision of: (i) Municipal Grants to Participating Municipalities for carrying out specific development activities aimed at improving access to quality for local communities; and (ii) institutional support and project management by strengthening the implementation and oversight capacity of the PMU as well as CVBD.
- *Strengthening Reform Management* in Jordan with a total amount of U.S.$6.5 million, financed by the Jordan Growth MDTF. This initiative aims to (i) support the reform management (Reform Secretariat and Reform Support Fund), (ii) strengthen the PIM-PPP framework and function; and (iii) strengthen the public procurement framework and function.
- The Emergency Cash Transfer COVID-19 Response Project, with a total amount of U.S.$374.17 million, comprising a U.S.$350 million IBRD Loan and a U.S.$24.17 million DFID grant. This project provides cash

support to poor and vulnerable households affected by the COVID-19 pandemic in Jordan. The Government provided cash support to poor and vulnerable households affected by the first wave of the COVID-19 outbreak, through regular cash transfer programmes implemented by the National Aid Fund. The cash support package also provided 246,000 households of informal workers affected by the pandemic temporary cash transfer (Takaful 2) in 2020. Additionally, the Government continues to support 155,000 beneficiaries of the regular monthly cash transfer programme and 54,000 from the Takaful Cash Transfer Programme (Takaful 1), which was launched in 2019, covering 25,000 beneficiaries, expanded to 50,000 beneficiaries in 2020, and to 85,000 in 2021.

- *Exploring High Value, socially Inclusive and Water Efficient Agriculture*, with an amount of U.S.$1.3 million, comprising a grant of U.S.$430,000 from the Middle East and North Africa Region-wide Technical Assistance (MNXTA) and MDTF and U.S.$600,000 from the MDTF for Forced Displacement. The aim of this project is to pilot an environmentally sustainable, commercially viable and socially inclusive hydroponic agriculture business model, and will initially focus on Tafila Governorate where hydroponic technology will be piloted and tested.

In 2021, the World Bank supported the following projects in Jordan:

- The U.S.$750 million *Program for Results on Investment and Business Environment*, comprising a U.S.$500 million IBRD loan and a U.S.$250 million AIIB loan, which aims to support the Government's initiatives for equitable growth and job creation by strengthening accountability for productive investment and piloting solutions for climate responsive recovery.
- U.S.$290 million of additional financing to the *Emergency Cash Transfer COVID-19 Response Project*, to provide cash support to poor and vulnerable households and workers affected by the COVID-19 pandemic. The second program, *Istidama*, implemented by the Social Security Corporation, aims to subsidise wages and social security contributions of 100,000 formal workers employed in firms most affected by the COVID-19 pandemic over six months.
- U.S.$63.75 million of additional financing to the *Jordan COVID-19 Emergency Response Project*, comprising a U.S.$50 million IBRD loan and a U.S.$12.5 million GCFF grant and U.S.$1.25 million from the Health Emergency Preparedness and response Fund. The project aims to reduce mortality and morbidity caused by COVID-19 by supporting the expansion of COVID-19 vaccine coverage and other interventions to identify vulnerable groups and strengthen immunisation provision and deployment.

In 2022, the World Bank supported the following projects in Jordan:

- A U.S.$112 million IBRD loan to support *Private Sector Employment and Skills*, to support the Government's measures to increase private sector employment (particularly of youth and women) post COVID-19.
- A U.S.$350 million IBRD loan as additional financing to the *Emergency Cash Transfer COVID-19 Response Project*, with a total amount of U.S.$350 million, to provide cash support to poor and vulnerable households and workers affected by the COVID-19 pandemic. The additional financing of the project included: (i) increasing the allocation for subcomponent 1.2 (Takaful 1 Cash Transfer Programme) by U.S.$320.880 million for the years 2022-2024; and (ii) increasing the budget allocation for Component 4 (Support to workers in firms affected by COVID-19) by U.S.$28.245 million.

Technical Assistance Operations – Jordan Inclusive Growth and Economic Opportunities Multi Donor Trust Fund

The Multi-Donor Trust Fund (MDTF) was established by the World Bank to support the implementation of the Government's Five-Year Reform Matrix, designed to achieve: (i) sound governance and economic management; (ii) increased private sector growth and competitiveness; (iii) improved labour markets and social safety nets; and (iv) improved efficiency and effectiveness in transportation, water, and energy sectors. The MDTF comprises two elements: (i) a World Bank Group-executed element ('BETF'), managed through World Bank and IFC ASA systems to support Technical Assistance activities and programme management; and (ii) a recipient-executed element ('RETF'), managed by the Government, to support reform management and outreach unit for the five-year reform agenda, including Technical Assistance and capacity building activities.

The MDTF is currently being funded by DfID, Dutch and Canadians, whose contributions totalled U.S.$60 million as at 31 December 2021. It is anticipated that the European Union and Germany will contribute to the MDTF in the future.

The Technical Assistance based on priorities set by the Government and were identified mostly through the Reform Secretariat at MOPIC. The following Technical Assistance support has been approved by the MDTF Steering Committee:

- Strengthening Reform Management (RETF)
- Jordan Emergency Cash Transfer COVID-19 Response (RETF)
- Investor Grievance Mechanism (BETF)
- National Aid Fund's Cash Transfer Programme (BETF)
- Energy (BETF)
- PIM – PPP and FCCL (BETF & RETF)
- Public Procurement (BETF & RETF)
- Insolvency (BETF)
- Boosting Competition (BETF)
- Doing Business Reform Advisory (BETF)

Reform Matrix

The Kingdom's Reform Matrix (2018-2024) was developed in close coordination with Jordan's development partners and with technical support from the World Bank. It was launched in February 2019 at the London Initiative Conference and demonstrates the Government's continuing commitment to economic reform. In November 2019, a Reform Secretariat was established within the MOPIC to coordinate, support and pursue the implementation of reforms under the matrix.

The Reform Matrix comprises of a set of policy and structural reforms, which aim to improve the efficiency of the business and investment environment; reduce the cost of doing business; boost exports and investments; and enhance macroeconomic stability. The principal objective of the Reform Matrix is to improve the competitiveness of the economy, stimulate growth and create employment opportunities.

The international community has provided support to the Reform Matrix through the Jordan Growth Multi-Donor Trust Fund (MDTF) managed by the World Bank. The MDTF extends technical assistance to expedite and support implementation. Current donors include UK, Netherlands and Canada, Germany and Norway.

The Reform Matrix comprises nine strategic 'pillars', of which six are targeted areas for development and three are targeted sectors for development. The six areas of focus are:

- Macroeconomic stability;
- Regulatory reforms to ensure a stable and competitive business environment for the private sector;
- Institutional and regulatory reforms to increase exports and FDI;
- Improving access to finance to the private sector through bank and non-banking financial institutions;
- Increase the flexibility and improve access of the youth and women into the formal labour market; and
- Expand the national social safety net to protect the poor and vulnerable, especially those affected by these reforms.

The three sectors that the Reform Matrix will focus on are:

- Public transport;
- Energy and water; and
- Agriculture.

Since the launch of the Reform Matrix during the London Initiative, the Government has made progress in some areas but faced delays in others. These delays and the impact of the COVID-19 pandemic have necessitated certain refinements of the Reform Matrix, within the midterm review process which was led by the Reform Secretariat, with the aim to revisit growth and reform priorities, taking into consideration post COVID-19 reform priorities, while maintaining the long-term reform vision.

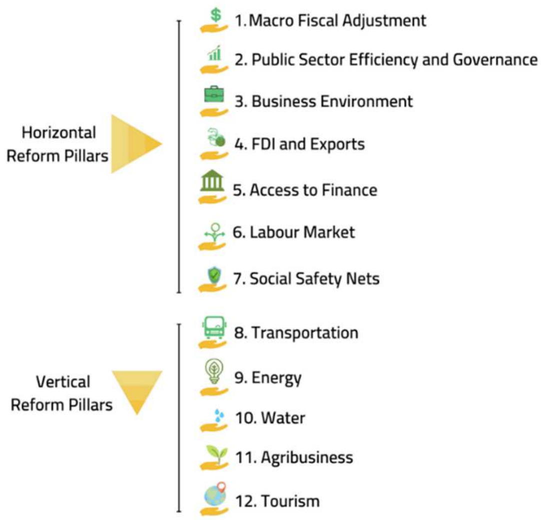
The updated Reform Matrix: (i) includes a set of well-defined and clear reforms/actions, laying out steps that need to be taken to implement, providing sufficient understanding of the direct impact of the reform, and assigning targets where applicable; (ii) includes COVID-19 specific reforms/action that address the challenges, as well as opportunities that emerged as a result of the pandemic; (iii) includes gender and environment specific reforms, and more importantly embed the gender and environment aspects throughout the matrix with sub-reforms/actions and specific gender/environment targets and indicators; and (iv) will be fully owned by the Government and will be approved through a Council of Ministers decision.

The review process taking place includes close coordination and consultation with the different Government ministries and entities, subject matter experts, World Bank team, donor community, and most importantly the private sector. Private sector consultations and focus groups will be conducted in partnership with the Jordan Strategy Forum. The Reform Secretariat is in final stages of finalising the updated Reform Matrix in close coordination and consultations with relevant stakeholders (principally Government agencies). The Reform Secretariat will submit the updated Reform Matrix to the Council of Ministers for approval.

The updated Reform Matrix produced during the midterm review included the following proposals:

- Extended the Reform Matrix to 2024.
- Added the Tourism sector as a strategic pillar of focus.
- Focus more on strengthening the Agriculture sector and Water sector separately.
- Concentrate more on enhancing public sector efficiency and governance.

Accordingly, the Reform Matrix includes a set of cross-cutting (horizontal) pillars and sectoral (vertical) pillars that are prioritised and sequenced as follows:



The following are examples of some key reforms thus far implemented under the Reform Matrix:

- Issuing the Insolvency Law and associated bylaws to allow companies facing financial problems an opportunity to reorganise their operations and restructure their debts to enable them to protect the rights of creditors, shareholders and employees.
- Launching and implementing the Investor's Journey programme which provides an electronic window for all services related to the investor, including registration and licensing procedures.

- Developing a Digital Transformation Strategy for government services to facilitate procedures and upgrade the government services.

- Issuing a new Public-Private Partnership Law and associated bylaws, designed to achieve economic development and create an attractive investment environment.

- Launching the National Single Window by the Jordan Customs, which facilitates import and export procedures.

- Launching the National Tourism Strategy (2021-2025) in response to COVID-19 pandemic to enable the sector to recover and increase its contribution to the national economy.

- Launching the Food Security Strategy, which aims to serve as a strategic regional hub for food security, achieve efficient utilisation of resources, potentials and opportunities as a response to COVID-19 pandemic.

Arab Monetary Fund

Jordan's partnership with the AMF has focused on financing structural reforms in the country. In September 2013, Jordan and the AMF signed two loan agreements in an aggregate amount of U.S.$120 million to support the country's economic and financial reforms. In July 2015, the AMF extended a loan of U.S.$58 million to Jordan to support the structural reform of Jordan's public finances. In January 2016, the AMF extended a U.S.$42 million loan to Jordan to support Jordan's economic and financial reforms, as well as to support payment of the balance of Jordan's AMF subscription of transferable paid currencies. In March 2017, the AMF extended a U.S.$56 million loan to Jordan to support Jordan's financial reform programme. In September 2021, the AMF extended a U.S.$63 million loan to Jordan to support Jordan's economic, financial and structural reform programmes, particularly in light of the ongoing impact of the COVID-19 pandemic.

As at 31 December 2021, the total amount of outstanding loans extended by the AMF to Jordan was JD 284.1 million.

European Union

Following Jordan's request for macro financial assistance (MFA) in December 2012, on 29 April 2013, the European Commission proposed up to €180 million in medium-term MFA loans to Jordan. The Memorandum of Understanding listing the economic policy measures to be undertaken by the Jordanian authorities and the Loan Facility Agreement was signed on 18 March 2014. The first tranche of the loan (€100 million) was disbursed by the EU in February 2015 and the second tranche of the loan was disbursed in October 2015. The aim of these loans is to support "*economic reforms and create the conditions for sustainable growth and employment*" and help Jordan deal with humanitarian and security challenges linked to the Syrian crisis. A third MFA loan is expected to be agreed in late 2022/early 2023.

In connection with the Jordan Compact, approximately U.S.$700 million of grants were pledged in support of the JRP for 2016 at the London conference on Supporting Syria and the Region held in London, including from EU member states. See "*Description of the Hashemite Kingdom of Jordan—International Relations—Syria*".

The first programme of macro financial assistance (MFA I), totalling €180 million, was adopted by the co-legislators on 11 December 2013. The memorandum of understanding was signed in March 2014 and the funds were fully disbursed in 2015.

In August 2017, an agreement for a second package of MFA budget support loans (MFA II) to Jordan of up to €200 million was signed. The first tranche of €100 million was disbursed in October 2017 and the second tranche was disbursed in July 2019.

The third programme of macro financial assistance (MFA III), totalling €500 million, was adopted by the co-legislators on 15 January 2020. The programme aims to support economic stabilisation, enhance public debt sustainability and accelerate the implementation of economic reforms in the country. The memorandum of understanding between the EU and Jordan entered into force in October 2020. On 25 November 2020, the EU disbursed €250 million of macro financial assistance to Jordan, €100 million of which came from this programme. On 20 July 2021, the EU disbursed the second tranche of €250 million of assistance to Jordan, of which €200 million came from the MFA III programme. The third and final tranche of this programme, of €200 million, will follow once Jordan fulfils the agreed commitments.

In February 2021, the EU signed five financing agreements with the Government, providing in total up to €159 million in the form of grants, technical co-operation and support for project implementation. These five financing arrangements are in relation to:

- A €64 million programme titled "*EU Support to Economic Reforms for Growth and Jobs in Jordan*", which aims to support the implementation of the Government's economic reform plans to improve private sector competitiveness whilst strengthening public finance management.

- A €65 million programme titled "*Support to Quality of Education and Technical, Vocational Education and Training (TVET)*", which aims to support the implementation of Jordan's Education Strategic Plan, which aims to improve quality and access to education.

- A €10 million programme titled "*Youth Inclusion in Jordan's Development Process*", which aims to improve young people's participation in the labour market and their role in the development of their local communities.

- A €15 million programme titled "*Improving Integrity and Accountability in Jordanian Public Administration*", which aims to build effective, accountable and inclusive institutions at centralised and local levels.

- An additional €5 million will support the ongoing programme titled "*Supporting Implementation of Partnership Priorities,*" which aims to support twinning projects between the EU's and Jordan's public administrative bodies and help Jordanian institutions adopt effective regulations to perform mandates effectively and efficiently.

European Investment Bank (EIB)

Since 1978, the EIB has extended financing to Jordan, in support of both the public and private sectors, in an aggregate amount of approximately €1.46 billion, of which approximately €1 billion has been provided in the past 20 years.

The EIB has also extended investment grants totalling €44.35 million for public sector projects via the European Union Neighbourhood Investment Platform (EU NIP) and the Economic Resilience Initiative Fund to support the implementation of key projects in the water and sanitation and energy sector (NEPCO Green Corridor Project; Wadi Al Arab Water System II project; and Deir Alla and Al-Karamah Water Supply), in addition to further grants for technical assistance (e.g. feasibility studies, etc.).

In February 2019, during the London Initiative, the EIB President announced its plan to mobilise €800 million of loans over 2019-2020, split between the public (€200 million) and private sectors (€600 million).

As at February 2022, the EIB financed 71 projects in Jordan, amounting to €2.27 billion.

European Bank for Reconstruction Development (EBRD)

In 29 December 2011, Jordan became a member of the EBRD and was granted recipient country status in November 2013. Since December 2012, the EBRD has committed a total of over €1.7 billion across 64 projects. As of January 2022, the active portfolio includes 58 projects of approximately €1,168 billion divided into: (i) Sustainable Infrastructure (€873 million); (ii) financial institutions (€85 million); and (iii) Industry, Commerce & Agribusiness (€211 million).

The EBRD has also extended loans and credit lines to Jordanian banks to support on-lending to micro, small- and medium-sized enterprises (Bank Al Etihad, Jordan Ahli Bank, and Cairo Amman Bank) in addition to trade facilitation operations with the banks.

Gulf Cooperation Council (GCC)

In October 2011, the GCC created the U.S.$5 billion Gulf Fund to fund economic and social development projects in Jordan to be granted over five years. As at May 2020, Kuwait, Saudi Arabia and the UAE have made their contributions, totalling U.S.$3.75 billion. In June 2018, at the Mecca Summit, Saudi Arabia, the UAE and Kuwait committed a support package to Jordan of U.S.$2.66 billion.

See "*Description of the Hashemite Kingdom of Jordan—International Relations—GCC*".

Islamic Development Bank-International Islamic Trade Finance Corporation

In September 2015, the International Islamic Trade Finance Corporation ("**ITFC**"), a member of the Islamic Development Bank, signed a U.S.$3 billion framework agreement with the Government to support the Kingdom's energy and food sectors. Money received under the framework agreement is expected to be used for the import of strategic commodities, including crude oil, oil derivatives and LNG, and foodstuffs, including wheat, barley, sugar and rice. Funds will be drawn-down by the Government, as needed.

Since the creation of the ITFC in 2008, the ITFC has approved trade financing operations in Jordan valued at U.S.$596.5 million, including financing for local banks, the private sector and Government imports. As at 31 July 2016, total trade financing in Jordan provided by the Islamic Development Bank (including the ITFC, but excluding the U.S.$3 billion framework agreement) was U.S.$200 million.

In October 2015, the World Bank, the United Nations and the IDB launched the MENA Financing Initiative. See "*Description of the Hashemite Kingdom of Jordan—International Relations—Syria—Donor Conferences and Funding Initiatives*".

The following table shows the projected budget support payments the Kingdom expects to receive in 2022.

Budget Support Payments (estimated) for 2022

Donor	Grant	Loan	Total
		(U.S.$ millions)	
USA	845	—	**845**
EU	85	227	**312**
Japan	—	—	**—**
UAE/Health Grant (committed in 2019)	—	—	**—**
UAE/Mecca Pledge	97	—	**97**
Saudi Arabia/Mecca Pledge	55	—	**55**
World Bank	—	772	**772**
World Bank/Global Concessional Financing Facility (GCFF)	37	—	**37**
GCC Grant (as projected under FY2022 Budget Law)	78	—	**78**
Asian Infrastructure Invest Bank (PfR, co-financed with World Bank)	—	20	**20**
Agence Française de Développement	—	192	**192**
KfW	—	169	**169**
Italy	—	23	**23**
Canada	—	15	**15**
IsDB	—	—	**—**
IsDB/GCFF	—	—	**—**
IMF	—	400	**400**
AMF	—	212	**212**
Total payments	**1,197**	**2,030**	**3,227**

Source: Ministry of Finance

Debt Record

Other than as described below, Jordan has not, within a period of 20 years prior to the date of this Base Offering Circular, defaulted on the principal or interest of any external security.

Debt Restructuring

At the end of March 2008, Jordan completed a buy-back of U.S.$2.4 billion worth of debt owed to Paris Club countries at a discount of 11%. As well as reducing the ratio of external debt balance to GDP by 13 percentage points, this buy-back contributed to reducing the external debt service by approximately U.S.$240 million annually for the period 2008-2014.

In May 2011, the Government entered into a debt swap agreement with the Italian government in respect of an amount of €16 million for development projects. Pursuant to this agreement, the Government is permitted to use up to 50% of the amount of debt to finance projects. The remaining 50% was allocated to finance additional development projects.

In September 2011, Jordan entered into a debt swap agreement with Germany for an amount of €27 million, representing a 50% discount rate from the face value. The proceeds were allocated to finance development projects in the fields of education and higher education.

Cancellation

The legislation of some countries does not allow them to forgive loans, such as Japan, Jordan's largest single external creditor. In such circumstances, the Government has negotiated and obtained grants and financial assistance to partially offset certain obligations. In particular, grants from other nations contributed to alleviating some of Jordan's external debt burden after the signing of the Israel-Jordan Peace Treaty in 1994.

BOOK-ENTRY CLEARING SYSTEM

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor the Managers takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**"). More information about DTC can be found at www.dtcc.com and www.dtc.org, but such information is not incorporated by reference in and does not form part of this Base Offering Circular.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time-to-time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time-to-time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. Dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. Dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. Dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Registered Global Notes have been deposited.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations nor will the Issuer, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant issue date, which could be more than two business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, if an issue date is more than two business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is two business days prior to the relevant issue date will be required, by virtue of the fact that such Notes initially will settle beyond T+2, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, if an issue date is more than two business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is two business days prior to the relevant issue date should consult their own adviser**.**

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere.

Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Kingdom of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date hereof and is subject to any change in law that may take effect after such date.

Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

Jordanian Taxation

The following discussion summarises certain Jordanian tax considerations that may be relevant to you, as a holder of Notes. This summary does not describe all of the tax considerations that may be relevant to you, particularly if you are subject to special tax rules. You should consult your own tax adviser about the tax consequences of holding the Notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Income Tax Withholding

Under the Income Tax Law № 34 of 2014 (the "**Income Tax Law**"), all payments by the Issuer of interest on the Notes will be subject to income tax in Jordan. Accordingly, all such amounts payable to a non-resident of Jordan will be subject to a withholding tax which is currently set at 10% plus a National Contribution Tax of 1% for a total of 11%. The Issuer will therefore gross up all payments of interest on the Notes to take account of these taxes (subject to the exceptions set out in Condition 8).

Inheritance Taxes

Under Article 4 (A) (12) of the Income Tax Law, income generated from the distribution of inheritance in Jordan is exempt from tax. As such, no Jordanian inheritance or similar tax will be payable by the holder of any Note. Where inheritance is distributed in Jordan through Sharia Courts, each legal heir (receiving a share of the inheritance) will be subject to a distribution fee of 3% (but shall not exceed JD 5,000) of the value of their share of the inheritance.

Stamp Duties

Pursuant to Article 116 of the Jordanian Securities Law № 18 of 2017 (the "**Securities Law**"), no stamp duties will be payable in connection with the registration and trading in securities (including the Notes).

U.S. Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with purchasers of Registered Notes that are U.S. Holders, acquire such Registered Notes at initial issuance at their issue price (as defined below) and will hold the Registered Notes as capital assets (generally, property held for investment).

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) U.S. Holders that have a functional currency other than the U.S. Dollar; (x) accrual basis taxpayers subject to special rules for the taxable year of inclusion under Section 451(b) of the Code (as defined below); and (xi) U.S. expatriates and former long-term residents of the United States) all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, Medicare contribution tax on net investment income considerations, or non-U.S., state or local tax considerations.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Registered Notes that is for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States; (ii) a corporation created or organised in or under the laws of the United States or any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or a trust which has validly elected to be treated as a United States person for U.S. federal income tax purposes.

If a partnership (or any other entity or arrangement treated as fiscally transparent for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Notes.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986 (the "**Code**"), its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect. No rulings have been or will be sought from the U.S. Internal Revenue Service (the "**IRS**") with respect to any of the matters discussed below, and no assurance can be given that the views of the IRS or a court with respect to those matters will not differ from those described below.

INVESTORS SHOULD CONSULT THEIR TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF REGISTERED NOTES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW.

The Issuer intends to treat Notes issued under the Programme as debt, unless otherwise indicated in the supplemental U.S. federal income tax disclosure provided in a supplement or otherwise.

U.S. Holders

Payment of Interest

General

Interest on a Note held by a U.S. Holder, including the payment of any additional amounts whether payable in U.S. Dollars or a currency other than U.S. Dollars ("**foreign currency interest**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*—Original Issue Discount—General*"), will be taxable to such U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes and original issue discount ("**OID**"), if any, accrued with respect to the Notes (as described below under "*—Original Issue Discount—General*") and payments of any additional amounts generally will constitute income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of Jordanian and any other foreign taxes with respect to the Notes (if applicable). See "*—Foreign Tax Credit Considerations*" below.

Original Issue Discount

General

The following is a summary of certain U.S. federal income tax consequences to a U.S. Holder of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes ("**CPDIs**"). If Notes are issued that are characterized as CPDIs, supplemental U.S. federal income tax disclosure may be separately provided in a supplement or otherwise.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" (as defined below) over its issue price is at least a *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity) (or its "weighted average maturity" in the case of a Note that provides for payments other than "qualified stated interest" before maturity (an "**instalment obligation**")). A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the "**issue price**" of a Note under the applicable Pricing Supplement will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The "**stated redemption price**" at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A "**qualified stated interest**" payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable in cash or in property (other than in debt instruments of the Issuer) at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "*—Variable Interest Rate Notes*"), applied to the outstanding nominal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any unconditional call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any unconditional put option that has the effect of increasing the yield on the Note. If this option is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the U.S. Holder makes the election described below under "*—Election to Treat All Interest as Original Issue Discount*". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated nominal amount of the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes, regardless of their method of accounting. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or the portion of the taxable year in which the U.S. Holder holds the Discount Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Notes as long as (i) no accrual period is longer than one year; and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "**adjusted issue price**" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under "*—General*", with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, and unstated interest, as adjusted by any amortisable bond premium (described below under "*—Original Issue Discount—Notes Purchased at a Premium*"). If a U.S. Holder makes this election for the Note, no payments on the Note will be treated as payments of qualified stated interest. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Note has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Variable Interest Rate Notes

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of such total non-contingent principal payments and the number of complete years to maturity of the instrument (or, in the case of a Note providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Note), or (ii) 15% of the total non-contingent principal payments; (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "**qualified floating rate**" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An "**objective rate**" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "**qualified inverse floating rate**" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "**current value**" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated nominal amount) in excess of a specified *de minimis* amount (as described above). OID on a Variable Interest Rate Note arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and the qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate (other than an initial fixed rate for one year or less in the circumstances described above) in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a CPDI. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as CPDI will be more fully described in the applicable Pricing Supplement.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but should be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (or a constant yield basis if an election is made to accrue the OID under the constant yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its nominal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and is irrevocable without the consent of the IRS. See also "—*Original Issue Discount—Election to Treat All Interest as Original Issue Discount*" above. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a capital loss when the Note matures.

Sale or Other Disposition of Notes

A U.S. Holder's tax basis in a Note generally will be its cost, increased by the amount of any OID included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments other than qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and the tax basis of the Note. The amount realised will not include any amount attributable to accrued and unpaid interest, which will be taxed as interest as desceibed above. Except to the extent described above under "*—Original Issue Discount—Short-Term Notes*" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or other disposition of a Note will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rates applicable to capital gain are currently lower than the maximum marginal rates applicable to ordinary income if the Notes have been held for more than one year at the time of the sale or other disposition. The deductibility of capital losses is subject to significant limitations.

Foreign Currency Notes

Interest

If a Note (a "**Foreign Currency Notes**") pays interest that is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. Dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. Dollars. An accrual basis U.S. Holder may determine the amount of income recognised with respect to a Foreign Currency Note in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder will recognize, as ordinary income or loss, foreign currency exchange gain or loss with respect to accrued interest income on the date the interest is actually or constructively received, reflecting fluctuations in currency exchange rates between the spot rate of exchange used to determine the accrued interest income for the relevant accrual period and the spot rate of exchange on the date such interest is actually or constructively received.

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of the Note), a U.S. Holder may recognise foreign exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Bond Premium

Bond premium on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount of offset multiplied by the difference between the spot rate in effect on that date, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account will recognise a capital loss when the Note matures.

Sale or Other Disposition of Notes

A U.S. Holder's tax basis in a Foreign Currency Note will be determined by reference to the U.S. Dollar cost of the Note. The U.S. Dollar cost of a Note purchased with foreign currency generally will be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and its tax basis in the Note. The amount realised on a sale or other disposition for an amount in foreign currency will be the U.S. Dollar value of this amount on the date of sale or other disposition or, in the case of Notes traded on an established securities market, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or other disposition of a Foreign Currency Note equal to the difference, if any, between the U.S. Dollar values of the U.S. Holder's purchase price for the Note (or, if less, the nominal amount of the Note) (i) on the date of sale or other disposition, or, in the case of Notes traded on an established securities market sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale; and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement.

Foreign Tax Credit Considerations

As described in "*Taxation—Jordanian Taxation*," interest on the Notes will be subject to Jordanian withholding tax. The amount of interest income on a Note will include the amount of any tax withheld by the Issuer with respect to the Note. Subject to applicable limitations and holding period requirements, a U.S. Holder may be eligible to elect to claim a credit against its U.S. federal income tax liability for such Jordanian taxes. Recently issued Treasury regulations impose additional requirements for foreign taxes to be eligible for credit. We have not determined whether the Jordanian tax system meets these requirements and, therefore, U.S. Holders should consult their tax advisors regarding the availability of foreign tax credits for any amounts withheld with respect to Notes. A U.S. Holder that does not claim a U.S. foreign tax credit generally may instead claim a deduction for any Jordanian income taxes, but only for any taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes. The rules relating to foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisers regarding the application of such rules and the creditability or deductibility of any Jordanian taxes.

Backup Withholding and Information Reporting

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, Notes, payable to a U.S. Holder by a U.S. or certain U.S.-related paying agents or intermediaries will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments (including payments of OID) if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise comply with the applicable backup withholding requirements.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS in the manner required. Certain U.S. Holders (including, among others, corporations) are not subject to information reporting or backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from information reporting and/or backup withholding.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the U.S. Treasury Regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amount for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty of up to U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases may be imposed in any taxable year on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. Holders should consult their own tax advisers as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale, exchange or retirement of the Notes.

Specified Foreign Financial Assets

Certain United States persons that own "specified foreign financial assets," including securities issued by any foreign person, either directly or indirectly or through certain foreign financial institutions, may be subject to additional reporting obligations if the aggregate value of all of those assets exceeds U.S.$50,000 on the last day of the taxable year or U.S.$75,000 at any time during the taxable year, or certain other requirements are met. The Notes may be treated as specified foreign financial assets, and U.S. Holders may be subject to this information reporting regime. Significant penalties and an extended statute of limitations may apply to a U.S. Holder that fails to file information reports. U.S. Holders should consult their own tax advisers regarding these potential information reporting obligations.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a programme agreement (the "**Programme Agreement**") dated 6 June 2022, agreed with the Issuer a basis upon which they or any of them may from time-to-time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and, subject to the terms of the Programme Agreement, to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States should consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing the Notes for its own account or for the account of one or more QIBs and it is aware, and any person on whose account it is acting has been advised, that any sale to it is being made in reliance on Rule 144A; or (ii) it is outside the United States;

(b) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of Notes;

(c) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable U.S. State securities law;

(d) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer any Notes or any beneficial interests in any Notes, it will do so only (i) to the Issuer or any affiliate thereof; (ii) inside the United States to a person whom the seller and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (iii) outside the United States in offshore transactions in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act; (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(e) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (d) above, if then applicable;

(f) that Notes initially offered and sold in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Notes and that Notes offered and sold outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(g) it understands that before any interest in Notes represented by a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, it will be required to provide to each of the Principal Paying Agent and the Registrar a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate to the effect that such offer, sale, pledge or other transfer is being made in accordance with Regulation S;

(h) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect, subject as provided in Condition 2.5:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND ONLY (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 OF THE SECURITIES ACT FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME-TO-TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(i) if it is outside the United States, that if it should resell or otherwise transfer the Notes, it shall do so in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION"; and

(j) that the Issuer, each Agent, each Manager and their affiliates or, as the case may be, the relevant Dealer and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer and the Managers or, as the case may be, the relevant Dealer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.$200,000 (or its foreign currency equivalent) nominal amount and no Legended Note will be issued in connection with such a sale in a smaller nominal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$200,000 (or its foreign currency equivalent) of Registered Notes.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year (taking into account any unilateral right to extend or rollover the term) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder.

In respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

(a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) (the "**D Rules**"), (i) that it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) that it has not delivered and it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section l.163-5(c)(2)(i)(D)(6) (or any substantially identical successor regulations issued for the purposes of Section 4701 of the Code);

(d) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer either (i) repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf or (ii) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in subparagraphs (a), (b) and (c); and

(e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii) or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subparagraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder, including the D Rules.

In addition, to the extent that the Pricing Supplement or the subscription agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is TEFRA C, such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, such Notes within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of such Notes, it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions, or otherwise involve its U.S. office in the offer or sale of such Notes. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder, including under TEFRA C.

Accordingly, the Bearer Notes will be offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may directly or through their respective U.S. broker-dealer affiliates (or the U.S. broker-dealer affiliate of another Dealer) arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

This Base Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Offering Circular does not constitute an offer to any person in the United States, other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purpose of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "Member State"), each Dealer represents and agrees that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Offering Circular as completed by the applicable Pricing Supplement in relation thereto to the public in that Member State, except that it may make an offer of such Notes to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision:

(i) the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and

(ii) the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Public Offer Selling Restriction under the UK Prospectus Regulation

Unless the applicable Pricing Supplement in respect of any Notes incudes the legend "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Pricing Supplement in respect of any Notes does not include the legend "Prohibition of Sales to UK Retail Investors", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA, or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

(i) the expression an "**offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and

(ii) the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

Other Regulatory Restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Offering Circular or any applicable Pricing Supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), so long as a concurrent distribution of the Notes is made to investors in the United States, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering. In the event the Notes are distributed to investors in Canada without a concurrent distribution of the Notes to investors in the United States, the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest may apply.

The Hashemite Kingdom of Jordan

By virtue of the Jordan Securities Commission ("**JSC**") letter № 1/6/55102/637 dated 19 May 2022 and letter № 1/6/55102/664 dated 25 May 2022, the Dealers were deemed licensed for the purposes of the Securities Law and the JSC resolved to approve the registration of the Notes issued under the Programme in accordance with Articles 5 and 42(d) of the Securities Law and Article 3 of the Instructions of Issuance and Registration of Securities of 2005. The JSC also permitted the trading of the Notes outside the Kingdom and confirmed the status of the intended sale of the Notes issued under the Programme as not comprising a "*public offering*" for the purposes of the Securities Law, which would otherwise trigger prospectus requirements in the Kingdom. The JSC further exempted the Issuer from listing the Notes issued under the Programme on the Amman Stock Exchange. By implication, the JSC's licensing of the Dealers would exempt the Dealers from the restrictions prescribed in the Law Regulating Transactions in Foreign Exchanges № 1 of 2017 for marketing securities listed on a foreign exchange.

The Amman Stock Exchange confirmed that based on the exemptions granted to the Dealers by the JSC, the Notes issued under the Programme shall be deemed exempt from the requirement to list the Notes issued under the Programme on the Amman Stock Exchange. Each Dealer has represented, warranted and agreed that is has not offered or sold, and will not offer or sell the Notes issued under the Programme in Jordan other than in accordance with the said exemptions and in full compliance with the Securities Law.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 8 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the Capital Markets Authority resolution number 5-5-2022 dated 5 January 2022 (the "**KSA Regulations**"), made through a capital market institution licensed to carry on the activity of arranring and following a notification to the Capital Market Authority under Article 10 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will be made in compliance with Article 10 and either Article 8(1)(a) or Article 9 of the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes except that the Notes may be marketed on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors" for an offer outside Bahrain.

For this purpose, an "accredited investor" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1 million or more excluding that person's principal place of residence;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1 million; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait other than in compliance with Decree Law No 31 of 1990 and the implementing regulations thereto, as amended, and Law No 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Notes is being made in the State of Kuwait, and no agreement relating to the sale of the Notes will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Notes in the State of Kuwait. Interested investors from Kuwait who approach the Kingdom or the Dealers are deemed to acknowledge that they understand this restriction and that the Notes and any related materials thereto are subject to applicable foreign laws and rules; therefore, such investors must not copy or distribute such material to any other person.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

This Base Offering Circular has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(c) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(d) where no consideration is or will be given for the transfer;

(e) where the transfer is by operation of law;

(f) as specified in Section 276(7) of the SFA; or

(g) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents and agrees that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

GENERAL INFORMATION

Authorisations

The establishment of the Programme was authorised pursuant to Decree № 6750 of the Council of Ministers dated 17 April 2022, following the recommendation of the the Higher Ministerial Committee for the Management of Public Debt № 3 for the year 2022. The issuance of Notes under the Programme is duly authorised by the Decree № 5850 of the Council of Ministers dated 14 February 2022, Decree № 5862 dated 16 February 2022 and Decree № 6750 dated 17 April 2022, following the recommendations of the the Higher Ministerial Committee for the Management of Public Debt № 1 for the year 2022 and № 3 for the year 2022.

Listing of Notes

Application may be made to the London Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange. Any Series of Notes intended to be admitted to trading on the Main Market of the London Stock Exchange will be so admitted to trading upon submission to the London Stock Exchange of the applicable Pricing Supplement and any other information required by the London Stock Exchange. Prior to admission to trading, dealings in the Notes of the relevant Series will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. Unlisted Notes may be issued pursuant to the Programme. The application for listing of Notes of any Series issued under the Programme relates to all Notes of that Series issued or proposed to be issued.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Offering Circular, a significant effect on the financial position of the Issuer.

Significant Change

Except as disclosed under "*The Economy*", "*External Sector*", "*Monetary System*", "*Public Finance*" and "*Public Debt*", there has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources, and income and expenditure figures of the Kingdom since 31 December 2021.

Documents on Display

Copies of the following documents (together with English translations thereof) may be inspected in electronic form during normal business hours at the offices of the Principal Paying Agent so long as the Notes are outstanding:

(a) the Agency Agreement (including the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons) and the Deed of Covenant;

(b) a copy of this Base Offering Circular;

(c) any future base offering circular, supplements to this Base Offering Circular and any Pricing Supplements (save that Pricing Supplements relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Principal Paying Agent as to the identity of such holder);

(d) the Decree № 5850 of the Council of Ministers dated 14 February 2022, Decree № 5862 dated 16 February 2022 and Decree № 6750 dated 17 April 2022, (approving the Programme and authorising, among others, the issuance of the Notes in accordance with Article 9(a) of the Public Debt Management Law and the entering into of certain contractual arrangements); and

(e) the budget of the Issuer for the fiscal year 2022.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Conditions for determining price and yield

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant issue price at the relevant issue date. It is not an indication of future yield.

Third Party Information

The Issuer confirms that where information included in the Base Offering Circular has been sourced from a third party, the source is identified, information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Interested Persons

No person involved in the offering has any interest in the offering, which is material to the offering.

Address

The address of the Issuer is: The Hashemite Kingdom of Jordan, Ministry of Finance, King Hussein Street, P.O. Box 85, Amman 11118, Jordan.

The telephone number of the Issuer is +962 (0) 6 4643 600, and the website of the Issuer is www.mof.gov.jo. The website and any information on it are not part of, and are not incorporated by reference into, this Base Offering Circular.

Legal Entity Identifier

The legal entity identifier (LEI) code of the Issuer is 5493000JZ4MYPVMBVN50.

Dealers Transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer in the ordinary course of business for which they may receive fees. They have received, or may in the future receive, customary fees and commission for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its agencies. Certain of the Dealers or their affiliates that may, from time-to-time, have a lending relationship with the Issuer may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Foreign Language

The language of the Base Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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PRINCIPAL PAYING AGENT, EXCHANGE AGENT AND TRANSFER AGENT

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