

Enabling Digital Prosperity for All

STARTUP Country Guide 2023

THE HASHEMITE KINGDOM OF JORDAN

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CHAPTER 1 Exploring the startup sphere

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I. The Jordanian entrepreneurial ecosystem

Jordan's entrepreneurial scene is marked by notable successes like Arabia Weather, Abjjad, MonoJo, Mawdoo3, Jawaker and Tamatem. The country hosts various support mechanisms, including Oasis500, Innovative Jordan, and the Innovative Startups Fund Project by the World Bank, nurturing local innovators and attracting investors to Jordan's startup ecosystem.

A thriving startup ecosystem and investment in digital and fintech services are integral parts of Jordan's 2025 national plan. Jordan's entrepreneurship has garnered regional and international recognition, with a focus on Information and Communication Technologies (ICT) and strong support from accelerators, incubators, angel investors, venture capitalists, mentors, and government entities.

On the other hand, challenges such as high tax rates are adversely affecting startups. However, despite these challenges, Jordan's technology-based startups make significant contributions to the country's economy and innovation landscape. With its relatively stable political environment and strategic location, Jordan's growing startup ecosystem is poised for further success subject to continued government support and innovation to address these challenges.



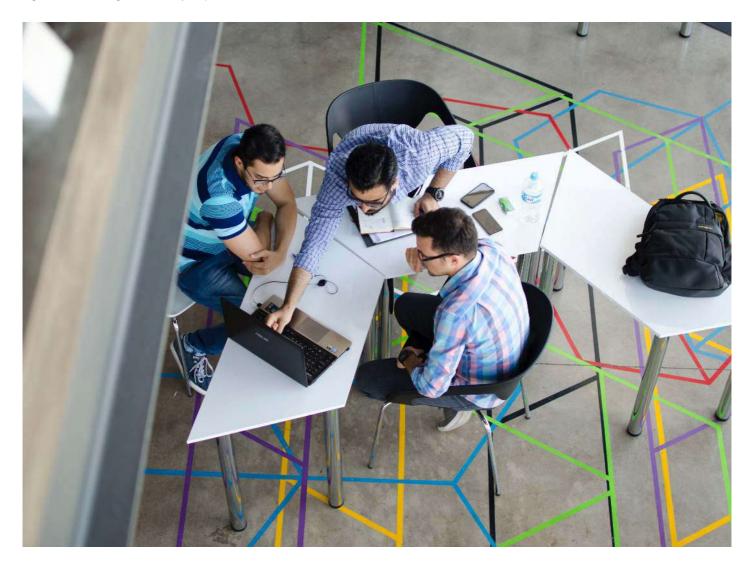
1. Startup definition

In Jordan, several national policy documents attempted to define startups, tech startups, and tech-enabled startups.

 The 2018 by-law on Venture Capital (VC) companies does not literally define tech or innovative startups. However, it refers to high-risk and promising high-growth SMEs as an investment target for VC companies in Jordan. The regulation No. (143) of 2018 for venture capital companies, Article 4, VC companies must invest in or create funds to invest in the capital of high-risk, high-growth small and medium-sized enterprises (SMEs)

- The Jordan Economic Growth Plan 2018–2022 issued by the Economic Policy Council defines startups as companies that do not exceed three (3) years of activity for the purpose of granting tax deductions for investors
- The 2014-2018 National Entrepreneurship and SME Growth Strategy for Jordan, led by the Jordan Enterprise Development Corporation (JEDCO) does not define startups or tech startups but proposes a definition for an early-stage startup (ESSU): "A new business that has been in operation for no more than two (2) years". Within the updated but still draft 2016-2020 National Entrepreneurship and Micro & SME Development Strategy, JEDCO explicitly defines startups as "new and registered enterprises not exceeding two (2) years of operation"
- The World Bank Innovative Startups Fund Project (2017) for Jordan identifies companies for the purpose of finance provision as "firms with less than 5 years of activity"
- The newly established Innovative Startups and SMEs Fund (ISSF) defines startup as: "Any SME in the
 process of becoming operational or any existing SME that has yet to sell its product or service
 commercially". SMEs are defined in ISSF as: "Formally established innovative companies (new or
 existing) less than five (5) years old". Innovative are defined as: "new or improved products, goods or
 services; new or improved processes and/or business models"

As stated above, no local common definition exists for startups in Jordan. However, various organizations and initiatives propose different relevant definitions with few common factors, namely, innovation and the age class of a given company.



2. Promising sectors in Jordan

Jordan's thriving entrepreneurial ecosystem predominantly revolves around the Information and Communication Technology (ICT) sector. Despite facing recent challenges due to local and regional economic difficulties, Jordanian Technology-Based Startups (TBSs) have displayed high performance potential. These startups significantly contribute to export diversity, female employment, high-wage job creation, technology transfer, and diffusion. Jordan's ICT sector stands out with markedly high value added, reaching 64% of total output compared to the national average. Here are some of the key areas where startups are thriving, along with success examples:

🛒 Fintech

Liwwa is a peer-to-peer lending network connecting investors with small businesses through smart loans. The startup has secured a total funding of USD 15.3 million through various rounds including a recent Series B round of USD 4.5 million with investors like FMO Entrepreneurial Development Bank, DASH Ventures, German Investment Corporation (DEG), Bank al Etihad, and Edgo. Liwwa fills the capital gap for SMEs, offering a platform where businesses can access capital, and investors can earn returns through monthly investments.

हर्ङ्स Social and leisure

Tamatem, a prominent mobile game publisher in the Arab region, has successfully secured USD 11 million in a Series B funding round, with the lead investment from KRAFTON, a renowned South Korean game developer responsible for PUBG. This strategic partnership marks KRAFTON's first venture in the Middle East and North Africa (MENA), signifying Tamatem's growing influence. The Series B round, combined with previous investments, has propelled Tamatem's total funding to over \$17 million, while its innovative approach of publishing games tailored to the Arabic audience and culture has contributed to its notable valuation of approximately \$80 million.

🔆 E-commerce and retail

OpenSoog is a leading online classifieds marketplace operating in the Arab world, connecting millions of customers and businesses across nineteen (19) countries in the Middle East and North Africa. With a mission to facilitate trade and commerce, OpenSoog has successfully raised USD 24 million in a recent funding round led by Saudi Arabia's Public Investment Fund (PIF), along with the participation of iMENA Group and FJLabs. significant investment underlines This the platform's significance and potential in the region's digital marketplace, where an annual trading volume of USD 30 billion underscores its pivotal role in connecting buyers and sellers.

3. Jordan's startup scene

Jordan's top startup industry sectors¹

- Social and leisure
- E-commerce and retail
- Fintech

Startup ecosystem in number of startups

- Number of operating startups²: +375
- Number of incubators³: +11
- Number of accelerators³: +8
- Number of coworking spaces⁴: +12

Entrepreneurship and innovation in Jordan: Rankings (2022)

Indicator	Ranking	Indicator	Ranking
Global innovation ⁴	78	Market access and infrastructure ⁴	100
Entrepreneurship policies and culture ⁴	27	Country financing of SMEs ⁴	30
Regulatory environment ⁴	35	Country mobile app creation ⁴	39
Country Business Environment ⁴	55	Country ICT access ⁴	101
Country growth of innovative companies ⁴	23	Country collaboration between companies	⁴ 38
Knowledge workers ⁴	83	Economic freedom ⁵	89
Country Political and Operational Stability	/ ⁴ 117		

CHAPTER 2 Beginning your entrepreneurial journey

I. Guiding steps to launch a startup

1. Country specific legal structures

In Jordan, entrepreneurs can choose among distinct types of legal structures, each tailored to suit their company's specific activities. Each business type possesses unique attributes designed to accommodate distinct economic objectives. Below, are the legal structures particularly suitable for entrepreneurs to contemplate when establishing their startups.

- Sole proprietorship
- General partnership company

- Limited liability company
- Private shareholder company

Limited partnership company

The Limited Liability Company (LLC) is the most convenient legal structure for startups in Jordan due to its inherent advantages. This structure offers a key benefit by limiting the liability of owners and shareholders to their proportionate share of the invested capital, thereby safeguarding their personal assets.

An LLC in Jordan is required to have both an auditor and a lawyer. The lawyer's role includes filing necessary papers to confirm their legal counsel status for the company, but this is only mandatory if the company's capital exceeds 20,000 Jordanian Dinar (JOD) (USD 28,200). All partners (or shareholders) in an LLC are considered limited partners. While an LLC typically has two (2) or more shareholders, if there's only one (1) owner (shareholder), they will need approval from the company controller at the Companies Control Department. The maximum number of owners (or shareholders) an LLC is unlimited. The minimum capital required to establish an LLC in Jordan is just JOD 1 (USD 1.41).



2. Legal steps

The Government of Jordan offers comprehensive institutional support and resources to facilitate the streamlined and legally compliant establishment of startups, as outlined in the legal steps below.

<u>The Ministry of Industry, Trade and Supply,</u> along with <u>the Companies Control Department</u> (CCD), plays a crucial role in determining the necessary preapprovals for startup registration. The Companies Control Department, under the Ministry of Industry, Trade, and Supply, is primarily responsible for overseeing the registration of Limited Liability Companies.

The registration of trade names is overseen by either the <u>Central Registration Directorate</u> or the Directorate of the Ministry of Industry, Trade, and Supply in different governorates. Registering trademarks falls under the jurisdiction of the Ministry of Industry, Supply, and Trade. Additionally, the <u>Chamber of Commerce</u> and <u>Chamber of Industry</u> actively contribute to this process. Acquiring a vocational license is essential for the compliant business operations, and startups must follow the specific preapproval procedures. To complete the registration, entrepreneurs should submit the required documents to the nearest municipality's Customer Service Department. These institutions collectively ensure that startups receive the necessary guidance and support for a smooth establishment while adhering to regulations.

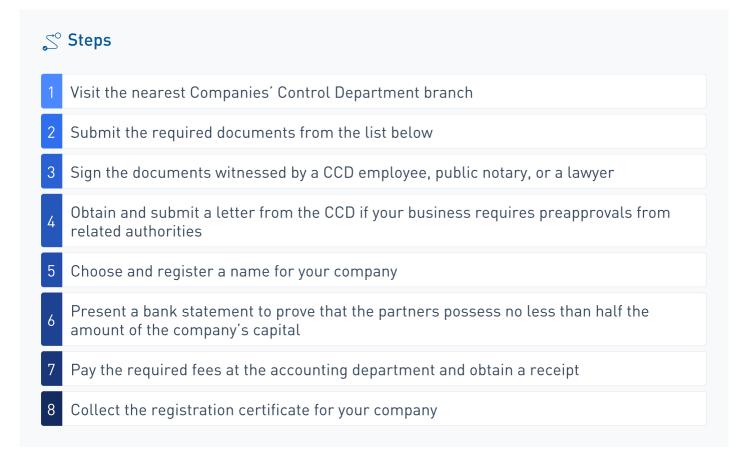


• Step 1: Obtain a preapproval

Before starting the registration process, the entrepreneur might need to obtain preapproval from relevant governmental authorities depending on the sector the company will operate in. Preapprovals specifically pertain to the business registration process and do not encompass licensing, which is a subsequent stage. We advise that the entrepreneur visits the Ministry of Industry, Trade and Supply, and the Companies Control Department (CCD) to confirm which preapprovals are needed to obtain, as they are subject to change.

Step 2: Register as a Limited Liability Company

The main institution involved in registering limited liability companies is the Companies Control Department (CCD), under the umbrella of the Ministry of Industry, Trade and Supply.



Requirements

- Residents of Amman must go to the CCD or the Jordan Investment Commission
- Residents of Amman should only go to the Jordan Investment Commission if they are seeking to do business in sectors that may enable them to seek custom exemption fees, subject to the location of their business. These sectors include: the industrial sector, agricultural sector, medical sector and energy sector and specifically the following sub-sectors: manufacturing and handicrafts, farming and animal-rearing, hospitals and specialist medical centers, hotels and tourist facilities, amusement parks and recreational activities, research centers and scientific laboratories, call centers, media and film production, conference and exhibition centers, transportation, distribution and/or extraction of water, gas or petroleum products

- Residents outside of Amman must go to the Companies Control Department branch in their governorate situated in the <u>following locations</u>
- Jordanian partners must commit to covering the rest of their share in the company's capital within two years of the company registration date

Documents

- ⁻ A National ID card or a valid passport for non-Jordanians
- A Signed and completed Memorandum of Association form (You can find the template at the Companies Control Department or use this <u>link</u> to download it)
- A bank statement proving that the partners possess no less than half the amount of the company's capital
- ⁻ Formal authorization/power of attorney if the shareholders are not present in person

(**Duration**

- Up to one (1) day, if no preapprovals are required
- The process takes longer if you are asked to deposit the capital prior to the registration
- The process takes longer if one (1) of the company's partners is not Jordanian

S Costs

- Stamp: 0.0003% of the company's capital
- Power of attorney: 10 JOD (14.10 USD)
- Registration: 0.0002% of the company's capital (A minimum of JOD 25 or USD 35.25)
- Memorandum of Association and amendments: 10 JOD (14.10 USD)
- Deposit of ledger: 10 JOD (14.10 USD)
- Photocopying and ratification: 5 JOD (7.05 USD)
- Amendment: 20 JOD (28.20 USD)
- Certificate of issuance: 10 JOD (14.10 USD)
- Access to information: 20 JOD (28.20 USD)
- Deposit mortgage deed: 20 JOD (28.20 USD)
- Official gazette publication: 15 JOD (21.15 USD)

• Step 3: Become a member of the Chamber of Industry or Commerce

This step is exclusive to companies operating within specific sectors listed in the requirements below.

<u>∽</u> Steps

- 1 Visit the nearest <u>Chamber of Industry</u> or <u>Chamber of Commerce</u>
- 2 A chamber employee will enter all the required data into the system
- 3 Provide the necessary documents
- 4 Pay the registration fee
- 5 Collect your membership certificate, stamped, and signed by the authorized employee

Requirements

- ⁻ The authorized signatory must be physically present at the Chamber
- The registration application form must be signed by the authorized signatory
- Your business must fall under one of the below sectors:
 - Mining
 - Construction
 - Packaging, paper and stationeries
 - Food, supplies, agricultural and livestock
 - Leather and garments
 - Therapeutic and medical supplies
 - Chemical and cosmetics
 - Engineering, electrical and information technology (IT)
 - Plastic and rubber
 - Wooden and furniture
- ⁻ To register for the chamber of commerce, your business must fall under any of the below sectors:
 - Information and communications technology (ICT)
 - Clothing and jewelry
 - Construction and building materials
 - Cars and heavy equipment (including vehicle accessories)
 - Healthcare and pharmaceutical
 - Banking and finance
 - Food processing
 - Furniture and stationery
 - Service and consulting
 - Electronics and electricity
 - The following link guides you to locate the nearest Chamber of Commerce
 - Below is a list of all the chambers of industry across all governorates:

Amman Chamber of Industry:

This Chamber serves residents of Amman and governorates unaffiliated with other chambers. The Amman Chamber of Industry has offices at the Jordan Investment Commission and the Ministry of Industry, Trade, and Supply. It also has branches in the following locations:

- Abdullah II Ibn Al-Hussein Industrial Estate
- Marka Industrial City
- Aqaba Special Economic Zone Authority (ASEZA)
- Ma'an Industrial Estate

Irbid Chamber of Industry (Irbid, and its branches in Jerash and Ajloun):

• Zarqa Chamber of Industry (Zarqa and its branch in Mafraq)

Documents

- ⁻ The registration form for the <u>Chamber of Commerce</u> or the <u>Chamber of Industry</u>
- The registration certificate from the Companies Control Department
- ⁻ The trade name document from the Ministry of Industry, Trade, and Supply, if applicable
- ⁻ An original copy of the lease or the title deed
- The occupational permit
- A National ID card of the authorized signatory
- A proof of identity (passport, for non-Jordanians)
- A document that states the company's capital, names of partners or stakeholders in addition to their respective shares, and the authorized signatories, issued by the Ministry of Industry, Trade, and Supply
- The company's Memorandum of Association
- Signatory to the commercial sector form (for subscription to the chamber of commerce)

Ouration

Up to one (1) hour

S Cost

- To view the membership cost for the chamber of commerce, visit the following <u>link</u> and select "estimated fees"
- ⁻ Fees associated with the chamber of industry depend on the sector

Step 4: Obtain a vocational license

Acquiring your vocational license allows you to operate your business legally. A vocational license also requires preapprovals.

_S[°] Steps

- Submit the required documents to your nearest municipality's Customer Service Department
- 2 Provide the required preapprovals to the municipality, if applicable
- 3 Complete the final licensing procedures at the Department of Vocational Licenses, after obtaining the necessary approvals

Requirements

The vocational license application is submitted at the municipality in which the business is located

Documents

- A valid occupational permit from the greater Amman municipality
- A copy of a valid site zoning location plan from the greater Amman municipality
- ⁻ A land or location scheme from the Department of Lands and Survey
- ⁻ A title deed from the Department of Lands and Survey
- A registration certificate (after receiving preliminary approval)
- ⁻ A Proof of membership in the Chamber of Commerce or the Chamber of Industry
- An original copy of the lease agreement
- ⁻ The required formal preapprovals according to the type of business activity

Step 5: Register with the tax department

It is mandatory to have a unified tax number and/or general sales tax certificate. Their obtention depends on the nature of the activity. Entrepreneurs can submit the registration through the <u>Income and Sales Tax</u> <u>Department website</u> or visit the Income and General Tax Department to submit the application in person.

S Steps

Visit the <u>electronic registration</u> on the <u>Income and Sales Tax Department website</u>

2 Enter the required information

Documents

- A copy of the company registration certificate
- ⁻ A copy of trade the name certificate, if available
- ⁻ A lease contract, if available
- A copy of the professional license
- Export license, if available
- Salary certificates and social security for employees, if available

S Cost

Depends on the economic activity



Step 6: Enroll in the Social Security Department

Entrepreneurs can obtain the social security registration number for the company or the social security registration numbers for each employee from the Social Security Department. Please note that you need a liaison officer and a signatory for the social security application and management.

S[°] Steps

- Visit the <u>firm's registration page</u> on the <u>Social Security Corporation (SSC)</u> website
- 2 Fill in the necessary information and provide the required documents. The specific requirements may vary depending on the type of corporate or company
- After the submission, the SSC will review the application and may contact you for any additional information or documents

Documents

- The company registration certificate
- The professional license
- ⁻ The business official seal
- ⁻ The authorization of employees' salary schedule



1. Considerations for foreigner investors

Foreigners can typically own businesses in Jordan with minimal restrictions on foreign ownership, except in specific sectors where a Jordanian partner is required. <u>Regulation No. 77 of 2016</u> introduced changes to foreign ownership limits in certain industries, reducing the maximum non-Jordanian ownership from 50% to 49%. Nonetheless, some restrictions remain, particularly in areas like retail, wholesale trading, and engineering, where foreign ownership is limited to less than 50%. The Jordanian government has implemented substantial regulatory reforms to create a favorable and supportive legal environment for both foreign and local investments, aiming to attract and retain investment in the country.

2. Filing obligations

Filing obligations may vary depending on the type and size of the business entity. Here are the main filing obligations for your startup:

Social security tax

The Social security tax is levied on both the employer and the employee, with rates of 14.25% and 7.5%, respectively, applied to monthly salaries and specific allowances. Employers are responsible for monthly reporting and withholding of these contributions. Social security tax payment could be made online through <u>online payment</u> on the <u>Income and Sales Tax Department website</u>.

Withholding Taxes

Resident Services: If certain services are provided by resident individuals or civil companies in Jordan, a 5% withholding tax (WHT) applies. These services include those offered by doctors, lawyers, engineers, auditors, consultants, and others.

Banking and Financial Income: Income from interest, deposits, commissions, and profits linked to banks and financial company investments in Jordan is subject to a 5% WHT for individuals and 7% for legal entities. These withheld amounts serve as the final tax for non-resident individuals and legal entities. However, certain transactions involving banks and entities defined by executive instructions are exempt from this withholding tax.

Sales tax

Sales tax in Jordan operates similarly to a valueadded tax (VAT). The threshold for registration stands at JOD 75,000 for companies operating in the commercial and industrial sectors, and 30,000 in the service sector. Sales tax is imposed at a rate of 16% on the following types of transactions:

- Sales of goods or services, or a combination of both.
- Importation of goods or services from outside Jordan or from free zone areas and markets within Jordan.

Sales tax on following services is not chargeable:

- Air Transport
- Education
- Disposal of waste
- Public Health

• Activities of social and religious organizations Sales tax payment could be made online through <u>online payment</u> on the <u>Income and Sales Tax</u> <u>Department website</u>.

National contribution tax

A national contribution tax will apply on taxable income of all legal persons at different rates depending on the sector. The rates are set out below:

- Banks and companies that undertake generating and distributing of electricity activities: 3% rate.
- Companies that undertake mining raw materials activities: 7% rate.
- Financial intermediation and brokerage firms, currency exchange companies, juristic persons who undertake financial leasing activities: 4% rate.
- Main telecommunications companies; insurance and reinsurance companies: 2% rate.
- Other companies not listed above: 1% rate.

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- Main telecommunications companies; insurance and reinsurance companies: 2% rate.
- Other companies not listed above: 1% rate.

National contribution tax payment could be made online through <u>online payment</u> on the <u>Income and</u> Sales Tax Department website.

3. Financial reporting and auditing regulations

The corporate financial reporting framework in Jordan is regulated by <u>Companies Law No. 22 of 1997 (as amended 2006)</u>. This law requires that established entities under its jurisdiction must prepare financial statements as a mandatory requirement.

The Companies Law No. 22 of 1997 (with amendments in 2006), mandates that public shareholding companies, limited liability companies, private shareholding companies, and foreign companies conducting business in Jordan must produce yearly audited financial statements in accordance with the International Financial Reporting Standards (IFRS) set forth by the International Accounting Standards Board (IASB). Specifically, public shareholding companies, whose securities are traded on public markets, are subject to the oversight of the Jordanian Securities Commission and are obliged to adhere to the IFRS.



CHAPTER 3 Navigating startup regulations and incentives

I. Government Incentives

1. Tax incentives

The investment incentives regime is covered by the <u>investment law No. 30 of 2014</u>, the Investment Incentives Regulation No. 33 of 2015, the Sales Tax Law No. 29 of 2009, <u>the Income Tax Law No. 34 of 2014</u>, and the Decision of the Investment Council No. 1/1/2016, dated January 25, 2016.

Overall tax incentives available for investors are dependent upon the sector in which the investor operates. Several incentives are available for all companies irrespective of their sector, and in some cases, these are also complemented by sector-specific incentive packages. Sectors for which the Government of Jordan offers customized incentive packages include industry, handicraft, ICT, Renewable Energy, and Energy Efficiency.

All sectors' tax incentives include Corporate Income Tax (CIT) reduction by 50% for ten (10) years for economic activities established in the designated least developed regions. To learn more about existing tax incentives, please check the <u>Jordan investors' guide</u>.

2. Non tax financial incentives

This section explores the diverse range of non-tax incentives in Jordan, mainly, those supporting entrepreneurship, fostering innovation and investment, and contributing to the nation's economic vitality and global competitiveness

Sector-specific custom fee exemption

Some specific sectors may enable you to seek exemption from custom fees based on the location of your business by the Jordan Investment Commission. These sectors include:

- Industrial sector
- Agricultural sector
- Medical sector
- Energy sector
- Manufacturing and handicrafts
- Farming and animal-rearing
- Hospitals and specialist medical centers

- Hotels and tourist facilities
- Amusement parks and recreational activities
- Research centers and scientific laboratories
- Transportation
- Distribution and/or extraction of water, gas, or petroleum products
- Call centers, media and film production, conference, and exhibition centers

Jordan Loan Guarantee Corporation (JLGC):

<u>The Jordan Loan Guarantee Corporation</u> is a government-owned financial institution in Jordan that provides loan guarantee programs to support Small and Medium-sized Enterprises (SMEs) and various economic activities. Its primary objective is to help SMEs gain access to financing through a process which reduces the risk that financial institutions face when provide them with lendi.

The JLGC provides a guarantee to financial institutions, such as banks or lending organizations, for a portion of the loans they extend to SMEs. This guarantee serves as a form of collateral, which helps incentivize lenders to provide loans to businesses that might have limited collateral or credit history. If a borrower defaults on their loan, the JLGC steps in to cover a portion of the outstanding balance, thus reducing the financial risk for the lending institution.

Find below the most relevant programs for your startup by JLGC.

Startups loans guarantee program

- Maximum loan amount: 250,000 JOD (352,500 USD)
- Max payment period: 92 months
- Guarantee ratio: 85%

Loan guarantee program for SMEs from Jordan Loan Guarantee Corporation

- Maximum loan amount: 250,000 JOD (352,500 USD)
- Max payment period: 72 months
- Guarantee ratio: 70% (80% for projects owned and/or managed by women)
- Non-Jordanian owners must offer a Jordanian resident sponsor and a credit that are acceptable and/or appropriate as guarantee
- The project should be privately owned and operates within Jordan

Kafala program for small and medium-sized businesses in cooperation with Islamic banks

- Maximum loan amount: 250,000 JOD (352,500 USD)
- Max payment period: 72 months
- Guarantee ratio: 70% (80% for projects owned and/or managed by women)

3. Special Economic Zones (SEZs)

The Ministry of Investment has developed different types of zones across the Kingdom to promote business. These zones are designated for various types of businesses and industries and are equipped to serve the needs of the investor with quality infrastructure in addition to providing support services. In addition to the benefits below, each zone is complemented with an incentive package.

Foreign investors located in Free Zones enjoy:

- 100% foreign ownership of the investment allowed in all sectors
- Facilitated visa and residency permits for investors, workers, and their families
- Repatriation of capital and profit

To learn more about Special Economic Zones, please check the <u>Law No. (21) of 2022 Investment Environment</u> Law Published in the Official Gazette No. (5821) on 16/10/2022

Free zone

List of free zones operating and deployed in the Kingdom:

	Location	Area	Investment activities
Zarqa Free Zone	 Zarqa Governorate / a 35 kilometers northeast of the capital Amman 	• 1360 acres	
Sahab Free Zone	 City skyscraper / King Abdullah II Industrial City / Capital Governorate 	• 16 acres	
Queen Alia International Airport Free Zone	 Queen Alia International Airport / Capital Governorate 	• 30 acres	industrial, commercial, service, tourism
Karak Free Zone	 Hussein Bin Abdullah II Industrial City / Karak Governorate 	• 37 acres	
Karama Free Zone	 Mafraq Governorate / 360 kilometers east of the capital / Jordanian-Iraqi border 	• 2470 acres	

The registered enterprise that carries out an economic activity in a Free Zone shall enjoy the following benefits:

- Exemption from Income tax on profits arising from the export of services beyond the national borders, transit trade, the sale or transfer of goods within the free zone, and the provision of services within the free zone
- Exemption from income tax on the salaries and allowances of non-Jordanian employees engaged in projects established within the free zone
- Exemption from customs duties and other taxes and fees applied to goods exported from the free zone to destinations outside the local market
- Exemption on imported materials utilized in the construction, development, equipping, and furnishing of various projects established by registered enterprises within the free zone
- Services rendered by registered enterprises within the free zone are exempt from the general sales tax when intended for consumption within the free zone
- Authorization to transfer foreign currencies and profits in accordance with the prevailing legislative provisions

Development Zones

The registered enterprise that carries out an economic activity in the Development Zone shall enjoy the following benefits:

- The General Sales Tax Law applies a reduced general sales tax rate of 0% to purchases or imports made by registered enterprises for the sole purpose of conducting their economic activities within designated development areas
- Registered enterprises are granted a sales tax exemption on forklifts and vehicles designed for transporting ten or more persons, including the driver, to and from the enterprise's facilities within development or free zones when acquired
- Registered enterprises operating within development zones enjoy customs duty exemptions on materials, equipment, supplies, and construction materials employed in projects within the zone. This extends to spare parts for maintenance and imported/exported goods associated with their economic operations, except for export fees, service fees, and wages in accordance with applicable laws
- Commodities and services that originate within development zones and are sold to other regions of the Kingdom are subject to the prevailing general sales tax
- Foreign investors are permitted to have 100% ownership in registered enterprises

To learn more about the Development Zones in Jordan, please visit invest in Jordan portal.

Aqaba Special Economic Zone

The Aqaba Special Economic Zone (ASEZ) is a designated economic area in Jordan that aims to promote economic growth, attract investment, and facilitate international trade. It is in the city of Aqaba, Jordan's only coastal city strategically situated at the northern tip of the Red Sea. To learn more about ASEZ incentives, please visit its official <u>website</u>. The Aqaba Special Economic Zone (ASEZ) provides several incentives including:

- Import exemption on customs duties excluding vehicles
- Exemption from social service tax
- Exemption from building and land taxes
- Exemption from share and quota distribution tax
- 5% tax on the net income of any project excluding banks, insurance, and land transport services. Income tax is applicable in the customs area
- Exports abroad are subject to a sales tax of zero
- Simplified procedures for foreign worker permit and residence permits
- Projects can employ up to 70% of foreign workers

II. Labor and immigration regulations and facilitations

1. Investment residency for corporate owner, partner, or through company

This visa facilitates foreign investors engaged as partners or company owners to seek approval for residing within the territory of Jordan. It involves the submission of an electronic application, attaching the necessary documents, payment of service allowance fees, electronic printing of the approval notice, and subsequently visiting the relevant security center to finalize the residency procedures and procure a residence card. The application process for this visa is initiated through the <u>E-service</u> of the Ministry of Interior.

Documents

- ⁻ A copy of the applicant's passport
- A recent commercial register copy (for entities without a national number)
- ⁻ A valid business or activity license for companies operating in free zones
- A letter from the bank confirming a minimum balance of JOD 10,000 in the applicant's personal account applying as a partner or owner of a company, under a bank deposit
- A recent bank letter that either confirms the applicant's bank deposit if their ownership is less than JOD 50,000, or requests the release of a JOD 20,000 deposit. if not, the applicant can provide a social security contribution statements for at least five (5) employees for a duration of at least six (6) months
- A copy of the Residence and Borders Department's approval letter for a 5-year residence permit (if the application is for a 5-year permit)

2. Work permit for the Kingdom

_S° Steps

- 1 Submit the documents from the list below to the Employment Department
- 2 Follow up data entry and obtain approval
- 3 Submit the work permit
- 4 Stamp the passport and the work contract
- 5 Fill out the residency form

Documents

- <u>A Work Permit Form</u> (Arabic)
- An application form designated to non-Jordanian workers (Arabic)
- ⁻ A request from the Ministry of Interior for hiring non-Jordanian workers
- A work contract (two copies)
- ⁻ One personal photograph
- ⁻ A medical check-up from the Ministry of Health
- A copy of worker's passport
- ⁻ An insurance policy, depends on insurance companies in the Kingdom
- ⁻ Release, in case of changing the guarantor

S Cost

- Arab workers in non-agriculture: 180 JOD (253.80 USD)
- Foreign workers in non-agriculture: 300 JOD (423.00 USD)
- Arab workers in agriculture: 60 JOD (84.60 USD)
- Foreign workers in agriculture: 120 JOD (169.20 USD)
- Work permit certification fee: 2 JOD (2.82 USD)
- Stamps: 5% of the monthly salary

3. Work permit for the SEZ

_S[°] Steps

- 1 Visit the ASEZA Employment, Visas & Residency Directorate
- 2 Provide all required documents from the list below
- 3 Fill out and submit ASEZA's application form for the work permit
- 4 Pay the fees

Documents

- An application form
- A copy of the employment contract
- If the contract is not available, <u>a letter from the employer</u> clarifying the period of employment, the nature of the worker's job, and the estimated wage
- A declaration by the employer to prove compliance with the provisions of the ASEZ regulations
- ⁻ A copy of the worker's passport or traveling document
- Two passport-size photos
- A certificate issued by a medical center recognized by the Ministry of Health proving that the worker is clear from prevailing contagious diseases, or a written commitment from the employer to submit such certificate within twenty-one working days
- A discharge letter from the worker's previous employer

S Cost

- Three-month period: 40 JOD (56.40 USD)

- If the period of the visa or permit exceeds three months, the fee shall be collected once at the rate of 40 JOD (56.40 USD) for every three-month period

- Work card and permit card: 15 JOD (21.15 USD)

4. The Jordan Citizenship by 'Investment Program'

The Jordanian government welcomes affluent foreign individuals who wish to make a significant, qualified investment into the country that would boost the economy through foreign direct investment. Under this program, individuals and their immediate family members can become citizens of Jordan within three (3) months. To learn more about the Jordan Citizenship by Investment program, please check out the following page from the Ministry of Investment's website (Arabic).



III. Data protection

Currently, there are no data protection laws and no data protection authority in Jordan. However, the Jordanian authorities are considering laws in relation to personal data processing activities. The Parliament of Jordan released, on 2 April 2023, the Draft Personal Data Protection Law for 2022. You can visit this <u>link</u> (Arabic) to learn mor about the working draft.

IV. Intellectual property

Jordan recognizes and provides protection for intellectual property rights under its legislation and international agreements. Under these provisions, investors can claim ownership over the creation of an invention, a design, a distinctive mark, or an artistic work etc. The protection of these creations gives an exclusive or unique right of exploitation. It gives owners the right to take judicial and other measures for their protection in case of unlawful unauthorized copying and use by third parties. There are four [4] common types of intellectual property rights: patents, trademarks, copywrite, and trade names. The section below covers the steps needed to receive protection under three [3] types based on their relevance to startups. The application process is administered by the Ministry of Industry, Trade and Supply.

1. Patents

In Jordan, patents are granted to inventors to cover a broad spectrum of innovations, including inventions, research models, and utility systems applicable in various business and industrial sectors. These innovations can encompass machinery, tools, processes, chemicals, biotechnology, software, and more.

The legal framework governing patents in Jordan is established by <u>Patent Law</u> No. (32) of 1999. A patent remains in force for twenty (20) years starting from the date of application filing, or from the priority date if a priority claim is made. For application entrepreneurs need to visit the patent registration section under the Industrial Property Protection Directorate under the Ministry of Industry, Trade and Supply.



Requirements

- The applicant should apply in person or through an authorized proxy with a legal authorization letter (a lawyer, or an agent of an industrial property in case the application relates to a foreign invention)
- ⁻ The invention should be novel in terms of industrial technology
- The invention should feature an inventive step
- ⁻ The invention should be capable of industrial application

Documents

- An official ID card, a letter of authorization, or a power of attorney
- ⁻ A detailed description of the invention (two copies in Arabic and two in English)
- ⁻ Drawings related to the invention (two copies in Arabic and two in English)
- An invention abstract (two copies in Arabic and two in English)
- ⁻ Claims (two copies in Arabic and two in English)
- A power of attorney duly certified by the Ministries of Foreign Affairs and Justice
- A certificate of registration for the establishment (if the applicant is a legal entity)
- ⁻ A document proving that the applicant is entitled to registration if they are not the inventor
- A document proving priority right, if applicable (two copies in Arabic and two in English)
- The certificate of temporary protection of inventions presented at official exhibitions

Ouration

- Local applications: one (1) to three (3) years
- Foreign applications: two (2) to seven (7) years

S Cost

- Registration: 50 JOD (70.50 USD)
- Publication in the Official Gazette: 50 JOD (70.50 USD)
- Final certificate: 50 JOD (70.50 USD)

2. Trademarks

Trademarks in Jordan encompass distinctive symbols, logos, slogans, and brand identifiers associated with a company, business, or product. They serve as unique identities that set apart the startup offerings from competitors in the market. The legal framework for trademark protection in Jordan is primarily governed by the <u>Trademarks Law</u>, Law No. 33 of 1952, which was amended in 1999.

Trademark applications are to be filed with the Industrial Property Protection Directorate at the Ministry of Industry, Supply, and Trade. The trademark registration is initially valid for ten (10) years from either the application filing date or the priority date. Subsequently, the owner can renew this protection for additional ten (10) years, ensuring the continued safeguarding of their trademark.

S Steps

- 1 Visit the Industrial Property Protection Directorate
- 2 Fill out the trademark application form and the required documents
- 3 Pay the registration fees at the accounting department
- 4 Submit documents to the Industrial Property Protection Directorate at the Ministry of Industry, Trade, and Supply

Requirements

- Residents of Amman must go to the Industrial Property Protection Directorate at the Ministry of Industry, Trade, and Supply, located in Abdali
- Residents of Amman are required to visit the directorate in person, send an attorney, or an officially authorized individual
- Residents outside of Amman need to authorize an attorney and/or industrial property agent to manage the application process on their behalf
- A full list of authorized industrial property agents is available under the Industrial Property Protection Directorate section on the <u>website</u> of the ministry

Documents

- ⁻ Completed trademark application <u>form</u> in Arabic
- Trademark photocopy form
- Trademark Advertisement Form
- ⁻ Four (4) copies of the trademark publishing form printed in Arabic and English
- Two (2) copies of the image/photocopy of the trademark

- Registration certificate of the applying company, company's objectives, and authorized signatories
- ⁻ General or special power of attorney attested as per the rules and regulations
- ⁻ A copy of a document that establishes priority rights, if applicable

(**Duration**

Up to ten (10) days

S Cost

- Trademark application: 100 JOD (141.00 USD)
- Trademark registration: 200 JOD (282.00 USD)
- Publishing: 50 JOD (70.50 USD)
- Final registration: 300 JOD (423.00 USD)
- General power of attorney: 5 JOD (7.05 USD)
- Special power of attorney: 2 JOD (2.82 USD)



3. Industrial Designs

If the startup is involved in the design of products, investors can protect the appearance of these products by registering the corresponding industrial designs. An industrial design or model can be registered if it is new and is not disclosed to the public in any form anywhere in the world, prior to the registration application, and if it is independently created. In Jordan, the Industrial Designs and Models Law No. 14 for the year 2000 Official Gazette No. 4423 Dated 2.4.2000 - governs and deals with the mechanism of registration of industrial designs. The validity term for design registration is fifteen (15) years from the date of filing.

Requirements

- A power of attorney legalized by the Jordanian Consulate
- ⁻ Three (3) sets of specimens or representations of the design
- ⁻ The article(s) covered by the design and the material used in producing these items
- ⁻ A description of the design pointing out its novel aspects
- A declaration of novelty and ownership legalized by the Jordan Consulate
- A deed of assignment document if the designer is different from the applicant, legalized by the Jordanian Consulate
- A certified copy of the priority document if claimed
- ⁻ The class(es) under which the design is to be registered
- Details of the applicant
- An extract from the commercial register legalized if the applicant is not a normal person

Ouration

Twelve (12) months



V. Key support organizations and initiatives (not exhaustive)

Incubators

AHLI Fintech

Business Development Center Jordan

cewas Middle East

Generation Impact

HimayaTech - int@j

<u>iPark</u>

Joinfincubator

Jordan Youth Innovation Forum

<u>JUST - Center of Excellence for Innovative Projects</u> (CEIP)

<u>Madraj</u>

mySTARTUP - INJAZ Incubator

Orange Corners Jordan Incubator

Social Innovation Incubators Mobile

The Tank by Umniah

TTi

<u>UJIEC - University of Jordan Innovation and</u> <u>Entrepreneurship Center</u>

Zain Innovation Campus

Competitions and Awards

Abdul Hameed Shoman Foundation Innovation Award

Bank al Etihad's SME Awards 2023

Middle East Startup Awards

Orange Jordan Competitions

<u>Queen Rania Center for Entrepreneurship</u> <u>Competition (QRCEC)</u>

Funding institutions
Access Bridge Ventures
<u>Amam Ventures</u>
Beyond Capital
Dash Ventures
<u> Flat6Labs - Jordan Seed Fund (JSF)</u>
Innovative Startups and SMEs Funds (ISSF)
Innovative Startups Fund Project
JORDAN Loan for SMEs and Mid-Caps
King Abdullah II Fund for Development
Middle East Investment Initiative - Jordan
Middle East Venture Partners (MEVP)
<u>Oasis500</u>
Propeller
Relatively Fund
Shorooq Partners
Silicon Badia
TiDeeD

ZINC's Zain Al Mubadara

Events

INT@J Events

The Jordan Startup Expo

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Other useful resources

<u>INJAZ</u>

Innovation Resource Center in Jordan

Jordan Open Innovation Platform (JOIP)

National Center for Innovation (NCI)

Leaders International

<u>NCI</u>

Royal Scientific Society

Coworking spaces

KAFD - Jordan Gaming Lab

Miami Business Center

Regus Amman Gate

Regus Armada Tower

Regus Edgo Atrium Abdali

V Business Center VBC

Accelerators

AB Xelerate

AHLI Fintech

Business Development Center Jordan

Founder Institute

Jordan Start

Jordan Youth Innovation Forum

<u>0asis500</u>

Tomandora Productions

<u>VentureX</u>

WFP Jordan Innovation

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Appendix 1: Launching your startup: key success factors

Addressing market demand

Your startup should provide a compelling solution to a specific problem within a large and eager market. Think of it as a puzzle piece that fits perfectly into the demand landscape. Steve Blank's <u>Customer</u> <u>Development Model</u> can guide you in creating a product or service that customers cannot resist.

Feasibility analysis

Conduct a thorough feasibility analysis. This process empowers you to make informed decisions, spot areas needing improvement, and allocate resources effectively. It is your tool for maximizing your chances of crafting a successful, long-lasting venture.

راج Market insights

Dive deep into market analysis. Understand the current state of your industry segment and define your target market. A strong grasp of market dynamics is essential for positioning your product or service effectively.

Building a stellar team and network

Source and group a team of multitalented experts. This is one of the fundamental steps to scale a startup. These diverse talents will complement each other and will help you access a strong, interconnected network that can be your secret weapon for gaining support, mentorship, and continuous learning.

Analyzing the competition

Competitive analysis is not just about sizing up rivals; it is a vital part of your strategic planning, systematic research and evaluation of your competitors' strengths and weaknesses. It will guide you into finding your competitive edge and creating your added value ion the market.

Legal Flexibility

The legal form of a startup must allow for flexibility. Choose a legal structure for your startup that offers the flexibility needed for growth. Make it easy for shareholders to join and leave the company and ensure your memorandum of association can adapt to your evolving needs. In fact, the memorandum of association must be drawn up freely and allow the opening of share capital.

Appendix 2: What type of support to expect at each stage of a startup lifecycle

	Startup development stages	Government support	Funders support	SSOs support
Outreach	 Idea formation Problem validation Team establishment 	 Promote entrepreneurs hip education Facilitate Ideation: Hackathons, startup Weekends, etc. Promote innovation and entrepreneurs hip culture 	 Financial literacy and entrepreneurs hip awareness programs Networking opportunities to connect with potential mentors, advisors, and industry experts 	 Access to experienced mentors who provide guidance and advice on various aspects of startups Provision of office space, shared facilities, and infrastructure to support the early-stage development of the business
Pre start	 Idea development Business modeling Problem/Solution fit: prototyping Team Formation: access to training and mentorship 	 Offer entrepreneurs hip training and education Facilitate Proof of concept and proof of Business Facilitate Business Modeling Validate MVP 	 Seed funding for idea validation and product development Coaching to refine business ideas and plans Access to incubators or accelerators providing resources, infrastructure, and networking opportunities 	 Assistance in refining the product/service, pricing strategies, and go-to-market plans Support in conducting market research and understanding the target market, customer needs, and competitors

	Startup development stages	Government support	Funders support	SSOs support
Launch	 Business Creation Early-stage fundraising Initial Go-To market: MVP development 	 Provide Early-Stage Financing Facilitate access to client and Go-To -Market Strategic partnerships Housing Operation set up and labeling 	 Seed funding to launch the business Cover initial operational costs Access to angel investors or venture capital firms Guidance on legal and regulatory compliance Support in building a strong founding team and advisory board 	 Guidance on company registration, intellectual property protection, and legal compliance Support in identifying funding sources, preparing investor pitches Connecting with potential investors
Growth	 Product/Market Fit International Go- To-market Expansion and scaling 	 Facilitate access to Finance Facilitate internationalizat ion via events, strategic partnership, etc. Provide operational support 	 Series A, B, or C funding rounds for scaling operations and market expansion Strategic guidance and industry insights from investors Assistance in negotiating partnerships and strategic alliances Exit strategies and assistance with mergers, acquisitions, or public offering 	 Assistance in scaling operations, managing growth, and overcoming operational challenges Access to industry experts Provide sector-specific knowledge and guidance

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