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Market Systems Analysis of Priority Sectors for Inclusive Growth in Jordan

Food Industry, Food Services, and Chemicals

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Executive Summary

This report presents the findings of the International Labour Organization's (ILO) Market Systems Assessment conducted by the Manzuma Project – Enhancing Resilient Market Systems to Enhance Livelihoods for Syrian Refugees and Jordanians funded by the Regional Development and Protection Programme for Jordan and Lebanon (RDPP III). The assessment explores three priority sectors in Jordan—food industries, food services and chemicals—to identify market opportunities, systemic constraints and pathways for inclusive enterprise growth and decent job creation, particularly for Syrian refugees, women and youth. Manzuma places SMEs at the centre of its strategy, recognising them as the principal drivers of employment generation for Syrian refugees and vulnerable Jordanians.

The analysis confirms that all three sectors demonstrate strong potential for enterprise growth and employment generation but remain constrained by structural market failures that limit competitiveness, investment and workforce inclusion. While each sector presents distinct dynamics, several cross-cutting constraints consistently emerged, including high production costs driven by energy and imported inputs, fragmented domestic supply chains, limited market intelligence and commercial diversification, workforce instability, regulatory bottlenecks and limited access to finance. These systemic constraints reduce firms' profitability and their ability to invest in productivity improvements, innovation and expansion into higher-value markets.

The food industries sector remains one of Jordan's strongest industrial and export sectors, particularly in dairy, fruit and vegetables, and confectionery products. Despite strong export performance, firms continue to face high operating costs, fragmented local sourcing systems and limited market diversification, while mid-sized enterprises struggle to transition towards more productive and competitive business models.

The food services sector is an important source of employment for women and vulnerable populations. Although the sector has demonstrated considerable adaptability through digital platforms and new business models, SMEs and women-led home-based businesses continue to face barriers related to market access, business formalization, aggregation and integration into higher-value commercial channels.

The chemicals sector represents a strategic pillar of Jordan's industrial economy, supported by abundant natural resources and a strong export orientation. Beyond conventional fertilizers and chemicals, promising opportunities exist in specialty chemicals, Dead Sea products and organic fertilizers. However, SMEs continue to face challenges related to production costs, fragmented market positioning, limited product differentiation and regulatory constraints that limit innovation and access to premium markets.

Across all three sectors, renewable energy and energy efficiency emerged as critical enabling functions with significant potential to improve enterprise competitiveness. While several firms have successfully adopted solar energy and energy efficiency measures, regulatory and market constraints continue to limit wider uptake, particularly among SMEs.

Building on these findings, the assessment proposes a portfolio of market systems interventions designed to address the underlying causes of low enterprise competitiveness while creating stronger incentives for inclusive job creation. Rather than directly implementing project-led initiatives, the proposed interventions identify strategic areas for market facilitation and partnership with public and private actors. Across the three sectors, these interventions follow two complementary pathways: (i) reducing production costs and improving enterprise productivity through areas such as renewable energy, local sourcing, workforce development and operational upgrading; and (ii) expanding and diversifying market opportunities through stronger market intelligence, commercial facilitation, product innovation and access to higher-value domestic, regional and international markets.

Recognising that enterprise growth does not automatically translate into better employment outcomes, Manzuma intentionally embeds decent work considerations across its intervention portfolio. The proposed areas of intervention seek to create commercial incentives for enterprises to progressively improve workforce skills, occupational safety and health, employment formalization and other labour practices as part of broader business upgrading processes, thereby ensuring that increased competitiveness contributes to both more and better jobs for Syrian refugees and vulnerable Jordanians.

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1. Introduction and Context

1.1. The Manzuma Project and Objectives of the Study

The Manzuma Project – formally titled *"Enhancing Resilient Market Systems to Enhance Livelihoods for Syrian Refugees and Jordanians"* – is implemented by the International Labour Organization (ILO) under the Regional Development and Protection Programme for Jordan and Lebanon (RDPP III). The project responds to the recognition that, in a context of persistently high unemployment and economic fragility, traditional supply-driven livelihoods approaches alone are insufficient to generate sustainable employment opportunities at scale. While training, business development services, and access to finance remain important, they do not automatically translate into jobs if markets themselves are not growing and enterprises lack the incentives and conditions to expand.

Manzuma therefore promotes a shift toward a demand-driven and systemic approach based on the ILO's Approach on Inclusive Market Systems in Fragile Contexts, AIMS (see box 1) .The project's overarching objective is to contribute to stronger and more resilient market systems in Jordan that create sustainable livelihood opportunities and economic inclusion for Syrian refugees and Jordanian vulnerable workers, particularly women and youth. To achieve this objective, Manzuma combines research, policy engagement, stakeholder coordination, and pilot interventions, not only to generate direct employment outcomes, but also to influence wider market dynamics, institutional practices, and policy frameworks that shape access to decent work in Jordan over the long term.

Through the AIMS approach, Manzuma deliberately focuses its efforts on high-potential sectors and market systems that demonstrate both strong economic growth prospects and the capacity to generate more and better jobs for vulnerable populations. A sector selection study concluded in 2025 identified the Food Industry, Food Services, and Chemicals sectors as high-potential sectors for Manzuma's interventions (see chapter 2.1 rationale for sector selection). Rather than directly delivering services and solutions to beneficiaries and actors within these sectors, the project seeks to address the underlying market constraints that prevent inclusive growth and job creation from taking place sustainably and at scale.

To do so, a critical focus is placed on generating solid and triangulated evidence through rapid but sufficiently in-depth **Market Systems Analyses (MSAs)** of the selected sectors. These analyses aim to identify key underlying constraints, incentives, supporting functions, and regulatory bottlenecks affecting market performance and inclusion outcomes, while at the same time allowing the project to move quickly toward the operationalization of concrete solutions, partnerships, and pilot interventions. This balance between analytical depth and operational agility is central to the Manzuma approach and enables the project to remain adaptive to rapidly evolving market conditions and stakeholder opportunities.

Building on the evidence generated through these rapid market assessments, the project will develop an evidence-based strategy of action and engage market actors (including businesses, industry associations, financial institutions, government entities, and civil society organizations) to pilot innovative business models, partnerships, and policy solutions that align commercial incentives with social impact.

Through technical assistance, strategic facilitation, and catalytic support, Manzuma aims to demonstrate viable and scalable models that can later be replicated or expanded by market actors themselves. Particular emphasis is placed on strengthening SMEs, promoting women-led home-based businesses, improving access to markets and services, and fostering climate-resilient and inclusive economic growth pathways.

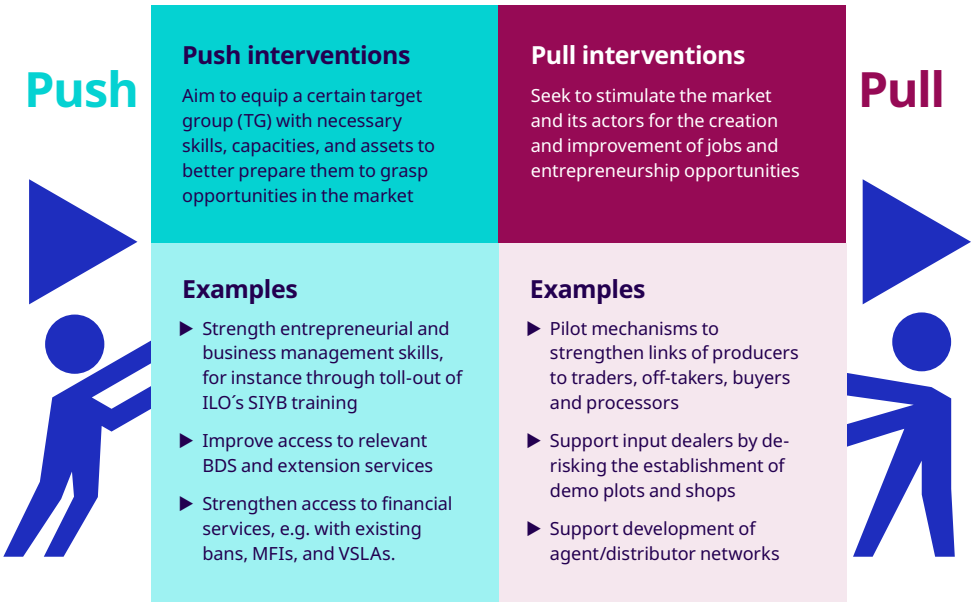
Box 1: The Approach for Inclusive Market Systems Development (AIMS)

The ILO's Approach on Inclusive Market Systems in Fragile Contexts (AIMS) is based on the premise that sustainable livelihoods can only emerge when two conditions are met:

- Markets must generate real economic opportunities — through enterprise growth, self-employment, or salaried jobs driven by demand;
- People must have the skills, capacities, and access needed to benefit from these opportunities.

Building on this premise, AIMS moves beyond traditional beneficiary-focused assistance by seeking to improve how market systems function as a whole in order to generate more sustainable and scalable decent work outcomes. The approach is guided by four core principles:

1. **Analysis-driven:** identifying the root causes of market constraints and decent work deficits before designing interventions;
2. **Partner-driven:** facilitating locally owned solutions through market actors with incentives to sustain change;
3. **Adaptive and evidence-based:** combining implementation with continuous learning, testing, and adjustment;
4. **Push-pull alignment:** connecting tailored support to ensure the economic inclusion of vulnerable groups by strengthening their capacity to engage and benefit from market opportunities ("the push") with longer-term market systems development intervention to stimulate the expansion of actual economic opportunities and decent jobs available for them ("the pull").



1.2. Jordan's Economic Context

Jordan continues to face significant structural economic challenges, including persistently high unemployment, low labour force participation, and limited fiscal space. National unemployment remained above 21 percent in 2024, with youth and women disproportionately affected, while public debt remains close to 120 percent of GDP, limiting the capacity of the public sector to absorb new labour market entrants.[1]

In this context, sustainable job creation increasingly depends on the ability of the private sector (particularly SMEs) to expand, improve productivity, and generate employment opportunities linked to growing domestic and export markets. At the same time, Jordan remains one of the countries hosting the highest number of refugees per capita globally. As of 2024–2025, Jordan continued to host over 700,000 registered Syrian refugees, the majority of whom live outside camps in urban and peri-urban areas such as Amman, Irbid, and Mafraq.[2]

While Syrian refugees contribute significantly to the economy, particularly in sectors such as agriculture, construction, manufacturing, and services, much of their work remains informal, insecure, and concentrated in low-productivity segments of the economy. Despite substantial investments in skills training, entrepreneurship programmes, and livelihoods support, vulnerable Jordanians and Syrian refugees continue to face major barriers to accessing decent work opportunities. Evidence increasingly shows that these challenges are not only linked to skills gaps or legal restrictions, but also to weak market demand and structural constraints within the sectors where vulnerable populations are concentrated. For example, recent assessments in the agro-food sector highlighted that while tens of thousands of refugees possess relevant agricultural experience and skills, existing market systems and enterprise capacities remain unable to absorb this workforce sustainably. As a result, many workers remain trapped in low-paid, informal, and seasonal employment with limited prospects for progression.

Recent policy developments have further increased these vulnerabilities. The gradual reinstatement of work permit fees for Syrian refugees has raised concerns among both workers and employers, particularly SMEs operating in labour-intensive sectors. According to an ILO assessment, rising permit costs risk pushing more refugees and enterprises toward informality, especially in sectors already characterized by significant decent work deficits, including agriculture, retail, and construction.[3]

Within this broader economic and labour market context, the Manzuma project recognizes that sustainable livelihoods cannot be achieved solely through direct support to individuals. Instead, there is a need to strengthen the underlying market systems that shape enterprise growth, labour demand, productivity, and inclusion. Based on a sector selection exercise and report , Manzuma decided to focus on three strategic sectors (food industries, food services, and chemicals) as sectors with strong potential to contribute to inclusive economic growth, SME development, and decent job creation, while also presenting opportunities to address systemic constraints through market-based interventions and partnerships (following subchapter).

1 "Literature Review Refugee Integration in Jordan ", Hoogland 2024.

2 « Vulnerability Assessment Framework » , UNHCR 2024.

3 « Assessing the impact of work permit fees on Syrian refugees and employer in Jordan », ILO 2024. Please note that, at the time this MSA was being drafted, work permit regulations and associated fees for refugees were under revision.

1.3. Rationale for Sector Selection

The process of selecting the three priority sectors for Manzuma was conducted in line with the ILO's AIMS and Market Systems Development (MSD) methodologies and is detailed in a dedicated sector selection report finalized in 2025. The selected sectors (Food Industries, Food Services, and Chemicals) were chosen based on their combined potential to contribute to enterprise growth, decent job creation, and economic resilience, while also offering concrete entry points to address cross-cutting systemic constraints such as high energy costs, limited access to technology, weak market linkages, and gaps in business development and support services. A brief snapshot of the rationale for the selection of each sector is summarized below.

- **Food industry: A high-impact driver for large-scale job creation.** Food Industry is a broad sector within which Manzuma has chosen to focus on food processing, high-potential non-transformed agricultural products, and dairy value chains due to their strong potential for enterprise growth, value addition, export development, and inclusive job creation. It emerged as the primary sector of intervention due to their strong SME base, resilience, export orientation, and capacity to absorb and deliver benefit for a large number of Jordanian and Syrian SMEs and workers, including women. As Jordan's third-largest export sector, food processing has maintained growth despite regional instability, particularly in GCC markets. However, high energy costs, imported input dependency, and limited reinvestment capacity continue to constrain productivity upgrading and more inclusive job creation.
- **Food services: Leveraging linkages and increasing demand to boost women's inclusion.** This labour-intensive sector has with strong linkages to tourism, agriculture, and food processing. It includes restaurants, catering services, bakeries, hotels, and women-led home-based businesses (HBBs) and kitchens, especially led by women. While the sector demonstrated adaptability through digitalisation and new delivery models, many SMEs and HBBs remain constrained by informality, weak market access, and limited growth opportunities. While fragmented and informal, the sector has been chosen as complementary sector for delivering quick wins on the economic inclusion of vulnerable groups (particularly women and the self-employed), which are often excluded from opportunities in other sectors.
- **The chemicals sector: Unlocking potential in emerging niche subsectors.** The chemicals sector, particularly niche segments such as soaps, detergents, cosmetics, Dead Sea–based products and organic fertilizers offer opportunities for SME upgrading, innovation, and export diversification within one of Jordan's flagship industrial sectors. Although parts of the industry are dominated by large firms, emerging niche markets provide realistic entry points for supporting higher-value production, improved working conditions, and medium-term employment growth. This offers the opportunity for Manzuma to influence a growing, innovation-friendly niche segment that could become increasingly important for inclusive job creation in the medium term.

Taken together, the three sectors form a complementary portfolio for the Manzuma project. Food industries provide opportunities for productivity upgrading and export growth; food services offer pathways for inclusive employment and entrepreneurship; and chemicals represent a high-value industrial sector with potential for innovation and niche market development. At the same time, firms across all three sectors face common systemic constraints, particularly related to energy efficiency, access to solar solutions, business services, and regulatory frameworks. Addressing these cross-cutting constraints provides a strategic entry point for market-based interventions capable of improving competitiveness, strengthening enterprise resilience, and supporting inclusive economic growth.

1.4. Research Method

The research used AIMS and ILO MSD tools to carried out as a series of **Market System Analyses (MSAs)** focused on identifying systemic blockages and potential growth strategies across multiple high potential sectors.

The RMAs were structured to achieve four key analytical objectives:

1. **Identify Business Growth Strategies:** Determine the most viable business models and pathways used by successful companies in the sector.
2. **Understand Constraints:** Analyse the different business models underlying these strategies and the systemic constraints faced by entrepreneurs, especially mid-tier and struggling firms.
3. **Develop Systemic Vision and Strategy:** Utilize constraints and opportunities to develop a vision and strategy for systemic change.
4. **Develop an Intervention Portfolio:** Gradually develop an intervention portfolio, through which the market system emerges that is better able to support these growth strategies and reduce constraints.

The research used different types of data (primary and secondary) and was carried out in two phases:

- **Phase 1: Desk Research** Review of national laws, sector data, market trends, and existing studies to establish a macro-economic framework of the sectors and refine the sub-sectors, where relevant. The following analysis focuses on the following sectors:

  Food Industries, which includes the sub-sectors of Dairy, Fruit and Vegetables (including Dates), and Confectionery Products; Food Services, which encompasses restaurants, cafés, bakeries, hotels, catering, and home-based businesses (HBBs); and the Chemicals sector, which focused on the fertilizers and pesticides, soaps and detergents, and cosmetics sub-sectors.

- **Phase 2: Field Research** Conducted through a combination of in-depth in-person and online semi-structured interviews with key informants and market actors, including:
  - Benchmark Companies: To learn from «visionary» entrepreneurs successfully implementing growth strategies.
  - Struggling Mid-tier Companies: To understand the specific factors and constraints preventing scale.
  - System Actors: Suppliers, specialized business service providers, representative bodies, and government entities (e.g., related to agricultural production, resource efficiency, and export development).
- **Confidentiality and Limitations** All data collected through primary research have been anonymised, and generic terms (e.g., «respondents,» «firms») are used to protect the identity of individuals. It is acknowledged that the study is largely built on the perceptions and opinions of a limited number of key stakeholders, and while information was triangulated across different sources, not all findings could be cross-checked and validated.

1.5. Report Structure

This report is organized to follow a logical market systems analysis progression:

- **Section 1: Introduction and Context** presents an overview of the Manzuma project and its market systems development approach, outlines Jordan's current economic and labour market context, provides the rationale for the selection of the three priority sectors (food industries, food services, and chemicals), and describes the research methodology and structure used for the Market Systems Analysis.
- **Section 2: Market Systems Analysis** (core market systems) presents the core systemic analysis of the three sectors. Building on the sector overviews, it examines the structure and dynamics of the market systems, including key actors, incentives, market relationships, and the main constraints affecting enterprise growth, competitiveness, and decent job creation. The section identifies key systemic bottlenecks and their root causes, highlighting where market-based interventions could unlock productivity, resilience, and inclusive growth.
- **Section 4: Supporting Functions and Rules & Regulations** analyses the supporting functions and regulatory frameworks shaping the performance of the three sectors. While these dimensions are traditionally integrated within the sector analysis chapter, they have been consolidated into a dedicated chapter due to the strong overlap across sectors. This structure avoids repetition while allowing for a more strategic analysis of cross-cutting challenges and opportunities, particularly related to energy efficiency, access to solar energy, finance, labour market dynamics, export systems, and business support services.
- **Section 4: Potential Areas of Intervention** builds on the systemic analysis to present a coherent logic and framework for Manuma and a consolidated portfolio of potential areas of intervention opportunities across the three sectors. The section outlines potential activities, strategic partners, and indicative impact pathways, with particular emphasis on cross-sector interventions that address common constraints, alongside targeted sector-specific initiatives.
- **Section 6: Conclusion** summarizes the key findings from the analysis and outlines next steps for advancing the intervention portfolio, including opportunities for piloting, partnership development, and further learning.

2. Market Systems Analysis

This chapter presents the Market Systems Analyses (MSAs) conducted for the three sectors selected. Each analysis examines the structure and dynamics of the sector, including core market functions, key actors and role of the target group, employment patterns, supporting functions, and the rules and regulations shaping market performance and inclusion outcomes. Particular attention is given to identifying the systemic constraints and opportunities that affect enterprise growth, competitiveness, and the creation of decent work opportunities for vulnerable Jordanians and Syrian refugees.

As several analyses have already been conducted on Jordan's food processing and food industries sector — including by GIZ[4] and a more recent assessments conducted by the ILO[5] — the dedicated analysis developed under this report intentionally builds on and complements this existing body of evidence. Rather than duplicating previous research, the analysis seeks to add new perspectives on the interconnections between the upstream, midstream, and downstream segments of the market system in order to better identify key underlying constraints and opportunities, while also unpacking the role and positioning of vulnerable target groups within these market dynamics.

While each sector presents distinct characteristics and market dynamics, the research identified several supporting functions and regulatory constraints that cut across all three sectors. These include issues related to energy costs and access to solar solutions, access to finance and business development services, labour market dynamics, trade and export systems, and broader regulatory and institutional frameworks affecting SMEs. In order to avoid duplication and better highlight these cross-sectoral dynamics, these shared supporting functions and rules have been extracted from the individual sector analyses and consolidated into a separate dedicated chapter. This structure allows the report to present both sector-specific findings and broader systemic constraints in a more coherent and strategic manner.

2.1. Food Industry

2.1.1. Market Overview

The food industry sector is one of Jordan's most important manufacturing sectors and a major contributor to economic growth, exports, and employment. Overall, the Food Industry sector has demonstrated relatively steady growth over the past decade compared to other sectors of the Jordan economy. The subsector of processed food accounts alone for 6.3 per cent of Jordan's GDP and generates an estimated annual production output of USD 5.1 billion[6]. Processed food products accounted for approximately 10.2 per cent of Jordan's total industrial exports, with Arab markets representing around 75 per cent of exports. Iraq and Saudi Arabia remain the largest destinations for Jordanian processed food products, followed by Europe and the United States[7].

The sector is also closely interconnected with agriculture upstream and food services downstream. Agriculture, plays a particularly important role in rural employment and income generation contributing to an estimated 5–7 per cent of Jordan's GDP when including broader agri-food linkages and engages a significant share of seasonal and informal labour, including Syrian refugees and vulnerable Jordanians. Production is concentrated in key agricultural regions such as

4 "Jordan's Food Processing Sector Analysis and Strategy for Sectoral Improvement", GIZ, 2019.

5 "A Market Systems Analysis on SMEs' business incentives to contribute to social insurance schemes in Jordan. Deep dive in the Construction and Food Processing Sectors", ILO 2025.

6 Processed Food, Agriculture and Animal Husbandry Sector Study" Jordan Chamber of Industry, July 2018.

7 Ibid

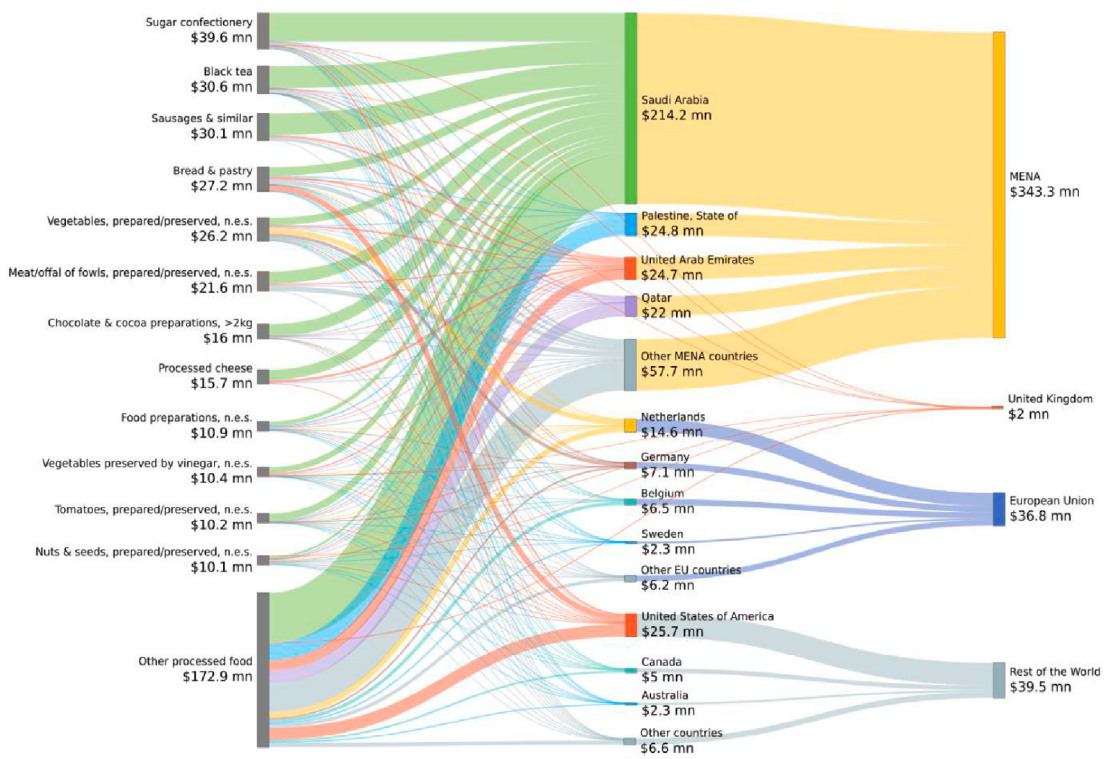
the Jordan Valley, Mafraq, and parts of Irbid, where irrigation-based farming systems support year-round cultivation and export-oriented production.

At the same time, the export of non-processed agricultural products represents an important component of Jordan's food economy and a significant source of rural livelihoods and foreign currency earnings. Fresh fruit and vegetable exports remain among Jordan's most competitive agricultural export products, particularly within regional and Gulf markets. According to the Ministry of Agriculture[8], the value of Jordan's agricultural exports reached JD 1.276 billion by the end of October 2024, representing an increase of 37 per cent compared to the same period in 2023 and surpassing the total agricultural export value recorded for the whole of 2023. Fruit exports increased by 80 per cent, while vegetable exports grew by 15 per cent. Export volumes of fruits and vegetables reached approximately 586,700 tons, including 405,900 tons of vegetables and 180,800 tons of fruits. Major export destinations continue to include Gulf Cooperation Council (GCC) countries and Iraq, with Jordanian products such as tomatoes, cucumbers, citrus fruits, olives, and dates benefiting from strong regional demand and established trade linkages.

Overall, the Food Industry sector has demonstrated relatively steady growth over the past decade compared to other sectors of the Jordan economy. Despite losing access to some neighbouring markets due to regional instability, Jordanian firms increasingly diversified exports toward GCC countries and niche "ethnic food"

8 « Agricultural exports up by 37% in 2024 — minister » , Jordan times 5.01.2025

Figure 1: Processed food exports, by product and market



Note: Export values presented in the figure correspond to 2019-2023 averages.

Source: ITC Trade Map (2025)

markets in Europe, North America, and Australia. However, according to a recent report from the International Trade Centre (ITC) , a staggering 87% of total processed food exports in Jordan is destined for the regional MENA market in 2023, with the GCC acting as the single most critical anchor[9]. This over-reliance creates acute market vulnerability to sudden trade policy shifts, non-tariff trade barriers (NTBs), or geopolitical shocks in partner countries. The vulnerability is underscored by the immense growth seen in specific markets, such as Saudi Arabia, where imports from Jordan surged from USD 31 million in 2009 to USD 268 million in 2023. While Jordan benefits significantly from zero-tariff access under the Greater Arab Free Trade Area (GAFTA), this structural dependency means the entire sector is exposed to single-market risk, limiting its pricing power and long-term stability.

As such, the ITC study highlights that the primary growth trend for high-value firms, seem to be the diversification beyond the MENA region toward higher-margin markets in Europe and the US, where demand for niche Arabic and traditional Jordanian foods is steadily growing among diaspora and premium buyers. ITC estimates the sector has an unrealized export potential projected to exceed USD 232 million in 2025, primarily in these untapped markets.

Market share in these Western destinations currently stands below 0.05%, due to structural constraints. Accessing these markets necessitates significant and costly investment in complex certifications (e.g. specific EU compliance, BRCGS), robust quality assurance protocols, and streamlined cold-chain logistics to meet stringent international consumer and regulatory requirements. Furthermore, many MSMEs lack the branding expertise or direct buyer linkages needed, often relying on saturated intermediary channels instead of building direct relationships with major retailers abroad. Fewer companies have mentioned non-traditional markets in Easter Europe, Asia and Africa but have highlighted the lack of reliable and updated market intelligence and linkages[10].

Finally, Food industries are strategically important for Jordan due to the country's high dependence on imported food products and limited agricultural production linked to water scarcity. Government institutions have historically supported the sector through industrial policies focused on import substitution, food security, and export promotion. Regulatory oversight is primarily provided by the Jordan Food and Drug Administration (JFDA) and the Jordan Standards and Metrology Organization (JSMO).

2.1.2. Target Group and Employment

According to estimates from 2023 of the Jordan Chamber of Industry[11], the sector employed approximately 67,000 workers across 2,668 economic units, with an average of 25 workers per facility. While some activities are dominated by medium and large firms, many subsectors (particularly sweets, dairy, spices, and pasta) are characterized by a strong presence of MSMEs, which reportedly account for approximately 95 per cent of enterprises in the sector and typically employ between 10 and 40 workers.

A significant number of Syrian refugees are found throughout the food industry as skilled workers and business owners. The vast majority (approximately over 80%) are working in informal, seasonal employment. A recent ILO report on the sector[12] has described the employment structure in SMEs active in the industry, as follows:

- Owners: often engineers or business management professionals who have inherited the family business.
- High-skilled workers: usually 2 to 3 individuals responsible for staff management and overseeing production lines and the purchase of raw materials.

9 « Export Potential Brief. Opportunities for Jordanian processed food », ITC 2025.

10 Ibid.

11 https://jci.org.jo/en/labor-market-unit/sector-skills-councils/skills-council-of-the-food-industries-sector/

12 "A Market Systems Analysis on SMEs' business incentives to contribute to social insurance schemes in Jordan. Deep dive in the construction and food processing sectors", ILO 2025.

- Mid/low-level workers: 5 to 20, mostly women, engaged in production line tasks, in many cases considered "skilled" by SME owners because of their acquired dexterity and experience in the production line and in other cases described as "lows killed workers with experience" performing tasks that "anyone can do with minimal training".
- Low-skilled workers: 3 to 5 mostly men, involved in loading and unloading materials, cleaning (also women), and supporting transportation.

The report highlights that **employment arrangements within the sector vary significantly depending on skill level and enterprise size**. High-skilled workers are generally employed under formal contracts with access to social security coverage, while mid- and low-skilled workers are more frequently engaged through flexible or informal arrangements. SMEs often rely on a combination of permanent production-line staff and temporary labour hired to respond to absenteeism, seasonal demand fluctuations, or specific operational tasks such as cleaning and packaging. In many cases, these temporary workers are recruited through external labour supply and outsourcing companies.

By contrast, medium-sized and more established enterprises tend to maintain more formalized employment structures, relying primarily on directly hired staff even for lower-skilled positions. Workforce management decisions are closely linked both to the high cost of production in Jordan, low margins of the enterprises, and to challenges related to the availability, affordability, and retention of reliable workers. Job creation and decent work are contingent on firm profitability. Clearly, Thus, the sector's long-term competitiveness increasingly depends on the ability of firms to unlock higher and more stable revenue streams that would enable both business expansion and workforce upgrading. This includes creating conditions under which enterprises can progressively transition parts of their workforce from low-skilled and unstable roles toward more formalized, technical, and certified positions increasingly required in higher-value and export-oriented markets.

This seems to suggest that the sector's long-term competitiveness increasingly depends on the ability of firms to unlock higher and more stable revenue streams that would enable both business expansion and workforce upgrading. This includes creating conditions under which enterprises can progressively transition parts of their workforce from low-skilled and unstable roles toward more formalized, technical, and certified positions increasingly required in higher-value and export-oriented markets.

Additional untapped potential also exists within the supply chain for raw materials, which are currently largely imported but could, if sourced locally, substantially increase employment and income generation within Jordan's agricultural sector. However, expanding local sourcing remains challenging without addressing key supply-side constraints related to quality consistency, production volumes, certification standards, and pricing competitiveness, as well as a persistent lack of confidence among some food processors regarding the value-for-money and reliability of locally produced raw materials.

Female workers and WHBBs

While official statistics remain limited, women appear to be strongly represented within the workforce of SMEs operating in Jordan's food processing sector. Interviews with enterprise owners undertaken by the ILO[13] suggest that women can account for **between 80 and 90 per cent of workers** in production and packaging lines, while men are more commonly employed in tasks related to transportation, machinery handling, loading, and unloading. Employers frequently highlighted women's skills, precision, and reliability, particularly in the production of traditional food products such as spices, sweets, and other handmade or detail-oriented items requiring repetitive manual tasks and quality control.

SME owners also often perceive female workers as highly committed and stable employees, partly because women generally face fewer alternative employment opportunities and frequently contribute directly to household income. At the same time, enterprises reported facing challenges

13 *Ibid*.

in recruiting and retaining women workers due to social norms and operational constraints, including limitations on late working hours, transportation and safety concerns, and family pressures that may lead some women to leave employment after marriage. Businesses highlight that offering a safe, "family-like" atmosphere and transport is key to retaining female staff.

Despite being valued, female workers at the factory level are offered limited opportunities for career progression within the production line. This is partly due to the high turnover of women in factories, often attributed to their household responsibilities. On farms, women work primarily in quality control roles (e.g., grading, post-harvest handling). Jordanian women are found in more senior administrative and engineering capacities within businesses as compared to Syrian women (whose roles in factories are limited to production lines).

Some interviewed SMEs reported **subcontracting simple production-line activities to women-owned household-based businesses (WHBBs)**. One owner of a small packaging company supplying both the food and chemical sectors explained that he collaborates with WHBBs to manually assemble and close certain liquid packaging components. The products consisted of flexible plastic liquid pouches requiring plastic caps to be manually folded and sealed, a relatively simple but labour-intensive task that was reportedly difficult or inefficient to automate through machinery at the company's scale of production. According to the owner, outsourcing this activity to women working from home was operationally easier than employing women directly within the factory, particularly given social and cultural norms related to women's mobility and factory work environments. The owner also suggested that this arrangement was motivated partly by a desire to provide income-generating opportunities to vulnerable women rather than by a strong commercial business rationale alone.

This example echoes similar insights from other enterprises and seems to suggest that while some linkages between SMEs and WHBBs already exist within the sector, realistic and scalable opportunities for further integration and formalisation remain uncertain. The actual commercial demand for subcontracting to WHBBs appears limited in many cases, particularly where collaboration does not generate clear productivity or cost advantages for firms. At the same time, many WHBBs continue to face significant systemic constraints related to production volumes, quality consistency, standardized packaging, certification requirements, and broader commercial and business management capacities. These limitations reduce their ability to access stable and formal supply contracts with larger processors, manufacturers, or retailers.

Workforce Instability and the Transition to Formal Employment

One of the key findings of the ILO study on employment, decent work and social security in Jordan's food processing sector[14] is that workforce instability represents one of the most significant constraints facing SMEs. Absenteeism was consistently identified by employers as a major operational challenge, often disrupting production schedules, delaying deliveries and increasing management costs. SME owners attributed absenteeism and turnover to a range of factors, including family obligations, health-related absences, transport difficulties, and dissatisfaction with wages and working conditions. Employers also reported challenges in attracting and retaining workers, particularly for low-skilled positions characterized by physically demanding work and limited opportunities for wage progression.

The research suggests that these workforce challenges are closely linked to the sector's broader employment model. Faced with high turnover and competitive market conditions, many SMEs are reluctant to invest in workforce development or provide social security coverage beyond a small core group of workers. This creates a cycle in which limited investment in workers contributes to low commitment and retention, which in turn reinforces employers' reluctance to formalize employment relationships.

However, the findings also indicate that this dynamic changes as enterprises grow and adopt more professional management practices. SMEs

14 *Ibid* ref. 12

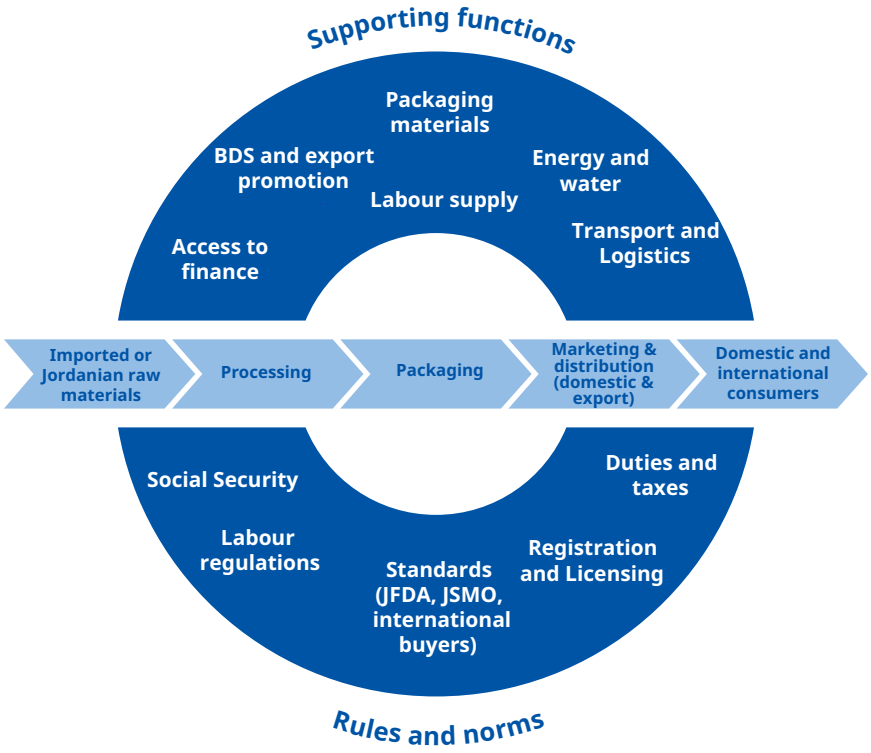
with stronger market linkages, particularly those serving export markets, reported lower levels of absenteeism and a greater willingness to invest in regular employment, skills development and social security coverage. For these firms, workforce retention is increasingly viewed as a prerequisite for maintaining productivity, product quality and operational efficiency. At the same time, growing enterprises face greater scrutiny from regulators and buyers, creating additional incentives to comply with labour and social security requirements.

These findings point to what the study defines as a potential «tipping point» in enterprise development at which formal employment and improved decent condition and social security coverage become perceived less as costs and more as strategic investments that support business growth and competitiveness. Nevertheless, even more formalized SMEs continue to rely on daily or temporary workers to address seasonal fluctuations and unexpected absences. Stakeholders noted that the limited flexibility of existing social security arrangements for short-term labour may constrain further formalization, leaving many enterprises dependent on informal labour arrangements to meet their operational needs.

2.1.3. Core Market structure: Upstream, Midstream, and Downstream

The below market system 'donut', adapted from the mentioned ILO report, provide an overview of how the food industries sector operates. The diagram doesn't focus only on the transactions and actors within the core value chain, but also consider the broader factors influencing how businesses and workers interact within the system. These include supporting functions — such as access to energy, packaging, finance, technology, and skills — as well as rules and regulations related to quality standards, trade

Figure 2: The Food industry market system



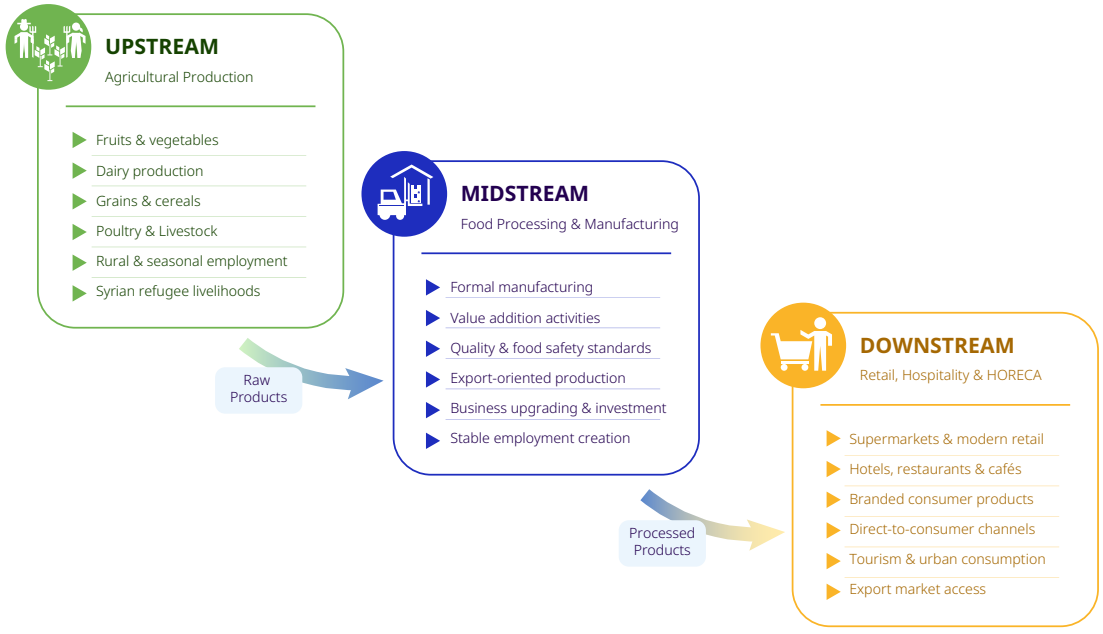
Source: ILO 2025

requirements, labour dynamics, and the broader business environment. As previously noted, these cross-cutting supporting functions and regulatory dimensions will be analysed in a separate chapter in order to better reflect complementarities and avoid duplication across the three selected sectors.

As several analyses have already been conducted on Jordan's food processing and food industries sector, this assessment does not seek to duplicate existing research. Instead, it aims to complement previous studies by providing additional perspectives on the interconnections, challenges and opportunities between the upstream, midstream, and downstream segments of the Food industry market system in Jordan.

The core value chain of the food industries market system in Jordan can be structured around three highly interconnected segments: upstream agricultural production, midstream food processing and manufacturing, and downstream retail, hospitality, and food services (HORECA).

Figure 3: Stream components of the core market system of the food industry



Source: Authors

Upstream: Agricultural Production and Raw Material Supply

The upstream segment includes agricultural production systems supplying raw materials to processors, particularly fruits, vegetables, dairy, grains, poultry, and livestock products. Although agriculture contributes a relatively modest share of Jordan's GDP, it remains critical for food security, rural livelihoods, and seasonal employment, particularly for Syrian refugees and vulnerable Jordanians. However, structural constraints such as water scarcity, climate vulnerability, fragmented farming systems, low technology adoption, and inconsistent quality standards continue to affect the reliability, pricing, and competitiveness of local sourcing. As a result, many food processors rely heavily on imported raw materials, particularly where domestic supply is perceived as inconsistent or uncompetitive.

To facilitate export competitiveness and protect jobs (critical for refugee and vulnerable Jordanian inclusion), strong upstream integration is essential. It mitigates supply chain disruptions and instability (e.g., geopolitical shocks, Red Sea route

volatility) while ensuring price competitiveness. The sector is currently undermined by several interconnected systemic failures:

- **High input cost and dependency on imported inputs:** Across all subsectors, profitability is exposed to the high, fluctuating cost of imported inputs, hindering profit margins and absorbing working capital. For instance, dairy margins are stifled by the high cost of imported fodder (Jordan imports over 80% of its needs, costing approx. JOD 400/ tonne). This dependency transfers risk directly onto the processor, translating into limited capacity for formalizing stable employment.
- **Inconsistent local sourcing quality and volume:** Establishing integrated domestic supply chains is challenging because local inputs are perceived as having low and unpredictable quality and volume, posing a significant commercial risk. This unreliability is driven by two factors:
- **Water scarcity:** In the F&V sector, the long-term viability of local sourcing is threatened by severe national water shortages and inconsistent annual production due to drought. This instability increases the long-term risk for processors seeking high-volume contracts (e.g., necessitating the import of over 70,000 tonnes of frozen potatoes).
- **Lack of standardisation:** Processors struggle to source from less professional farms (the majority), which lack standardised production protocols and quality assurance measures. For mid-tier Dairy processors, for example, inconsistent supply from independent farms makes investment in expanding local production very high risk.
- **Lack of commercially viable opportunities for import substitution:** The fundamental constraint is the absence of proven, scalable models for import substitution. Experiments with locally grown, drought-resistant crops (e.g., fodder) have not yet been commercially viable due to cost and yield constraints. The Manzuma project must focus on assessing innovative technologies that are **financially compelling enough to displace imports at scale**, moving beyond reliance on unviable subsidy-based solutions.

Midstream: Food Processing, Manufacturing, and Value Addition

The midstream segment comprises the food processing and manufacturing activities that transform raw agricultural products into consumer and industrial food products. It includes a diverse range of subsectors such as dairy products, processed fruits and vegetables, confectionery, bakery products, spices, pasta, and animal feed. As the primary source of value addition within the food system, this segment connects agricultural producers with domestic and export markets through processing, packaging, quality control, branding, and distribution activities. The competitiveness of food processors therefore depends both on the availability of reliable and cost-effective raw materials upstream and on access to profitable market channels downstream.

The segment is characterized by a large number of SMEs operating alongside a smaller group of more established firms. While opportunities exist to improve efficiency, diversify products, and access higher-value domestic and export markets, interviews revealed several recurring challenges that constrain the sector's growth and job creation potential:

- **Limited access to capital**: Many firms lack the financial resources required to invest in production equipment, cold storage, specialized processing lines, factory upgrades, and other productivity-enhancing technologies. Access to finance is further constrained by limited availability of tailored SME financial products and, in some cases, reluctance among business owners to take on loans.
- **Weak business process management**: Many SMEs continue to rely heavily on owner-led management structures, with limited specialization in functions such as human resources, supply chain management, marketing, and business development. This can constrain the ability of firms to scale sustainably and create specialized employment opportunities.
- **High certification and compliance costs:** While awareness of food safety and quality standards is generally high, obtaining certifications such as ISO and HACCP often requires substantial investments in infrastructure, equipment, and processes. For

many SMEs, these costs remain prohibitive and limit access to higher-value domestic and export markets.

- **Operational inefficiencies**: Firms reported opportunities to improve competitiveness through reductions in energy consumption, waste, and production downtime. However, many lack the resources or incentives needed to invest in efficiency-enhancing improvements.

Together, these challenges limit the ability of processors to move toward higher-value business models, increase productivity, and generate more stable and skilled employment opportunities within the sector.

Downstream: Marketing and Retailing

The downstream segment includes retail, hospitality, catering, restaurants, cafés, supermarkets, distributors, and broader food service channels that connect processed food products to final consumers. The growth of tourism, urban consumption, and modern retail has expanded opportunities for food processors to access higher-value and more diversified sales channels. Increasingly, successful firms seek to move beyond low-margin wholesale distribution toward branded retailing, direct-to-consumer models, and specialized supply relationships with hotels, restaurants, and cafés. These downstream linkages are particularly important for improving profitability, strengthening enterprise resilience, and generating the working capital needed for business upgrading and more stable employment creation.

However, firms across the food industries sector face several downstream challenges that constrain their ability to capture higher margins and expand into new markets:

- **Export concentration and logistics constraints**: Although Jordanian food products have demonstrated strong export performance, exports remain heavily concentrated in GCC markets. Diversification into higher-value markets in Europe and beyond is constrained by high transport costs, logistical bottlenecks, and limited access to reliable export routes for time-sensitive products, particularly fresh fruits and vegetables.
- **Low-margin domestic sales channels**: Many firms rely on wholesalers and business-to-business (B2B) sales channels characterized by strong competition, limited pricing power, and long payment cycles that place pressure on working capital. While direct-to-consumer (B2C) models and branded retailing can offer higher margins, they also require additional capabilities in logistics, inventory management, marketing, and retail operations that many SMEs struggle to develop.
- **Limited market intelligence:** Firms reported difficulties identifying and accessing new market opportunities, particularly for specialized or higher-value products. While export opportunities are often discussed in markets such as Europe, Asia, and Africa, many enterprises lack detailed information on consumer demand, market requirements, buyer networks, and the competitiveness of Jordanian products in these destinations.
- **Weak commercial linkages**: Many SMEs continue to rely on informal networks and intermediaries to access buyers rather than developing direct commercial relationships with retailers, hospitality businesses, or international distributors. This can limit market access, reduce margins, and weaken firms' ability to respond to changing consumer preferences.

These constraints reduce the sector's ability to capture greater value from domestic and international markets, limiting opportunities for reinvestment, business expansion, and sustainable employment growth.

Cross-Segment Dynamics and Implications for Inclusive Growth

The analysis of the upstream, midstream, and downstream segments highlights that the competitiveness, resilience, and job creation potential of Jordan's food industries sector cannot be understood through the lens of food processing alone. The performance of processors is intrinsically linked to the availability of competitive and reliable raw materials upstream and to their ability to access profitable and diversified market channels downstream. Constraints observed at any point in the system — whether related to agricultural productivity,

access to finance, certification, logistics, or market access — ultimately affect the sector's capacity to grow, invest, and create decent employment opportunities. Opportunities for enterprise development and inclusive job creation seem to emerge from strengthening the linkages and coordination between these interconnected segments rather than addressing individual bottlenecks in isolation.

Using this market systems lens, the following subchapters take a closer look at some of the most prominent and strategically important subsectors within Jordan's food industries sector. For each subsector, the analysis examines how dynamics across the upstream, midstream, and downstream segments shape business performance and market opportunities, while identifying key constraints and opportunities for enterprise growth, competitiveness, and inclusive job creation for women, youth, vulnerable Jordanians, and Syrian refugees.

2.1.4. The dairy sector : A strong demand constrained by high input costs and fragile supply chains

The Jordanian dairy sector produces a wide range of products, including cheese, labneh, pasteurised milk, powdered milk, yoghurt, butter, jameed and ice cream (Italian and Arabic versions). Demand for dairy products has remained resilient, supported by population growth and changing consumption patterns also driven by Syrian products and consumption.

The dairy subsector combines strong domestic demand, significant employment generation potential, and a high concentration of SMEs involved in milk collection, processing, and distribution. According to estimates of sector experts[15], the sector includes approximately 10 large (mainly in industrial areas like Mafraq) and over 230 small and mid-tier processing plants (more prevalent in Irbid). The subsector maintains significant employment potential across its value chain, from herders to processors. However, its long-term stability and capacity to generate decent jobs are undermined by a persistent profitability crisis driven by high input costs and fragmented milk aggregation systems. In fact, despite favourable market conditions, the subsector faces a persistent profitability crisis driven by high production costs, fragmented milk aggregation systems, and inefficient routes to market. These constraints particularly affect small and medium-sized processors, limiting their ability to expand production, invest in upgrading, and create more stable employment opportunities.

The core market transaction (i.e., converting raw milk into a sellable product) is highly unstable due to upstream and downstream failures that compress margins and absorb valuable working capital.

Upstream: high input costs and dependence on imported feed

Fresh milk in Jordan is mainly produced in the Jordan Valley for its suitable climate conditions and fertile soils[16] with large-scale intensive farming systems ae located in Al Dulayl and Mafraq in semi-arid conditions. As highlighted by the GIZ analysis of the sector[17], due to limited availability of natural grazing land, dairy production relies predominantly on zero-grazing systems and imported feed such as maize, barley, soybeans, and wheat bran, supplemented by wheat straw and alfalfa hay.

The primary constraint across all dairy production is the overwhelming reliance on expensive imported inputs, particularly fodder and feed concentrates used for commercial cow breeds. According to estimates from interviewed sector representative, Jordan imports approximately 80% of its total fodder needs, tying the cost of local milk production directly to volatile global commodity prices, international shipping, and geopolitical risks. Producers universally cite global fluctuations (e.g., conflict affecting Black Sea grain supply) as the single greatest threat to maintaining their already low margins. These high input costs not only reduce farm profitability and

15 Alqaisi, Othman, O. Assah Ndambi, and Torsten Hemme. 2009. Development of milk production and the dairy industry in Jordan. Livestock Research for Rural Development 21 (7). http://www.lrrd.org/lrrd21/7/alqa21107.htm

16 https://jordanexports.jo/dairy/

17 Jordan's Food Processing Sector Analysis and Strategy for Sectoral Improvement", GIZ, 2019.

make producers highly vulnerable to fluctuations in global feed prices, transport costs, and supply chain disruptions but also limit processors' ability to expand production, invest in workforce upgrading, and create additional employment opportunities across the value chain.

A frequently cited root cause of high dairy production costs is Jordan's heavy dependence on imported fodder and feed concentrates. Several sector experts highlighted the absence of commercially viable, drought-resistant local feed alternatives capable of competing with imported products in terms of cost, quality, and scale. Options such as silage production and hydroponic fodder systems have been proposed as potential alternatives that could reduce exposure to global commodity price fluctuations and supply disruptions. At the same time, the high cost of water and electricity for irrigation, deep-well pumping, and refrigeration remains a structural challenge that undermines the competitiveness of local feed production, particularly for smaller producers.

However, stakeholders expressed mixed views regarding the feasibility of local fodder substitution. Several actors noted that hydroponic fodder production has already been piloted under various government and donor-supported initiatives, with limited success. According to interviewees, many of these pilots suffered from low productivity and poor fodder quality, partly due to the use of non-clean water sources and challenges in maintaining consistent production conditions. Building on these experiences, the National Agricultural Research Center (NARC) is reportedly experimenting with improved hydroponic systems designed to operate with lower-quality and treated wastewater, potentially offering a more scalable solution in Jordan's water-constrained context.

Despite these ongoing efforts, dairy producers and processors generally remain cautious about the prospects of substantially replacing imported fodder in the short to medium term. Many interviewees questioned whether locally produced alternatives can reliably achieve the price competitiveness, nutritional quality, and production volumes required by commercial dairy operations.

Midstream: Milk Aggregation, Processing, and Dairy Manufacturing

Jordan's dairy industry comprises a mix of large industrial processors and more than 230 small and medium-sized processing plants[18], with larger factories concentrated around Amman, Mafraq, and Al Dulayl and smaller processors more prevalent in governorates such as Irbid. According to GIZ, approximately 90 per cent of fresh cow milk production is channelled through formal dairy factories, which are generally modern and relatively well equipped. Small and medium-sized dairy processors typically source milk through networks of contracted farmers, aggregators, and herders. A medium-sized processor may work with dozens of suppliers under formal or informal arrangements, while some smaller producers sell directly to local processors, shops, or home-based dairy businesses.

A key challenge for processors is ensuring a reliable supply of milk with consistent quality and volumes across seasons. Mid-sized processors are often caught between large commercial farms, which frequently have exclusive supply arrangements with major dairy companies, and smaller producers, whose production volumes and quality can fluctuate significantly. The resulting variability complicates production planning, inventory management, and the ability of firms to meet stable contractual demand from buyers.

However, beyond fresh milk, dairy processors have historically relied to varying degrees on imported milk powder as an input, particularly for the production of yoghurt, labneh, desserts, and ice cream. While the use of milk powder in dairy products has long been officially restricted, stakeholders reported that enforcement has been uneven with different waves of ban of imported powder milk[19] to encourage greater reliance on locally produced fresh milk.

18 According to estimates from the Chamber of Industry, 2025.

19 Including a recent ban and enforcement controls : https://en.royanews.tv/news/59088/Jordan-imposes-travel-ban-on-top-industrialists-over-illegal-milk-powder-shipment

However, while producers generally welcome measures that protect domestic milk production, several SME processors highlighted concerns regarding the availability, consistency, and cost of local fresh milk supplies. Some interviewees also suggested that the restrictions have not fully eliminated the informal use of imported milk powder, particularly in certain cheese production processes, where enforcement remains difficult and economic incentives to substitute fresh milk continue to exist. This situation creates unfair competitive dynamics between processors operating within the formal regulatory framework and those able to reduce production costs by operating outside effective regulatory oversight. As a result, compliant firms complain about a perceived competitive disadvantage despite making greater investments in quality standards, traceability, and formal business practices.

Moreover, energy is a major cost driver within the dairy processing sector, which relies heavily on electricity-intensive infrastructure such as pasteurisation equipment, refrigeration systems, cold storage facilities, and milk transportation and collection systems. While larger and more established firms have increasingly invested in energy efficiency measures, process optimisation, and solar energy solutions to reduce operating costs, many SMEs continue to rely on ageing equipment and face financial and technical barriers to upgrading their operations. As a result, high energy costs remain a significant constraint to competitiveness and profitability across the subsector. Given the importance of this issue across all three sectors analysed under Manzuma, energy efficiency and renewable energy solutions are examined in greater detail in the dedicated chapter on supporting functions.

Beyond operational costs, many processors face broader business upgrading challenges. Growth often remains heavily dependent on the capacity of business owners to manage procurement, production, marketing, sales, and workforce management simultaneously. Investments in specialised management functions, quality assurance systems, and business development capacities remain limited among many SMEs. While awareness of food safety and certification requirements is generally high, obtaining and maintaining standards such as HACCP and ISO often requires substantial investments in infrastructure and factory upgrades that many firms struggle to finance.

Downstream: Capturing Value Through Domestic and Export Markets

The downstream segment of the dairy subsector includes wholesalers, supermarkets, minimarkets, specialized dairy retailers, food service providers, and export markets that connect processors with final consumers. While domestic demand for dairy products remains relatively strong, many mid-sized processors struggle to capture sufficient value from existing distribution channels. Most firms remain heavily dependent on wholesalers and retail chains to reach consumers, often surrendering a significant share of the final retail margin in the process. Business owners reported that products are commonly supplied through business-to-business arrangements operating on extended payment cycles of 60 to 90 days, creating liquidity constraints and reducing the working capital available for investments in equipment upgrades, business expansion, and workforce formalisation.

Many dairy processors have therefore identified direct-to-consumer (B2C) retail models, particularly through company-owned branded outlets, as a potential strategy to improve margins and strengthen brand recognition. While such models allow firms to capture a greater share of the final sales price and build closer relationships with consumers, interviews suggest that their transformative potential may be limited. The market has become increasingly saturated with processor-owned retail outlets, often concentrated in the same geographic areas, making it unclear how much additional market share can realistically be captured. Moreover, operating retail outlets introduces significant additional costs and managerial complexity, including inventory management, logistics, staffing, and marketing. Several firms questioned whether the additional margins generated fully compensate for these increased operational risks and overheads. Many SMEs also lack the specialised capabilities required to effectively manage direct-to-consumer operations, including digital marketing, demand forecasting, and last-mile distribution.

As a result, many of the more dynamic and growth-oriented dairy processors increasingly view export markets, rather than domestic retail expansion, as the primary avenue for improving profitability and reducing business risk. SME owners frequently cited the limited size of the domestic market, growing competition from imported products,

and the relatively high production costs faced by Jordanian firms as factors constraining growth opportunities at home. To manage these challenges, firms often pursue a dual strategy of maintaining a presence in domestic retail markets while simultaneously seeking opportunities in regional and international markets[20].

Jordan exports roughly 5,500 tonnes of dairy products (especially jameed, labneh and samneh) each year, mainly to the MENA and Gulf regions. Key exports focusing on redistributing goods primarily within the Middle Eastern markets. While these regional markets continue to offer important growth opportunities, competition remains strong, particularly from Lebanese and Turkish producers. Nevertheless, recent economic difficulties and regional instability affecting some competitors have, according to several interviewees, improved the relative positioning of Jordanian producers in certain market segments.

Beyond regional markets, processors increasingly identify opportunities in Europe and North America, particularly within growing demand for traditional and «ethnic» Arabic food products among diaspora communities and wider consumer groups. However, most SMEs remain at an exploratory stage and face difficulties identifying suitable buyers, establishing distribution channels, meeting certification requirements, and adapting packaging for these highly perishable products.

2.1.5. Fruits and Vegetables (fresh and processed) : export-oriented growth constrained by water scarcity and market access challenges

Despite significant challenges facing agricultural production, particularly increasing water scarcity, climate change, and rising temperatures, Jordan's processed fruit and vegetables subsector remains one of the country's most dynamic and competitive agricultural subsectors, especially in export markets. It encompasses a wide range of processed and semi-processed products including tomato paste and concentrates, canned vegetables, pickles, frozen fruits and vegetables, jams and preserves, dried fruits, molasses, sauces, vinegar, potato products and premium Medjool dates that are internationally recognized for their quality.

In addition to processed fruits and vegetables, the analysis also considers the fresh fruit and vegetable segment, including products such as tomatoes, cucumbers, peppers, citrus fruits, grapes, and dates. Although these products undergo limited transformation, they still require important value-adding activities such as cleaning, sorting, grading, packaging, cold storage, and logistics management before reaching domestic or export markets. The segment emerged as a growing and strategically important subsector for Jordan, driven by increasing export demand, favourable climatic conditions, and opportunities to strengthen linkages between agricultural producers, processors, and international buyers. As such, it represents an important source of employment and enterprise development opportunities across both agricultural and agri-food market systems.

Aside from water scarcity, the subsector benefits from favourable climatic conditions that allow year-round production and from a well-establish export tradition. According to the Ministry of Agriculture, the value of Jordan's agricultural exports reached approximately JOD 1.28 billion by October 2024, representing a 37 per cent increase compared to the same period in 2023 and already surpassing the total agricultural export value recorded during the whole of 2023. Fruit exports alone increased by 80 per cent, reaching JOD 263 million, while vegetable exports grew by 15 per cent to approximately JOD 175 million. The volume of exported fruits and vegetables also increased to nearly 587,000 tonnes, reflecting continued strong regional demand for Jordanian produce. These trends demonstrate the sector's resilience and growing competitiveness despite increasingly challenging production conditions[21]. Approximately 27 per cent of production is export-oriented, with Jordanian fruits and vegetables reaching more than 60 countries through major international retailers.

Prior to 2011 civil war in Syria, Jordan maintained strong trade linkages with European markets,

20 *Ibid* ref 12.

21 Jordan Ministry of Agriculture / Petra News Agency, 2024

including substantial exports to Eastern Europe. Production systems notably greenhouse horticulture in the Jordan Valley were structured around export demand and aligned with international quality and safety standards. Following the regional disruptions and border closures after 2011, however, these export flows declined sharply. The resulting contraction increased commercial risk for exporters, weakened incentives for investment in export-oriented production, and reduced the sector's capacity to plan around predictable market access.

Despite this strong market potential, the sector of processed and semi-processed faces structural constraints that affect competitiveness, productivity, and resilience. The analysis reveals that challenges related to competitiveness, productivity and innovation emerge across all segments of the market system — from agricultural production and aggregation to processing, logistics, and market access — ultimately limiting the sector's ability to fully capitalize on emerging export opportunities.

Upstream: Water, Quality, and Labour Challenges in Primary Production

The long-term viability and sustainability of the local F&V sourcing base is under existential threat from severe national water scarcity. Jordan is among the most water-stressed countries in the world (with annual renewable resources of just 145 cubic meters per capita). The long-term availability and salinity of irrigation water are uncertain, leading to a decline in farm productivity. This is compounded by the high cost of energy required to pump water from deep wells. Although large farmers invest in efficient technologies (drip irrigation, hydroponics), the majority of smallholders lack the capital for these essential, high-cost, water-efficient upgrades, risking the collapse of the local sourcing pipeline. The government's irrigation water tariffs remain artificially low (only JOD 0.011 per m^3, unchanged since 1994), providing no market signal or financial incentive to drive water-saving investments or discourage water-intensive cropping patterns (like citrus).

The majority of small farms operate using methods below international standards, which severely impacts the quality and consistency of produce. Despite the availability of technologies, low-tech, non-certified production methods lead to high post-harvest losses and increased rejection rates. Furthermore, essential post-harvest handling—including cleaning, decontamination, and temporary cold storage—is largely unavailable at the farm level. Produce is often packed into basic polystyrene trays and transported via unrefrigerated pickup trucks, causing substantial quality degradation before it even reaches exporters or processors.

The sector relies heavily on low-wage migrant labour, particularly workers from Egypt and Syria, while Jordanians account for less than 10 per cent of the agricultural workforce. This dependence reflects both the labour-intensive nature of agricultural production and the limited attractiveness of farm work for Jordanian workers due to its seasonality, working conditions, and relatively low wages.

The agricultural sector has historically benefited from relatively flexible work permit arrangements for Syrian refugees compared to other sectors. Since 2016, a series of policy measures linked to the Jordan Compact facilitated refugees' access to formal employment in agriculture, including fee waivers and the introduction of sector-specific work permits that allowed greater mobility between employers. These reforms contributed to the formalisation of a significant share of the Syrian workforce employed in agriculture and helped address labour shortages faced by farms.

More recently, however, changes to work permit regulations and the gradual reintroduction of permit fees have increased costs for both workers and employers.

At the same time, the ongoing return of Syrians to Syria has reduced the availability of experienced agricultural labour and intensified one of the most critical challenges faced by farms and fresh produce businesses in securing a timely, sufficient, and appropriately skilled seasonal workforce, particularly during peak periods such as planting and harvesting seasons.

To cope with these shortages, many farms rely on informal labour intermediaries to recruit seasonal workers. While these arrangements provide some flexibility, they also create significant operational risks and structural Decent work deficits, including: informal employment and lack of social protection coverage, low and unstable earnings, inadequate occupational safety and health conditions, child labour risks, and widespread and discrimination

as seasonal wage is in many cases determined by nationality and gender rather than by skills, experience and the type of work performed.

Midstream: Aggregation, Cold Storage, and Export Readiness Constraints

The midstream segment of the F&V subsector encompasses aggregation, storage, sorting, packaging, processing, and export preparation activities. While international demand for Jordanian fruits and vegetables remains strong, particularly in Gulf and European markets, many firms face significant challenges in securing the infrastructure and financing required to operate at the scale, and at the quality and standards demanded by these higher-value markets.

A first constraint relates to the fragmented nature of agricultural sourcing and aggregation systems. According to estimate from experts from the sector, more than 90 per cent of small farmers reportedly sell their production through dealers or brokers at the farm gate, often under non-transparent commission arrangements that can absorb up to 30 per cent of the final value of the produce. While these intermediaries play an important aggregation role, their dominance limits direct commercial relationships between producers and processors or exporters. This weakens traceability, reduces incentives for quality improvements, and makes it difficult for firms to establish reliable, quality-controlled supply chains capable of meeting international standards.

A second challenge concerns the limited availability of specialized storage and post-harvest infrastructure. To compete in high-value Gulf and European markets, exporters require certified cold-chain facilities capable of preserving product quality and managing inventory throughout the year. Similarly, processors and dates exporters need access to specialized storage and sufficient working capital to purchase large volumes during harvest periods and gradually release products according to market demand. Without adequate cold storage products remain vulnerable to spoilage and quality deterioration, reducing firms' ability to respond quickly to export opportunities and limiting access to premium markets that often require delivery within short timeframes.

F&V processors require dedicated cold storage (e.g., precise temperature/humidity-controlled rooms) to manage inventory and ensure stable production throughout the year. Similarly, dates exporters need guaranteed bulk buying capacity (i.e., financing and specialised storage) to acquire entire harvests from cooperatives and large farms.

Underlying both constraints is a significant investment barrier. As further analysed in the dedicated subsection on access to finance. Many family-owned enterprises remain reluctant to take on commercial loans while financial institutions often perceive SMEs in the agricultural sector as high-risk clients. As a result, firms struggle to finance the infrastructure investments required for modern aggregation systems, cold storage facilities, quality certification, and inventory management. Moreover, the viability of cold storage investments is closely linked to energy costs. Refrigerated warehouses and temperature-controlled storage facilities are highly electricity-intensive, creating significant additional operating costs for processors and exporters. Several interviewees reported that the cost of running cold storage infrastructure can substantially erode profit margins, particularly during periods of high electricity prices. As a result, some of the more established firms visited during the research indicated that they only proceeded with investments in cold storage facilities after securing permits to install on-site solar energy systems capable of offsetting part of these operating costs.

As such, lack of adequate cold storage facilities, limits aggregators and processors ability to maximize production during peak seasons, exploit off-season market windows, and achieve the scale needed to compete effectively in higher-margin domestic and export markets.

Downstream Export Market Access, Trade Corridors, and Commercial Diversification

The downstream segment of the F&V sector is highly export-oriented and represents the primary source of growth and profitability for many producers, processors, and exporters. Historically, Jordan benefited from efficient overland trade routes connecting local producers to key regional and international markets, including Syria, Iraq, Lebanon, Eastern Europe, and Russia. Prior to the Syrian conflict in 2011, a significant share of Jordanian fruit and vegetable exports reached European markets through overland routes via Syria. However, the disruption and closure of these trade corridors since 2011 severely constrained the sector's competitiveness, increasing transport

costs, reducing market access, and limiting firms' ability to respond rapidly to buyer demand.

While the reopening of border crossings and the gradual normalization of trade through Syria have generated renewed optimism among exporters, significant uncertainty remains regarding the operational procedures, costs, and reliability of these routes. As a result, many exporters remain hesitant to fully commit to high-value European contracts that require strict delivery schedules, predictable transit times, and guaranteed volumes. In the absence of reliable overland routes, firms often rely on more expensive alternatives, including sea freight through Aqaba or air freight for high-value products. Several exporters reported substantial increases in logistics costs, reducing their competitiveness in international markets and limiting the range of products that can be exported profitably.

The sector also displays relatively low levels of product diversification and commercial innovation. Interviews suggest that many companies continue to trade and export the same products and varieties they have historically specialized in, often relying on established family expertise and longstanding buyer relationships. Business development efforts tend to be reactive rather than proactive, with firms responding to requests from existing customers rather than actively exploring emerging market opportunities, new product categories, or niche consumer segments. One exporter interviewed for this study explained that he had recently declined an inquiry from an international buyer interested in a specific fruit variety simply because he was unfamiliar with the product and therefore unable to assess its commercial potential or organize sourcing. While anecdotal, this example illustrates a broader challenge related to market intelligence, innovation, and risk-taking across the sector.

This constraint is particularly relevant for high-value segments such as Medjool dates. Although Jordanian dates enjoy a strong international reputation and growing demand in regional and global markets, the sector still faces limitations in processing capacity, storage infrastructure, and market diversification. At the same time, opportunities exist to further position Jordanian products in premium and specialty market segments, particularly as some international buyers seek alternatives to traditional suppliers. Capturing these opportunities, however, will require stronger market intelligence, improved buyer linkages, greater investment in logistics and post-harvest infrastructure, and a more proactive approach to product and market development.

These aspects suggest that the subsector's growth is constrained less by a lack of demand than by limitations in logistics, market access, commercial intelligence, and firms' ability to adapt to rapidly evolving market opportunities.

2.1.6. Confectionery Products Subsector Analysis

The confectionery subsector encompasses a diverse range of products including traditional Arabic sweets, chocolates, biscuits, specialty baked goods, and other premium confectionery products. It represents one of Jordan's most recognized food segments, benefiting from strong domestic demand as well as established export markets across the Gulf region and among Arab diaspora communities in Europe and North America. The sector is particularly attractive due to its potential to generate relatively high margins through branding, product differentiation, and quality positioning rather than competing solely on volume or price.

As highlighted by the GIZ study[22], traditional Arabic sweets constitute an important component of the subsector and enjoy strong demand across Jordan and regional export markets. Production remains closely linked to artisanal skills, family traditions, and well-established local brands, although some successful producers have expanded into semi-industrial production and regional distribution networks.

Despite strong demand and branding potential, the sector faces important competitiveness challenges. Production relies heavily on imported ingredients such as sugar, cocoa, nuts, and dairy products, exposing firms to international price fluctuations and supply chain disruptions. In addition, confectionery manufacturing is often

22 GIZ, " Jordan Food Processing Sector Analysis and Strategy for Sectoral Improvement", 2019.

energy-intensive, contributing to high operating costs and limiting the ability of firms to scale.

The subsector is dominated by SMEs and family-owned businesses, many of which continue to use traditional production methods. While these contribute to product quality and differentiation, they can also limit productivity and expansion into larger markets. The sector also provides significant employment opportunities for women, particularly in packaging, decoration, and quality-control activities, making it an important entry point for inclusive job creation.

Upstream: Dependence on Imported Inputs and Cost Pressures

The confectionery subsector relies heavily on imported raw materials, including sugar, cocoa, specialized additives, nuts, and high-quality dairy derivatives such as ghee. While this enables firms to maintain product quality and consistency, it also exposes them to international price volatility, exchange rate fluctuations, and supply chain disruptions. Several firms cited concerns regarding the quality and standardization of locally available inputs, which limits substitution opportunities. For example, some producers reported difficulties sourcing consistently graded nuts, while others expressed strong preferences for imported dairy ingredients perceived as more reliable. Nevertheless, a small number of leading firms have started exploring local sourcing alternatives, including partnerships with dairy farms and local cheese producers, in an effort to improve margins, strengthen supply chain resilience, and reduce dependence on imported inputs.

At the production level, competitiveness is constrained by a combination of high operating costs and limited investment capacity. Confectionery manufacturing relies heavily on energy-intensive processes such as baking, mixing, cooling, and refrigeration. As a result, energy costs represent a significant share of total production expenses and directly affect firms' ability to compete in regional and international markets. One benchmark firm, for example, cited a high reliance on diesel, estimating that a shift to gas and refactoring could save JOD 100k per month. Several firms reported opportunities to substantially reduce costs through investments in energy-efficient equipment, production line optimization, and renewable energy solutions. While some larger companies have successfully invested in solar energy systems, many SMEs remain unable to finance the significant upfront costs required for such upgrades.

Scaling production and diversifying product lines also require substantial investments in specialized machinery, much of which must be imported. Interviews with several benchmark firms revealed planned investments of up to USD 1 million in new production lines, ovens, packaging systems, and factory modernization. While such investments could significantly increase production capacity, improve productivity, and support the creation of additional skilled jobs, limited access to finance and a generally cautious investment culture continue to constrain firms' ability to undertake these upgrades. As a result, many businesses remain trapped between growing market opportunities and their limited capacity to invest in the assets needed to capture them.

Downstream: Capturing Value Through Retail and Export Markets

The confectionery sector has the most established direct-to-consumer (B2C) model in the Food Industries. Successful benchmark firms secure high margins by operating their own branded retail networks. By having between ten to fifteen retail shops, these firms successfully bypass wholesalers entirely, capturing the full retail margin and securing a stable domestic consumer base. This direct cash flow is the primary mechanism for generating the internal capital necessary for sustained upstream investment.

Export success is also clearly demonstrated across the sector. Benchmark Firm A, for instance, exports to over forty countries, including Europe, while Benchmark Firm B exports 95% of its production to high-value markets like the USA and the EU, alongside traditional regional markets. This diversification is achievable and represents a significant growth vector. Despite this success, firms exhibit a structural weakness in marketing intelligence. Even highly successful exporters rely heavily on generic B2B agents and appear unaware of their products' specific retail prices in major foreign markets. This prevents firms from optimizing product differentiation, specialized sizing, or packaging strategies needed to capture the absolute highest margin available in export niches.

Mid-tier firms attempting to establish their own downstream distribution face acute cash flow risks.

One mid-tier ice cream producer, for example, attempts to finance the market entry of its retail partners by providing necessary equipment (a freezer costing approximately JOD 700) on credit. However, a high default rate, where up to one-third of shop fronts fail, severely compresses the firm's margin from 30% to approximately 20%. This effectively cripples cash flow and starves the firm of the essential capital required for necessary expansion, such as acquiring logistics vehicles. This highlights that while the B2C model offers high rewards, mid-tier firms lack the proven, low-risk operational blueprints to manage the credit and default risk associated with establishing a distributed retail network.

2.1.7. Summary of Key Constraints in the Food Industries Sector

The analysis of the food industries sector and its priority subsectors (dairy, fruits and vegetables, and confectionery products) identified a number of systemic constraints in the core market system that limit competitiveness, enterprise growth, and the creation of productive and decent jobs.

High production costs and dependence on imported inputs

- Many food processors remain heavily dependent on imported raw materials, including feed, dairy ingredients, sugar, cocoa, additives, packaging materials, and agricultural inputs, exposing firms to global price volatility and supply chain disruptions.
- High electricity costs significantly affect competitiveness, particularly for energy-intensive activities such as refrigeration, cold storage, pasteurization, baking, cooling, and food processing.
- Limited adoption of energy-efficient technologies and renewable energy solutions increases operating costs, particularly among SMEs that lack the capital required for upgrading.

Weak local sourcing systems and fragmented agricultural supply chains

- Domestic agricultural production faces structural constraints linked to water scarcity, climate vulnerability, fragmented landholdings, and inconsistent product quality.
- Processors often report difficulties sourcing local raw materials at the required quality, quantity, and consistency, resulting in continued dependence on imports.
- Agricultural aggregation systems remain weak, with heavy reliance on brokers and intermediaries limiting direct relationships between producers and processors and reducing incentives for quality upgrading.

Limited access to finance and investment capital

- Many firms require significant investments in production equipment, cold storage facilities, renewable energy systems, quality certifications, and product diversification.
- Family-owned SMEs often demonstrate reluctance toward commercial borrowing, while financial institutions remain cautious in lending to agricultural and food-processing businesses.
- As a result, many firms struggle to modernize operations, expand production, or enter higher-value market segments.

Cold-chain, storage, and logistics constraints

- Insufficient investment in specialized cold storage and inventory management systems limits firms' ability to manage seasonality, reduce post-harvest losses, and respond to export demand.
- Logistics costs remain high, particularly for exporters of fresh and perishable products.
- The disruption of traditional overland trade corridors since 2011 has reduced competitiveness and increased reliance on more expensive sea and air freight alternatives.

Weak market intelligence, innovation, and product diversification

- Many firms continue to rely on traditional product portfolios and longstanding buyer relationships rather than actively exploring

new products, market segments, or consumer trends.

- Limited access to structured market intelligence constrains firms' ability to identify emerging opportunities, diversify export destinations, and adapt products to changing consumer preferences.
- Product development and innovation efforts remain relatively limited, particularly among SMEs.

Barriers to accessing higher-value export markets

- Exporters face challenges meeting increasingly demanding requirements related to certification, traceability, quality standards, and delivery schedules.
- Firms often lack the infrastructure, financing, and commercial capabilities needed to consistently serve premium regional and international buyers.
- Emerging opportunities in European, North American, and niche food markets remain largely underexploited.

Labour shortages and workforce availability challenges

- Agricultural production increasingly faces shortages of seasonal labour, particularly following the gradual return of Syrian workers to Syria.
- Farms remain highly dependent on migrant and refugee labour, creating vulnerabilities linked to workforce availability and retention.
- Reliance on informal labour intermediaries contributes to inefficiencies, labour shortages during peak seasons, and reduced productivity.

Persistent decent work deficits across the value chain

- Informal employment remains widespread, particularly in agriculture and among seasonal workers.
- Many workers experience low and unstable earnings, limited social protection coverage, inadequate occupational safety and health conditions, and insecure employment arrangements.
- Risks of child labour remain present in some agricultural activities.
- Labour market segmentation continues to affect vulnerable groups, including Syrian refugees, migrant workers, women, and youth.

Limited workforce upgrading and skills development

- Many firms rely on low-skilled labour and continue to face difficulties attracting and retaining technical, supervisory, and specialized workers.
- Business growth is often constrained by weak management systems, limited human resource development functions, and insufficient investment in workforce upgrading.
- Without deliberate efforts to link modernization and technology adoption with skills development, productivity improvements risk displacing low-skilled workers rather than creating higher-quality employment opportunities.

Limited participation of women in higher-value market opportunities

- While women are strongly represented in certain segments of food processing and confectionery production, barriers related to transportation, working hours, social norms, and access to formal business opportunities continue to constrain their participation.
- Women-owned home-based businesses remain largely disconnected from formal supply chains and face difficulties meeting the volume, quality, and compliance requirements of larger buyers.

Regulatory and policy constraints affecting competitiveness

- Regulatory uncertainty, evolving work permit arrangements, and inconsistent enforcement of quality and market regulations create uncertainty for firms and workers alike.

- In some subsectors, uneven enforcement of regulations contributes to unfair competition between formal firms investing in compliance and actors operating partially outside the regulatory framework.
- Water pricing, agricultural support systems, and sector-specific regulations do not always provide sufficient incentives for resource efficiency, upgrading, or long-term competitiveness.

These constraints are highly interconnected and affect all three priority subsectors to varying degrees. They collectively limit firms' ability to increase productivity, improve competitiveness, access higher-value markets, and generate more and better employment opportunities for Jordanians, Syrian refugees, women, and youth. Some of these challenges will be further unpacked in the supporting sections which cut across the three selected sectors (Food Industry, food services, chemicals).

2.2. Food Services Sector

2.2.1. Market Overview

Jordan's food services sector has become one of the country's most dynamic urban service industries. The sector includes restaurants, cafés, bakeries, catering businesses, hotels, and home-based businesses (HBBs), and represents a major source of employment and entrepreneurship opportunities. Sector representatives estimated in 2022 that Jordan hosted more than 20,000 restaurants and sweet shops employing approximately 350,000–400,000 workers, making food services one of the country's largest private employers in urban areas[23].

The expansion of the sector has been driven by rapid urbanization, population growth, tourism development, and the emergence of a vibrant café and restaurant culture. Over the past two decades, the sector evolved from predominantly family-run businesses into a diverse and increasingly sophisticated service economy with multiple business models, including quick-service restaurants, catering operations, central kitchens, and cloud kitchens.

Food services also play an important economic role through their strong linkages with domestic agriculture and food processing. The sector constitutes a major downstream market for locally produced fruits, vegetables, poultry, dairy products, and olive oil. However, dependence on imported inputs remains significant for products such as wheat, sugar, edible oils, and red meat.

Despite its growth, the sector faces persistent structural challenges. Businesses operate with thin profit margins and are heavily affected by high operating costs, fluctuating consumer demand, and reliance on imported products. The COVID-19 pandemic and subsequent regional and global economic shocks further exposed the sector's vulnerabilities, accelerating business closures and increasing financial pressures on enterprises and workers.

Labour informality remains widespread across the sector, particularly among smaller enterprises and home-based businesses. Food services are also characterized by relatively low entry barriers, resulting in high competition and frequent business turnover. At the same time, the sector provides important employment opportunities for women, youth, and vulnerable populations, particularly in catering, hospitality, and home-based food production activities.

Digitalization has increasingly reshaped the sector in recent years. Food delivery platforms have become central intermediaries connecting businesses and consumers, expanding market access but also increasing dependence on commission-based business models. Larger enterprises increasingly rely on central kitchens and delivery-focused operations to improve efficiency and standardize production.

As a labour-intensive sector with strong urban economic linkages and significant participation of SMEs and home-based businesses, food services represent an important entry point for inclusive entrepreneurship, employment creation, and market systems interventions in Jordan.

2.2.2. Target Group and Employment

Employment in Jordan's food services sector spans a wide range of occupations, from front-of-house service staff and delivery riders to skilled kitchen positions and managerial roles. Larger hotel chains and branded outlets tend to offer more formal employment arrangements, while small and medium-sized restaurants and cafés rely heavily on informal or semi-formal labour, particularly in lower-skilled support roles.

Labour shortages persist despite high unemployment at the national level. Employers frequently report difficulty recruiting Jordanians, particularly for skilled back-of-house roles such as chefs and supervisors. These challenges reflect a combination of skills gaps, poor working conditions, relatively low wages, and social stigma associated with low-wage service jobs, as well as a broader preference for public-sector employment. As a result, the sector remains structurally dependent on migrant and refugee labour.

Migrant workers, historically dominated by Egyptians, with a significant presence of Syrians,

23 Estimates from Jordan Association for Restaurants and Sweet Shops Owners, Jordan times 2022.

play a central role in sustaining restaurant operations, particularly in kitchens and support functions. Food and beverage services have been among the main sectors employing Syrian refugees with work permits, although informality remains common. However, many businesses reported a decline in the employment of Syrian refugees, driven both by return migration to Syria and by a sharp increase in the annual work-permit fee for Syrians, which rose from approximately JOD 10 to around JOD 500.

Women's participation in the formal food-services sector has historically been limited. Social norms, constraints related to transport, childcare, night work, and concerns about workplace conditions restrict women's engagement, particularly in casual eateries. Where women are employed, they tend to be concentrated in higher-end hotel kitchens, pastry production, administration and marketing roles, reflecting both skill specialisation and gendered occupational segmentation.

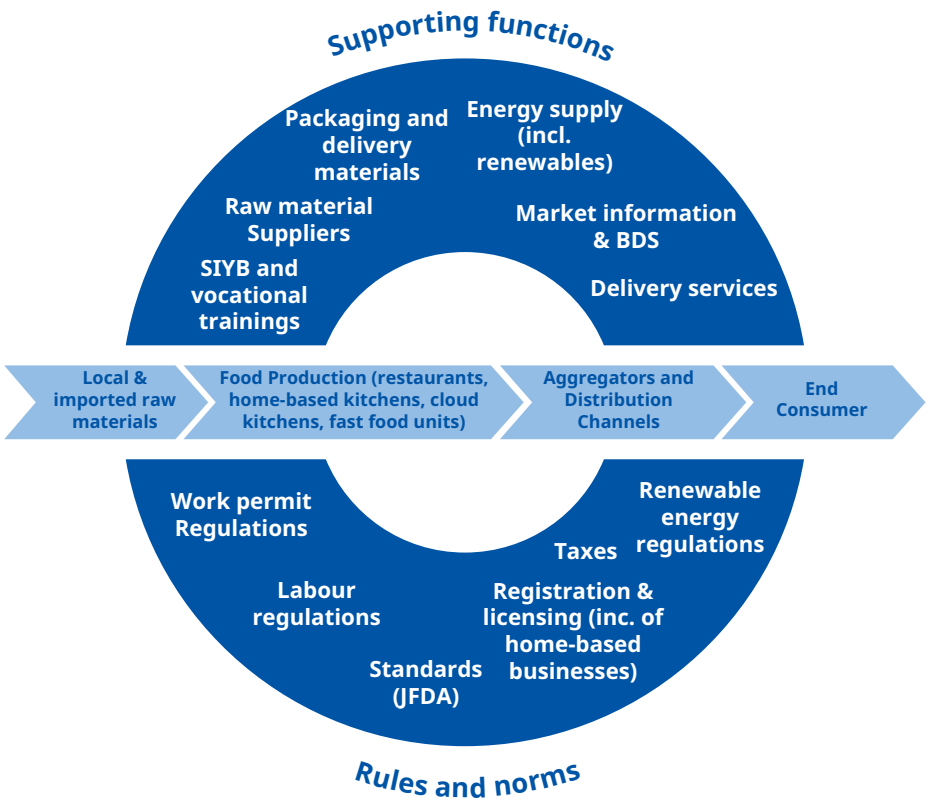
However, more recently, women's participation in the sector has shown signs of gradual expansion. Home-Based Businesses (HBBs) have created socially accepted income-generating opportunities for women by enabling home-based production linked to local food value chains. At the same time, acceptance of women's employment in formal food-service settings has increased, particularly in higher-end restaurants and cafés. Targeted initiatives, including programs such as those implemented by the Princess Taghreed Institution (PTI), have supported this shift through skills development, including the training of approximately 130 women baristas.

Women-Led Home-Based Food Businesses (WHBBs)

Beyond the formal sector, women-led home-based food businesses (WHBBs) have emerged as a structurally important segment of Jordan's food-services economy, particularly following the COVID-19 pandemic. Operating primarily from domestic kitchens, these micro-enterprises supply meals, pastries, and specialty products directly to consumers via social media platforms such as Facebook, Instagram, and WhatsApp. By eliminating the need for commercial premises and reducing start-up costs, WHBBs function as a low-barrier entry point into economic activity for women managing household and care responsibilities.

Despite their growing economic relevance, WHBBs face persistent structural constraints. Most operate informally, limiting access to finance, training, food-safety certification, and social protection. Rising input costs—particularly for food, energy, and water—disproportionately affect these businesses, which lack scale and bargaining power. Market saturation and intense competition further compress margins. While WHBBs play a critical role in household income generation and women's entrepreneurship, their long-term sustainability depends on clearer regulatory pathways, targeted business support, and stronger integration into local value chains.

Figure 4: The food services market system in Jordan



2.2.3. Core Market

Jordan's food-services sector is organised as a complex market system linking food-service operators, suppliers, intermediaries, consumers and regulators. It encompasses a wide range of economic units, from informal home-based producers to large hotel chains and holding groups, connected through domestic and international supply chains, distribution networks and increasingly through digital platforms. Understanding the structure of the sector requires mapping both the flow of goods and services and the diversity of business forms that participate in these flows.

Main Actors and Market Relationships

At the centre of the sector are food-service operators: restaurants, cafés, bakeries, hotels and catering businesses that transform agricultural and processed food inputs into consumer-facing services. These operators vary widely in scale, formality and business model but are concentrated primarily in urban areas, particularly Amman, other major cities, and touristic destinations, where demand from households, commuters and tourists is highest.

Upstream, food-service operators source inputs from a mix of domestic producers, food processors, and importers. Strong domestic linkages exist in selected value chains, notably fresh fruits and vegetables, poultry, eggs, dairy products and olive oil, where Jordan has relatively high self-sufficiency, good quality, and a competitive price. Local farmers and processors supply the sector either directly or through wholesale markets and specialised food-service distributors. In contrast, the sector relies heavily on imports for wheat-based products, sugar, edible oils and red meat. These commodities enter the system through importers and large distributors, exposing food-service businesses to global price volatility and supply disruptions.

Wholesalers and food-service distributors play a pivotal intermediary role. They aggregate products from domestic producers and importers and supply restaurants and hotels with bundled inputs, including fresh and frozen foods, dry goods, beverages, packaging and cleaning materials. For many small and medium establishments, these distributors represent the primary interface with upstream supply chains, shaping prices, credit conditions and product availability.

On the demand side, the sector serves local consumers, tourists, corporate clients and institutions such as schools, hospitals and event organisers. Tourism is a key demand driver for a subset of businesses. particularly hotels and centrally located restaurants, making parts of the sector highly sensitive to regional instability and fluctuations in visitor numbers. Domestic demand, meanwhile, is constrained by household purchasing power, limiting the extent to which businesses can pass rising costs on to consumers.

Digital platforms have become central actors in the sector's structure. Food-delivery aggregators mediate a growing share of transactions by providing marketing, ordering and logistics services. While these platforms expand market access, especially for small operators, cloud kitchens with no store fronts, and new entrants, they also capture value through commissions and fees that have been described as high by almost all respondents (around 20-25%), reshaping margins and reinforcing dependence on intermediaries. Social media platforms perform a similar function for informal and home-based businesses, enabling direct-to-consumer sales outside traditional retail channels.

Finally, the sector operates within a broader regulatory and infrastructure environment that includes energy, water and sanitation services, municipal licensing, labour regulation and food-safety oversight by the Jordanian Food and Drugs Administration (JFDA). Gaps in infrastructure provision, such as intermittent water supply, expensive electricity tariffs, or lack of sewage networks in some areas, translate directly into higher operating costs. Uneven regulatory enforcement contributes to widespread informality and segmentation across business types. However, many respondents highlighted the positive effect of government digitalisation process, explaining that it made applying and renewing licensing easier, and decreased potential corruption or nepotism attempts.

Types of Economic Units in the Food-Services Sector

Within this market structure, food-service activity is carried out by a diverse set of economic units that differ in size, formality, capital intensity and resilience. Below is a list of the main categories:

- **Micro enterprises** form the backbone of the sector in numerical terms. These include small neighbourhood restaurants, cafés, bakeries, juice shops and sweet shops, often employing fewer than five workers. Many operate with limited capital, rented premises and narrow margins, relying on family labour or informal employment. While highly responsive to local demand, micro enterprises are the most vulnerable to rising input costs, rent increases and enforcement shocks.
- **Small enterprises** typically employ between five and twenty workers and include independent restaurants, cafés and small catering businesses. They often combine formal registration, with formal or informal labour practices depending on location and presence and have limited managerial capacity. Small enterprises play a critical role in employment creation but face constraints in accessing finance, upgrading equipment or negotiating favourable terms with suppliers and digital platforms.
- **Medium enterprises** include multi-branch restaurant groups, franchise operators and established catering companies. These enterprises are more likely to employ formal management structures, standardised processes and centralised procurement. Some operate central kitchens or commissary models that allow for cost control, quality consistency and compliance with food-safety standards. Medium enterprises are better positioned to absorb shocks but remain sensitive to demand volatility and price changes.
- **Large enterprises** comprise hotel-based food services, international and regional restaurant chains and large catering enterprises. Although few in number, they account for a disproportionate share of turnover and formal employment. Large enterprises tend

to have stronger compliance with labour and safety regulations, access to finance and long-term contracts with suppliers, but their performance is closely tied to tourism and macroeconomic conditions.

- **Restaurant groups and holding companies** represent an intermediate organisational form, often operating multiple brands or outlets under a single ownership structure. These groups may combine elements of medium and large enterprises, using shared procurement, administrative staff, central kitchens and branding to reduce costs and manage risk across outlets.
- **Informal enterprises** cut across all size categories but are especially prevalent among micro and small operators, and outside of the big cities. Informality may involve lack of business registration, non-compliance with labour or food-safety regulations, or partial operation outside formal systems. While informality lowers short-term costs, it limits access to finance, formal markets and public support, and could reinforce poor working conditions.
- **Home-based businesses,** many of which are women-led, constitute a distinct segment of the sector. These micro-scale enterprises operate from domestic kitchens and sell meals, baked goods and specialty items directly to consumers, primarily through social media platforms. Home-based businesses have very low entry barriers and provide flexible income-generation opportunities, particularly for women facing constraints in accessing formal employment. At the same time, they are typically informal, highly exposed to input-cost increases and strategies competition, and lack access to business development services, certification and social protection. The COVID-19 pandemic effects on purchasing patterns, shifting demand to increase food orders over the internet and social media, coupled with the development of a strong food delivery network in Jordan, further increased the growth of the HBBs sector. In response to the rapid growth of home-based food businesses and the recognition of their potential for inclusive economic participation, particularly for women and youth, the Government of Jordan has initiated efforts to legalise and license HBBs. These reforms aim to create a clear regulatory pathway that allows micro-entrepreneurs to operate formally, access business development services, and comply with food-safety and municipal standards without the prohibitive costs associated with full commercial licensing. By adapting licensing categories, simplifying requirements, and piloting supportive frameworks through municipal and national initiatives, the government seeks to integrate HBBs into the formal economy, expand their access to finance and training, and enhance consumer confidence in home-produced foods.

Raw Material Costs and Liquidity Constraints

Across the interviewed enterprises in the food services sector, most respondents reported that access to key inputs (such as flour, meat, poultry, dairy products, sugar, and coffee) is generally stable under normal conditions. However, some of the enterprises highlighted recurring challenges related to price volatility, particularly for imported or import-dependent inputs, driven by global supply disruptions and regional geopolitical factors. Larger and more established enterprises, representing roughly one-third of respondents, mitigate these risks through diversified supplier bases and longer-term procurement relationships. In contrast, smaller enterprises and WHBBs, accounting for the majority of micro-level actors, find products cheaper in certain shops in comparison of buying from distributors, and reported higher vulnerability to price fluctuations due to limited bargaining power and inability to purchase inputs in bulk.

For many home-based kitchens and small fast-food businesses, high and volatile raw material costs constrain both production planning and business expansion due to limited working capital. Despite rising input costs, many reported being unable to increase their prices without losing customers. As a result, several businesses have reduced portion sizes or product quantities, while remaining reluctant to expand their client base or accept larger orders for fear of being unable to finance production or maintain profitability.

Many refugee-owned enterprises rely on cash assistance from humanitarian programmes to purchase raw materials. Although this support enables businesses to continue operating, it also

raises concerns about their long-term commercial sustainability and ability to grow independently.

2.2.4. Food Production

Cafes and Restaurants

Cafes and restaurants operate through relatively standardised production workflows that combine on-site preparation with limited pre-processing. Production typically begins with daily or short-term procurement of raw ingredients, followed by cleaning, portioning, cooking, and final assembly within the premises. Processes are organised around menu items rather than production lines, with staff rotating across multiple tasks depending on daily demand. While basic food safety and hygiene practices are generally applied, formal quality certifications are uncommon, particularly among small and medium enterprises. Production capacity is closely tied to available kitchen space, staff availability, and peak-hour demand, which limits opportunities for scaling beyond current service volumes.

Catering and Centralized Kitchens

Catering businesses and centralized kitchens rely on more structured and sequential production processes designed to serve bulk orders and institutional clients. Production is often planned in advance based on confirmed orders, allowing for batch preparation, standardized recipes, and clearer task division among staff. These actors typically invest in larger equipment and storage facilities to support higher volumes and more consistent output. Restaurants follow food safety standards, especially those of the JFDA, and some have internal processing following international certifications without being certified, while a few have gone through the process of gaining the certifications. Operational efficiency is influenced by access to skilled kitchen staff, reliable cold storage, and transport logistics to ensure timely delivery of prepared food.

Production Infrastructure and Logistics

Food businesses rely on a range of operational inputs and infrastructure that are essential for preserving food quality, ensuring food safety, and reaching final consumers. These include cold storage facilities, food-grade packaging, and refrigerated transport and logistics services, all of which enable producers and food service providers to manage inventories, reduce spoilage, and comply with food safety requirements.

Cold storage infrastructure is particularly important for catering companies, restaurants, home-based kitchens, and small food producers that lack sufficient on-site refrigeration capacity. Access to centralized cold rooms and temperature-controlled logistics allows businesses to purchase raw materials in bulk, extend product shelf life, and stabilize production throughout periods of fluctuating demand.

Similarly, access to appropriate packaging materials plays an increasingly important role in product quality, branding, and market access. Suppliers provide standardized food-grade containers, labels, and packaging solutions that facilitate safe handling, transportation, and compliance with basic food safety standards. For home-based businesses and small producers, improved packaging also enhances product presentation and enables access to more formal market channels, including supermarkets, catering companies, and online delivery platforms.

Despite their importance, interviews suggest that many micro and small enterprises continue to face constraints in accessing these operational inputs due to their cost and limited production volumes. As a result, businesses often rely on basic packaging solutions, have limited cold storage capacity, and procure inputs in small quantities, reducing economies of scale and increasing production costs. These challenges ultimately constrain their ability to expand production, reduce food losses, and supply larger commercial buyers consistently.

Women Home-Based Businesses (WHBBs)

Women home-based businesses play a critical role in small-scale food processing, particularly in the preparation of traditional dishes, baked goods, and semi-processed food products. predominantly established by women as a source of self-employment and household income. These businesses are particularly common among Syrian refugees and typically rely on the owner, occasionally supported by family members or women from the local community during periods of high demand. Production is largely based on traditional culinary knowledge acquired informally within the household, although some women have complemented these skills through

basic food preparation and entrepreneurship training provided by NGOs. Their main customers include refugee and host community households purchasing meals for daily consumption or special occasions, as well as local restaurants sourcing appetizers or semi-prepared ingredients, and small retailers selling products such as sweets and ready-to-eat snacks.

Production is typically carried out within household kitchens using manual or semi-manual methods and basic equipment. Processes are flexible and adapted to household constraints, with production volumes adjusted according to available time, space, and family responsibilities. In addition to standard food items, some WHBBs specialise in niche and non-commercial products that are not widely available in mainstream markets, often drawing on traditional recipes, local ingredients, or customised preparation methods. These products respond to specific consumer preferences and represent a differentiated market segment rather than mass production. Some WHBBs reported differentiating their products by focusing on quality, taste, and authenticity when supplying local markets, intermediaries, or platforms on a make-to-order basis. While basic hygiene practices are generally observed, limited access to compliant facilities, equipment, and formal certification continues to restrict their ability to expand production volumes or supply higher-value and formal market channels.

2.2.5. Distribution Channels

Sales Channels and Market Access

Interviewed enterprises reported that products reach the market primarily through a combination of direct sales and digital marketing channels. Most enterprises rely on social media promotion, particularly through widely used platforms such as Facebook and Instagram, to generate demand and communicate with customers. Smaller enterprises and WHBBs also depend on social media with limited budgets and marketing capacity. This reliance on direct and digitally mediated customer engagement suggests that market access is less constrained by physical reach than by enterprises' ability to effectively use digital tools, content creation, and customer data to sustain sales growth.

Challenges Associated with Third-Party Delivery

Most enterprises using delivery platforms reported facing operational and financial challenges, including high commission rates, limited access to customer data, delayed payments, and reduced control over product quality during delivery. Several respondents highlighted that platform-related issues can negatively affect brand perception when delivery times or handling fall outside the enterprise's control. These challenges are particularly critical for small and home-based businesses, which lack the scale to negotiate better terms or invest in parallel delivery systems. The findings suggest that while platforms expand market reach, they may also reinforce power imbalances within the distribution segment of the value chain.

The food delivery market is widely perceived as operating under a duopoly, dominated by Talabat and Careem, with most respondents reporting commission fees of approximately 25%, and the need to pay for ads inside the applications. These fees are frequently cited as a significant cost burden, particularly for SMEs. However, a newer local platform, Ashya2ee, has entered the market offering commission rates of around 10%, positioning itself as a more affordable alternative and potentially introducing greater price competition into the sector.

Logistics, Inventory, and Supply Risks

Physical logistics constraints were reported by a smaller subset of enterprises, primarily in relation to imported inputs or long lead times affecting stock availability. Most enterprises manage inventory through basic manual or semi-digital systems, with larger actors more likely to use structured inventory tracking to reduce stock-out and spoilage risks. WHBBs and micro enterprises typically rely on short production cycles and make-to-order models, which minimize inventory risk but limit their ability to scale or respond to sudden increases in demand. This highlights a trade-off between risk management and growth potential across different actor types.

2.2.6. Demand and Trends

Overall Market Demand and Performance Trends

Across interviewed actors, COVID-19 had a major effect that reshaped market demand and business performance, with highly uneven outcomes across segments. During the pandemic, demand shifted toward essential goods, delivery, takeaway, and food storage, enabling some enterprises (particularly those with institutionalised systems, stronger cashflow positions, digital tools, or essential-service status) to remain stable or even grow. Larger enterprises with more structured operations were in some cases able to capture the crisis as an opportunity, consolidating market share as smaller competitors exited the market.

However, recovery has been largely slow and uneven. Many businesses report that sales remain below pre-COVID levels, constrained by sharp input cost inflation, higher rents and utilities, and reduced consumer price tolerance. The genocide in Gaza further disrupted recovery momentum, affecting local purchasing patterns and reducing tourist inflows, particularly for enterprises reliant on hospitality and external demand.

At the same time, delivery platforms played a significant role in facilitating recovery. They helped enterprises maintain cashflow during restrictions and opened access to new customer segments and geographic markets. While associated fees remain a major cost concern, digital ordering and delivery channels have become structurally embedded in the sector's business models. Conversely, some enterprises experienced strong post-COVID rebounds and expansion, supported by market consolidation, and sustained demand from customer bases less dependent on tourism.

Customer Base and Consumption Patterns

The customer base across the sector is predominantly local and urban. Most enterprises target individual consumers (B2C), while other enterprises are increasingly engaging in B2B markets, including corporate catering, institutions, and organized events. Consumer preferences are gradually shifting toward convenience, reliability, and consistent quality, with repeat customers playing an important role in sustaining demand. WHBBs and micro enterprises tend to rely on localised and relationship-based demand, often serving nearby neighbourhoods or niche customer groups, which supports inclusion but limits scale.

Pricing Sensitivity and Demand Elasticity

Pricing strategies are generally cautious. The majority of enterprises reported maintaining relatively stable prices, adjusting only when faced with significant increases in input costs. Demand was described as price-sensitive, particularly among individual consumers, with even small price increases potentially affecting sales volumes. This sensitivity is more pronounced for small enterprises and WHBBs, which operate in highly competitive local markets, have limited bargaining power and ability to order in bulk, and have limited ability to pass on cost increases. Competitive pricing pressures further limit enterprises' ability to raise prices.

Emerging Niches and Growth Opportunities

Several emerging niches were identified across the interviewed enterprises. Few numbers of enterprises are targeting institutional clients, universities, corporate offices, and specialized catering services as more stable sources of demand. Others reported opportunities in traditional and culturally distinctive food products, customized menus, and make-to-order offerings, which appeal to specific customer segments. Additionally, the healthy food sector is growing in Jordan with many customers looking for healthy meals. These niches are particularly relevant for WHBBs and small producers, as they align with small-batch production, authenticity, and flexibility. However, accessing these segments often requires improved marketing, compliance readiness, and stronger business networks.

In addition, several businesses are diversifying across multiple business models to increase operational efficiency and maximise the use of existing space and assets. For example, restaurants are expanding into catering services or establishing small central kitchens to serve B2B clients, thereby stabilising demand beyond walk-in customers. Similarly, Arabic sweets producers are integrating dine-in areas and café concepts within their retail outlets, enabling them to capture new customer segments while upselling beverages such as coffee and specialty drinks. This hybridisation of business models allows enterprises to improve asset utilisation, spread fixed costs, enhance customer experience, and secure higher profit margins through complementary revenue streams.

2.2.7. Core Market Constraints in the Food Services Sector

The food services sector in Jordan is shaped by a set of interlinked constraints affecting cost structures, market access, business viability, and employment quality. These constraints are systemic in nature and reflect both the structure of the value chain and the broader operating environment in which firms function.

High and Volatile Input Costs

A central constraint across the sector is the high and volatile cost of inputs. Food-service operators rely on a mix of locally sourced and imported products, but the balance between the two has important implications for cost stability and competitiveness.

While certain value chains, such as fresh fruits and vegetables, poultry, eggs, dairy, and olive oil—benefit from relatively strong domestic supply, many core inputs (including wheat-based products, sugar, edible oils, and red meat) are heavily import-dependent. This reliance exposes businesses to fluctuations in global commodity prices, exchange rate movements, and supply chain disruptions.

As a result, food-service businesses face frequent increases in input costs, which are difficult to pass on to consumers due to constrained purchasing power in the domestic market. This creates sustained pressure on profit margins, particularly for small and medium enterprises.

Limited Pricing Power and Constrained Demand

On the demand side, the sector is constrained by limited consumer purchasing power. While the sector serves a diverse range of customers—including households, tourists, corporate clients, and institutions—domestic demand remains price-sensitive.

This limits the ability of businesses to adjust prices in response to rising costs, forcing many operators to absorb increases in input and operational expenses. In practice, this often results in cost-cutting strategies that affect product quality, workforce conditions, or business sustainability.

Tourism represents an important demand segment for certain businesses, particularly hotels and centrally located restaurants. However, this demand is highly volatile and sensitive to regional instability. Fluctuations in tourist arrivals can lead to sharp swings in revenue, increasing business risk and reducing incentives for long-term investment.

Dependence on Intermediaries in Supply Chains

Wholesalers and food-service distributors play a central role in the functioning of the sector, acting as the primary interface between food-service operators and upstream suppliers.

While these intermediaries provide essential services, such as aggregation, logistics, and bundled supply of inputs, they also shape pricing, credit terms, and product availability. For many small and medium enterprises, reliance on distributors limits their ability to negotiate better prices or diversify sourcing strategies.

This dependency can reinforce cost pressures and reduce the flexibility of businesses to respond to market changes. Smaller operators, in particular, are often locked into relationships with specific suppliers, reducing their bargaining power within the value chain.

Platform-Driven Intermediation and Margin Erosion

Digital platforms, particularly food-delivery aggregators, have become increasingly central to the sector's structure. These platforms offer important benefits, including expanded market access, increased visibility, and logistical support for delivery.

However, they also introduce new constraints. Commission fees, commonly reported at 20–25 percent, significantly reduce margins for participating businesses. This creates a trade-off between access to demand and profitability. For many smaller operators, cloud kitchens, and new entrants, platform participation is not optional but necessary for market access. This reinforces dependency on digital intermediaries and shifts value capture away from producers toward platform operators.

Social media platforms play a similar role for informal and home-based businesses, enabling direct-to-consumer sales but also contributing to increased competition and market saturation.

Uneven Competition and Market Segmentation

The sector is characterized by significant heterogeneity in business models, levels of formality, and operational capacity. Larger, more established enterprises benefit from economies of scale, better access to finance, stronger supplier relationships, and more advanced management systems.

In contrast, smaller businesses and home-based enterprises operate with limited resources and face greater exposure to shocks. This creates a segmented market in which different types of businesses compete under unequal conditions.

Uneven regulatory enforcement further contributes to this segmentation. Informal operators may benefit from lower compliance costs, while formal businesses bear the burden of licensing, taxation, and regulatory requirements. This can create perceptions of unfair competition and disincentivize formalization.

Infrastructure Constraints and Operating Costs

The broader infrastructure environment imposes additional constraints on the sector. Food-service businesses rely heavily on consistent access to water, electricity, and sanitation services.

However, gaps in infrastructure provision, such as intermittent water supply, high electricity tariffs, and limited sewage networks in some areas, translate directly into higher operating costs. Businesses may need to invest in alternative solutions, such as water storage or backup energy systems, further increasing capital and operational expenditures.

These infrastructure-related costs disproportionately affect smaller enterprises, which have less capacity to absorb or mitigate them.

Regulatory Complexity and Compliance Burden

The sector operates within a regulatory framework that includes licensing requirements, labour regulations, and food safety oversight. While these systems are essential for ensuring quality and safety, they also create compliance costs for businesses.

Many respondents highlighted improvements in government digitalization processes, which have made licensing and administrative procedures more efficient and reduced opportunities for corruption. However, challenges remain in terms of regulatory clarity, consistency, and enforcement.

Uneven enforcement contributes to a dual system in which formal and informal businesses operate under different conditions. This not only affects competition but also shapes incentives for firms to remain informal or partially compliant.

2.2.8. Summary of Key Constraints Across the Food Services Sector

The analysis of Jordan's food services sector identified a number of interconnected constraints affecting enterprise competitiveness, productivity, and the creation of inclusive and decent employment opportunities.

High operating costs and limited pricing power

- Businesses face increasing costs for food inputs, energy, water, rent, packaging, and labour.
- SMEs and home-based businesses have limited bargaining power and are unable to purchase inputs in bulk.
- Rising costs cannot easily be transferred to consumers due to highly price-sensitive domestic demand, forcing many businesses to reduce margins, portion sizes, or product quality.

Limited working capital and business investment

- Many micro and small enterprises operate with limited liquidity, restricting their ability to purchase inputs, respond to large orders, or invest in business expansion.
- Refugee-owned businesses frequently rely on humanitarian cash assistance to finance day-to-day operations, raising concerns regarding long-term commercial sustainability.
- Limited financial resources constrain investments in equipment, cold storage, marketing, and digitalization.

Market saturation and intense competition

- Low entry barriers have contributed to a large number of small restaurants, cafés, and home-based businesses competing for similar customer segments.
- Competition is particularly intense among women-led home-based businesses selling comparable traditional food products through social media.
- Many enterprises compete primarily on price rather than product differentiation or service quality.

Dependence on intermediaries and digital platforms

- Restaurants and food businesses remain dependent on wholesalers and distributors for the procurement of key inputs, limiting their negotiating power.
- Delivery platforms have become essential market intermediaries but commission fees of around 20–25 per cent significantly reduce business margins.
- Home-based businesses increasingly rely on social media and delivery applications but have limited influence over platform conditions, customer data, and pricing.

Limited marketing, branding, and business development capacity

- Many SMEs have weak digital marketing capabilities and rely on informal customer networks and word-of-mouth.
- Few businesses systematically analyse customer preferences, diversify their products, or develop differentiated market strategies.
- Limited managerial and commercial skills constrain business growth and access to higher-value market segments.

Infrastructure and operational constraints

- Reliable access to refrigeration, cold storage, packaging, transport, water, and electricity remains essential but costly, particularly for SMEs.
- Limited storage capacity prevents businesses from purchasing raw materials in bulk and reducing production costs.
- High electricity costs affect profitability, especially for catering companies, bakeries, and businesses relying on refrigeration.

Labour shortages and skills mismatches

- Despite high national unemployment, employers report persistent shortages of qualified chefs, kitchen supervisors, and experienced hospitality workers.
- Businesses increasingly struggle to recruit and retain Jordanian workers due to relatively low wages, demanding working conditions, and the perceived low status of service-sector occupations.
- The gradual return of Syrian refugees and higher work permit costs have further reduced the availability of experienced workers in several occupations.

Persistent decent work deficits

- Informality remains widespread, particularly among micro-enterprises and home-based businesses.
- Workers frequently experience low wages, long and irregular working hours, limited social protection, and insecure employment arrangements.
- Women continue to face barriers related to childcare responsibilities, transport, social norms, and night work, resulting in occupational segregation and limited career progression.
- Many home-based businesses operate outside formal regulatory frameworks, limiting access to finance, business development services, certification, and labour protection.

Uneven regulatory enforcement

- Differences in licensing, taxation, and food safety compliance create unequal competitive conditions between formal and informal businesses.

- Although recent government digitalization has simplified licensing procedures, many small enterprises continue to perceive formalization as costly and administratively burdensome.
- Home-based businesses still face uncertainty regarding regulatory requirements and pathways to formal market integration.

Limited enterprise upgrading and diversification

- Many businesses remain concentrated in traditional products and local customer bases, with limited diversification into catering, institutional markets, healthy food segments, or other emerging niches.
- Although some enterprises have successfully combined restaurants, catering services, cafés, and central kitchens to diversify income streams, many SMEs lack the capital, managerial capacity, and commercial knowledge required to replicate these business models.

Collectively, these constraints reduce enterprise competitiveness, limit business growth, reinforce informality, and restrict the sector's capacity to generate more productive, resilient, and decent employment opportunities for Jordanians, Syrian refugees, women, and youth.

2.3. Chemicals Sector

2.3.1. Market Overview

The chemicals sector in Jordan is a strategic pillar of the national economy, combining strong export performance with significant industrial capacity and global market linkages. It plays a central role within the country's industrial base and is closely tied to Jordan's natural resource endowment, particularly phosphate and potash reserves. The importance of the sector for the national economy is clear, with chemicals, including fertilizers and pharmaceuticals, consistently ranking among the country's top export categories and contributing significantly to foreign currency earnings and trade balance stability. Destination markets span across the Middle East, Asia, Europe, and North America. As a result, recent estimates suggest that the broader chemicals sector contributes approximately 5.2 percent to GDP and represents around 25 percent of total manufacturing output, highlighting its continued macroeconomic importance[24].

Jordan's position in the global market is due in part to its strong foundation in natural resources. The country is among the world's leading producers of several key mineral inputs used in chemical manufacturing, including phosphate rock, potash, and bromine. These resources underpin the production of fertilizers and other chemical derivatives, forming the backbone of the sector's industrial activity. The Dead Sea region in particular serves as a major hub for mineral extraction and chemical processing, supporting large-scale operations such as potash and bromine production.

The sector is therefore characterized by strong upstream integration between extractive industries and chemical manufacturing. This integration provides a comparative advantage in resource-based products but also shapes the structure of the sector toward primary and intermediate outputs rather than higher-value downstream products. The chemicals sector in Jordan is composed of several major subsectors, including:

- fertilizers and mineral-based chemicals
- inorganic and organic basic chemicals
- pharmaceuticals and medical products
- plastics and related materials
- specialty and consumer chemicals such as detergents and cosmetics

Four core segments dominate the sector: oil refining products, inorganic chemicals, organic chemicals, and fertilizers. Together, these account for the majority of production capacity and export value. Within this structure, fertilizers and mineral-based chemicals represent the largest and most export-oriented segment, driven by the availability of phosphate and potash. In contrast, pharmaceuticals and specialty chemicals represent more advanced segments with higher value addition and technological requirements.

The sector includes a mix of large, capital-intensive firms and smaller manufacturing enterprises. Large firms, particularly in fertilizers and mineral processing, often operate at scale and benefit from strong export linkages. Previous estimations set the number at 754 firms in chemical manufacturing [25]. However, actual numbers are assumed to be somewhat lower.

The sector faces several challenges, including high energy costs, strong international competition, dependence on export markets, and limited competition among suppliers of key raw materials, resulting in higher costs and supply constraints for manufacturers.

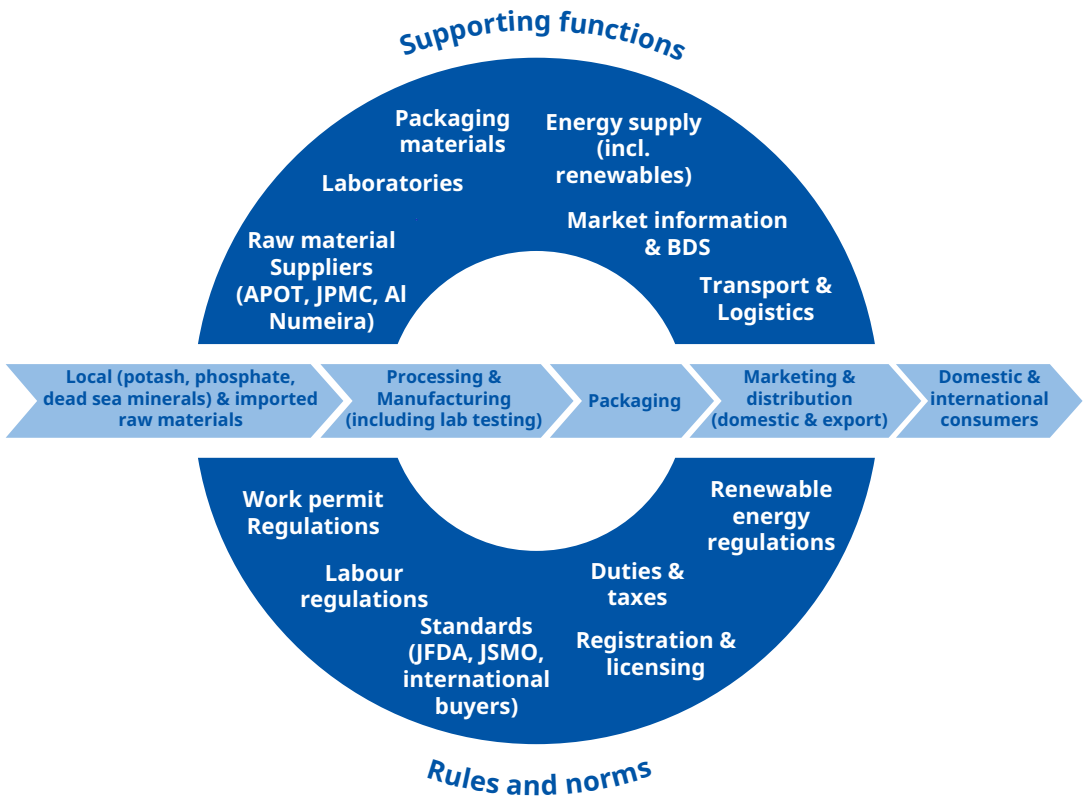
At the same time, the chemicals sector remains a national priority under Jordan's Economic Modernization Vision due to its export potential, industrial linkages, and opportunities for downstream value addition.

Based on an initial assessment by the ILO on the potential for job creation, three sub-sectors were selected for further analysis: **1) fertilizers and**

24 Jordan Chamber of Industries, n.d., Industrial sectors studies: Chemicals & cosmetics sector; Jordan News, 2026, Jordan's chemical industry exports reach 112 countries.

25 Amman Chamber of Industry (2025). Economic indicators.

Figure 5: The chemicals market system in Jordan



pesticides, 2) soaps and detergents, and 3) cosmetics including dead sea products. The subsectors were selected based on their growth and demand potential, labour intensity in value addition and MSME integration, and presence and potential for integrating Syrian workers. Within the broader sector, particular attention has increasingly been given to higher value-added and niche activities such as cosmetics, detergents, specialty chemicals, and Dead Sea products. These segments offer opportunities for innovation, diversification, and SME participation beyond traditional large-scale industrial production.

2.3.2. Core market

The 'donut' illustrates the market system for Jordan's chemical sector with the core market from raw material supply to final consumers, together with the supporting functions (e.g. energy, laboratories, logistics, labour supply, and business services) and the rules and regulations (e.g. standards, licensing, labour regulations, taxation, and renewable energy policies) that shape the sector's performance and competitiveness.

2.3.3. Target Group and Employment

The chemicals sector provides important employment opportunities for both Jordanians and vulnerable groups. According to the Jordan Chamber of Industry [26], the sector comprised 754 manufacturing firms employing 17,424 workers in 2023, equivalent to an average of around 23 employees per enterprise. While recent disaggregated labour market statistics are not

26 Amman Chamber of Industry (2025). Economic indicators.

available, earlier ILO data indicated that Jordanians accounted for approximately 81 per cent of the workforce, Syrians 11 per cent, and women around 30 per cent [27]. Participation of vulnerable groups was reportedly higher among SMEs, with several firms reporting workforces comprising up to 30 per cent Syrian refugees, 30 per cent women, and 60 per cent youth [28]. Syrian refugees were primarily employed in low- and semi-skilled occupations, including machine operation, packaging, and maintenance, often through informal employment arrangements. At the same time, Syrian entrepreneurs had also emerged as business owners and investors, contributing to the sector's growing SME landscape.

However, interviews conducted for this rapid market assessment suggest that the participation of Syrian workers in the chemicals sector has declined significantly compared to these earlier estimates, with only a few companies—including some Syrian-owned firms—reporting any employment of Syrian refugees. Stakeholders attributed this trend primarily to the substantial increase in work permit fees introduced in January 2025, which now amount to approximately JOD 673 [29] (around USD 950) per year—equivalent to more than two months of the minimum wage[30] and often borne by the worker. Companies also highlighted stricter government enforcement through workplace inspections, increasing the risks associated with informal employment. In parallel, improving conditions in Syria have made some employers more reluctant to recruit and train Syrian workers whom they expect may eventually return to Syria.

Similar to other manufacturing sectors in Jordan, the recent changes to the work permit regime, combined with stricter enforcement of labour regulations and the broader political context surrounding Syrian refugees, are reshaping labour market dynamics in the chemicals sector. While these measures aim to strengthen labour market governance and encourage compliance, interviewees indicated that they may also reduce the availability of Syrian workers in low-skilled occupations, either by discouraging formal employment due to higher permit costs or by pushing some workers into more informal and precarious arrangements.

This evolving context highlights the importance of supporting enterprise upgrading and the creation of higher-quality technical and skilled jobs within emerging, higher-value chemical subsectors. Such a transition could contribute to improving job quality and productivity for both Jordanian and Syrian workers while strengthening the long-term competitiveness and growth of the sector.

2.3.4. Fertilizers and Pesticides Subsector Analysis

Import Dependence and Emerging Opportunities in Organic Fertilizers

The subsector has grown over the past decade, but market dynamics are fluctuating with high competition and downward pressure on prices. Larger companies experience stable demand serving regional markets (MENA), but smaller companies struggle with fluctuations, some describing the industry as being in survival mode. The subsector is highly dependent on export markets, with approximately 90 per cent of production destined for international buyers. Interviewed firms consistently described the domestic market as small, saturated, and offering limited commercial opportunities, reinforcing their reliance on exports for growth and profitability.

Jordan has a strong regional reputation for producing good-quality agrochemical products at competitive prices, supported by its relatively advanced regulatory framework and the local availability of key fertilizer inputs, particularly potash and phosphate. However, end buyers, especially farmers, remain highly price-sensitive and risk-averse. Within the conventional agrochemical sector, Jordan is therefore better positioned in fertilizers, where domestic raw

27 ILO, 2020, Skills for Trade and Economic Diversification (STED) in the Chemicals and Cosmetics Manufacturing Sector.

28 Ibid.

29 UNHCR, 2026, Work permits for Syrian refugees in Jordan.

30 ILOSTAT, 2026, Jordan.

materials provide a competitive advantage, than in pesticides, which depend heavily on imported active and inert ingredients and face strong price competition from global producers, particularly China.

One exception to the trend was identified: organic fertilizers relying on waste products is competitive on both price and quality in the domestic market and currently faces unmet demand. This points to unutilized opportunities for Jordan within organic fertilizer production, which is seeing increasing demand in both domestic and export markets. This suggests that locally available waste streams can provide a sustainable and commercially viable source of raw materials while reducing dependence on imported inputs. The growing demand for organic agriculture and environmentally sustainable production methods, both domestically and internationally, further strengthens the commercial potential of this niche. However, the segment remains relatively small, with few market actors and limited investment, indicating significant scope for further enterprise development and market expansion.

Most companies in the subsector are medium-to-large-scale conventional fertilizer and pesticide producers that handle the full production process in-house. One start-up was found to use the production facilities of a larger company to produce and market its own formula, though this arrangement was based on unique personal relationships rather than a replicable business model. One emerging company operated exclusively in organic fertilizers, relying on waste products from fishing and farming to produce a cost-competitive alternative to conventional fertilizers with viable domestic market demand.

Upstream: Raw Material Availability and Supply Chain Dynamics

Jordan holds large reserves of two of the three core inputs for conventional fertilizer production, phosphate and potassium, ranking among the world's top producers and exporters of both. Phosphate reserves are estimated among the largest globally. Jordan is around 5th worldwide in phosphate production[31], and 7th in reserves[32] with production exceeding 11–12 million tonnes annually in recent years[33]. Only around 12 countries produce potash commercially, and Jordan ranks among the top producers of both phosphate and potash globally[34], reflecting a strong and relatively rare global position. The sole missing core input for fertilizer production is nitrogen. Jordan is also a producer of bromine extracted from the Dead Sea, and has a diversified mineral base including calcium carbonate, kaolin, limestone, silica sand, and zeolitic tuff, supporting downstream industries such as construction, chemicals, and manufacturing[35].

Jordan's fertilizer industry relies primarily on two major domestic producers of phosphate and potash: the Jordan Phosphate Mines Company (JPMC) and the Arab Potash Company (APOT). Despite efforts to engage with both companies, no interviews were conducted as part of this study. Larger companies can access inputs from APOT and JPMC directly without major issues, as they buy in bulk, however, smaller companies struggle to access inputs due to minimum order quantities set by the companies. It was reported by larger companies to be generally easier to access potash than phosphate, which may link to phosphates high demand in export markets. Companies purchase these inputs at prevailing market or export prices, which some interviewees identified as a constraint to domestic competitiveness. Several firms argued that locally based manufacturers should benefit from preferential or subsidised pricing for key domestic raw materials in order to support downstream industrial development and strengthen the competitiveness of Jordanian producers.

Active and inert ingredients for fertilizers and in particular pesticide production are primarily

31 Jasinski, 2026, 'Phosphate rock', in *Mineral commodity summaries 2026*. Reston, VA: U.S. Geological Survey.

32 Government of Jordan, 2022, *Economic Modernisation Vision 2022–2033: High value industries*.

33 See e.g. Jordan Phosphate Mines Company, 2024, *Annual report 2024.* Amman: JPMC.

34 Jasinski, 2026.

35 Taib, 2023, 'The mineral industry of Jordan in 2020–2021', in *U.S. Geological Survey minerals yearbook*, Vol. 3. Washington, DC: U.S. Department of the Interior.

imported (75-100%), with the largest sources being China, Europe and India. Even locally sourced inputs are often based on imports. Active and inert ingredient production is highly specialised, requiring significant capital investment and economies of scale. China has established global dominance in this area. While some ingredients could theoretically be produced in Jordan given available raw materials, the small scale of domestic manufacturers, high start-up investment requirements, and strong price competition from established global suppliers make localising production difficult.

Respondents reported that China stopped exporting certain raw materials around spring/summer 2025. This forced companies to source alternatives, driving up both input and end-product prices in a market that, according to respondents, cannot absorb higher costs. China formally restricted exports of key agricultural inputs, including phosphate fertilizer products in December 2025 to stabilise domestic supply and prices. The suspension is expected to remain in place until August 2026 [36]. For Jordan, this creates both a disruption affecting inputs previously sourced from China, and a potential opportunity to expand in markets where China has historically been the dominant supplier, such as India.

Large companies reported having strict supplier approval systems with 3-5 suppliers per inputs as a risk mitigation strategy for raw materials. This was reported as working well, however, for smaller companies finding alternatives when global supply chains face shocks might be more difficult. Jordans geographical location and regional instability further impacts supply chain risks.

In regard to organic fertilizers, larger fertilizer companies rely on imported raw materials such as seaweed extract. However, one smaller company relied almost exclusively on locally available waste-based raw materials, mainly sourced from Aqaba and nearby agricultural areas. The primary input was fish waste and seagrass collected from fish markets and through an agreement with the local Fishing Association. About 1 kg of fish waste produces around 2 Liters of fertilizer, and only approximately 5% of the available fish waste is currently captured, meaning supply is significant and production scalable. Other raw materials include burned cooking oil used to make natural pesticides, as well as livestock waste collected from the largest livestock facility in Jordan. The company also collects expired or failed food and environmental products from institutions that must pay disposal fees, such as diluted olive oil that fails screening tests. This means input costs are near zero and sometimes negative. The significant availability of free raw materials is what is driving the competitiveness of their end products.

In regard to packaging, companies source packaging locally from plastic packaging suppliers, who import their own raw materials. Packaging inputs, including plastic bags, cartons, containers and drums, are available from multiple local suppliers. While packaging materials are purchased externally, filling and packing operations usually are carried out internally within factories. Packaging was not seen as a challenge in this subsector.

To summarize, smaller producers reported some difficulties meeting minimum order quantities for raw materials, though input access was not highlighted as a major challenge overall. For one organic fertilizer company, reliance on free waste materials is the core driver of competitive advantage. This model has not yet been replicated by other actors, despite significant raw material availability and strong product demand.

Midstream: Production Competitiveness and Barriers to Entry

For conventional fertilizers and pesticides, production begins with the procurement and storage of raw materials, followed by laboratory testing and quality inspection to ensure compliance with required specifications. Where specialised customer requirements exist, new formulations may be developed prior to manufacturing. Standard production primarily involves mixing, while more advanced fertilizers require granulation, which converts powdered inputs into granular form. Granulation is particularly energy-intensive and was highlighted as a cost challenge by multiple respondents. Finished

36 S&P Global Commodity Insights (2026) 'China to maintain phosphate export suspension despite Middle East war: Sources'

products then go through filling, labelling, and packaging in bags, drums, or smaller containers depending on market requirements, before being stored for distribution. The sector has developed comprehensive operational manuals covering production, filling, and packaging roles. However, these have not yet been fully operationalised across the industry, with no clear reasons provided by respondents.

For organic fertilizer production, companies that also produce conventional fertilizers must maintain separate, independent production lines to prevent cross-contamination, but the production process remains similar. The company producing fertilizers from waste-products had a slightly different production process, that can be described as follows:

1. **Collection:** Raw Material is collected from the fish market and brought to the production facility (fish and seagrass).
2. **Inspection:** The raw material is inspected and sorted to remove any unsuitable material.
3. **Measurement:** Raw material is measured and placed in barrels for processing.
4. **Grounding and mixing:** Raw material go through specially designed grounding and mixing machines. Staff are trained on proper handling.
5. **Fermentation:** The prepared mixture undergoes a controlled fermentation process. Quality checks are performed, including total count (TC), total coliforms (TCS), and other relevant parameters.
6. **Filter and filling:** The fermented product is filtered to remove solids and impurities. The liquid amino acid is then filled into plastic bottles for distribution.
7. **Distribution:** Bottled products are delivered to farms via an in-house distribution system

Overall, production processes were generally not identified as a major constraint for established manufacturers, which typically operate modern and compliant facilities. Instead, competitiveness is primarily affected by high energy costs, particularly for granulation processes, and by the high capital investment required to establish new GMP-compliant production lines. Establishing new facilities and gaining approval is costly. However, respondents noted that several government-owned, GMP-approved facilities are currently vacant and available for rental, representing a potentially underutilised opportunity for new market entrants.

The availability of underutilized government-owned manufacturing facilities could represent an opportunity to reduce entry barriers for new producers.

For waste-based organic fertilizers, low input costs and relatively simple production processes make manufacturing substantially less cost-constrained than conventional fertilizer production.

Downstream: Sales and Export Logistics

End markets are primarily concentrated in the Arab region and North Africa, with exports reported to the Gulf, Morocco, Egypt, Yemen, Iraq, Iran, Turkey, Libya, Algeria, and Pakistan. Some companies have also reached markets in Central Asia and the United Kingdom. Entry into the European Union remains limited due to stringent regulatory requirements. EU REACH registration and CE marking compliance costs can reach up to €100,000 per product, presenting a significant barrier for most Jordanian producers.

Market structures vary considerably across regions. Buyers in Syria tend to be more informal and family-owned, whereas Gulf markets are characterised by more formal, corporate purchasing structures. Syria was described as an excellent re-emerging market, though several companies reported taking a wait-and-see approach pending further stabilisation.

Jordan's geographical location and regional instability were consistently highlighted as export challenges. The Syrian crisis significantly disrupted trade routes, particularly the land route through Syria and Turkey to Europe. Instability in Yemen has similarly affected sea transport. Compared to Egypt and Turkey, Jordan faces logistical disadvantages that translate into higher shipping and raw material costs. Border controls, transit regulations, and carrier constraints, particularly relating to Turkey, have extended average transit times from 3–4 weeks to significantly longer periods. Smaller companies additionally reported difficulty finding reliable export distributors. Trade fair participation was commonly cited as a key marketing channel.

In the domestic market, organic fertilizers produced from waste materials are performing well due to their price competitiveness. Marketing is conducted through outreach to farmers via farming associations and NGOs, including workshops and product demonstrations. Respondents found direct farmer engagement to be the most effective way to expand the customer base, as farmers want to observe product performance in person. The company currently focuses on the domestic market, where demand is sufficient. Market opportunities for organic fertilizers were identified in Algeria (olive oil sector), Jordan (dates, herbs, citrus), the Gulf (dates), and potentially Syria.

A significant barrier to export expansion is the slow registration process for new products, including restrictions on the number of products that can be registered per year. This limits companies' ability to respond quickly to market opportunities. Organic inputs face an additional challenge, as no standardised registration process exists for organic fertilizers within the relevant regulatory bodies. Given the relative newness of organic fertilizer products in the market, this gap is perhaps unsurprising, but it nonetheless leaves companies without a clear pathway to compliance, creating uncertainty that hinders both domestic scaling and export expansion.

Labour Snapshot and Job Creation Pathways

Most large companies that handle full in-house production employ permanent, formalised workforces; one company reported 300 permanent employees. Smaller companies rely more on day labourers to manage demand fluctuations. One company had 15 permanent staff and approximately 50 ad hoc workers, called in for around four days at a time. Standard production roles require basic safety awareness and literacy but no advanced qualifications. Chemical supervisors and quality control roles require specialised skills and education.

Respondents noted that companies producing a wide range of specialised products in smaller quantities sometimes prefer labour over machinery, citing concerns about machine error. There was found to be some labour demand for specialized labour like technicians. Turnover among unskilled workers varied across companies. Some reported no difficulty hiring or retaining unskilled staff, while others noted higher turnover in this category. Reportedly, the primary labour challenge was retaining skilled employees, particularly in administrative, logistics, marketing, and customer relations roles. Companies reported investing in training staff who were subsequently recruited by larger international firms offering higher wages and better benefits than the Jordanian industry could offer. This was identified as the most significant labour constraint facing the sector.

The workforce is predominantly Jordanian (80–100%), with some Egyptian workers in manual roles such as loading, offloading, and housekeeping. The share of female employees ranged from zero in some companies to 22–25% in others. Women were found primarily in laboratory, administration, and office-based roles, with some working in production. Very few Syrian workers were identified in the sector. Respondents attributed this to recent restrictions on work permits for Syrians. Companies also described a reluctance to hire Syrians, particularly in Amman where random government factory inspections occur, and concern about investing in training workers perceived as likely to return to Syria.

2.3.5. Soaps and Detergents Subsector Analysis

Market Overview

The subsector is market by very high competition in both domestic and export markets, thin margins and a saturated domestic market. Overall, the sector is 70% domestic and 30% exports, but larger and more profitable companies show a reversed pattern with 70% exports and 20% domestic. The sector is generally divided into personal care, clothes care and household care. In the domestic market, the high-end customer segment is dominated by imported brands, the mid-segment is dominated by Jordanian products, and the low-end segment is dominated by Asian and Turkish imports with some presence of Jordanian producers in rural areas. Given the saturated domestic market, respondent companies see opportunities for expansion only in export markets, and primarily in niche product lines.

The neighbouring Syrian market is also saturated, and Jordanian manufacturers cannot effectively compete with Syrian producers in the soaps and detergents sector due to market saturation and

significantly lower energy and labour costs in Syria, and with inflow of Turkish products in Syria. Jordan has a regional reputation for quality, however, high competition in basic segments such as shampoos, dishwashing liquids and general cleaners, lead to price pressure and limited margins. There is some potential in regional export markets for more specialized and technically sophisticated products, e.g. industrial disinfectants, stainless-steel cleaners, sanitisers, detergents specially for abayas, or niche personal care products.

The subsector grew from 2014-2018 reportedly due to population growth from influx of Syrian refugees in Jordan, then experienced drop and recovery during Covid-19 as the sector pivoted to pandemic related products (hand sanitizing gel etc.). The subsector grew strongly in 2020 and maintained strong performance in 2022 but has since stagnated as the market became saturated. The sector is impacted by regional instability and trade routes. Companies report stable but modest demand, with some local companies reporting currently running survival at thin margins and not thinking of expansion, while some larger exporting firms are reporting not being able to expand fast enough to meet export demand.

Upstream: Inputs and Sourcing

Raw materials for the sub-sector are almost exclusively imported, reportedly from China, Taiwan, Europe and Spain particularly for specialized active ingredients and chemical compounds. While some basic inputs can be sourced locally, domestic production remains limited and often does not meet the required specifications or quality standards, leading firms to rely on imports. Companies reported that both the price and quality of imported raw materials are better than those available in Jordan. However, the reliance on imported raw materials and the vulnerability of supply chains to regional instability, means Jordan has higher production costs than competitors who can access raw materials domestically. Raw materials are transported to Jordan by port or road and sometimes takes too long to arrive with political issues and regional instability affecting import and export routes.

Packaging is sourced both domestically and imported. There are five local plastic bottle factories that provide standard shaped and moulds with reasonable price for quality. However, some quality issues were reported, especially with custom moulds, leading some companies to import higher-quality packaging from Turkey. Imported packaging from Turkey was seen to have higher quality at the same price. According to respondents, this is due to taxes on the imported raw materials the Jordanian plastic companies use to produce the packaging bringing up the price of Jordanian packaging. On average packaging costs were reported to be ca. 25% of standard products, and not seen as an issue or the driver for the end price of products. However, customized moulds were reported to be expensive at USD 7,000–8,000 per mould, leading large companies to consider producing their own packaging. One large company was also investing in sustainable packaging R&D and recycles plastic waste for resale; however, this was expected to bring up the price of packaging in the short to medium run but seen as worthwhile to be future oriented.

To summarize, accessing raw materials and packaging was generally not considered a challenge in the subsector; however, the main concern was the effect of regional instability on supply chains.

Midstream: Production and Manufacturing

Like the fertilizer and pesticide sector, according to respondents, what drives costs at the production stage is high energy costs. Across the board, this was highlighted as the main challenge in the sub-sector. High competition and thin margins make the sub-sector particularly sensitive to production costs. Also here, some companies have offset part of this cost by investing in solar, however, smaller companies struggle with high initial investment costs, and government restrictions on renewable energy use limit how much companies can offset costs. This constraint was found to be common across the subsectors and is therefore described in the Supporting Function Section.

A typical production process for a larger company in the soaps and detergents sector can be described as follows:

1. **Raw materials:** Sourced from three different local factories or imported, and quality checked by the Ministry of Health. Packaging sourced locally from 5 different plastic bottle factories or imported.
2. **Weighing, Mixing and Lab Test:** Under the supervision of a Chemist, skilled workers weigh and mix inputs, and test the water for

microorganisms. The procedure is conducted according to a details SOP. A sample is taken to an external Laboratory to check the quality parameters for export.

3. **Filling and Packaging:** Under the supervision of a Chemist, filling, bottling, and labelling is done by production workers. Quality checks are conducted every 15 minutes. The independently controlled FDA inspects factories every two years to ensure quality and safety.

4. **Warehousing and Distribution:** The products are submitted to warehouse, with batch numbers and expiry dates. Every step is controlled by SOP, and every step needs to be documented to submit documentation. Products are then distributed either through customer pick-up using their own trucks or delivered directly by the company's trucks.

Production facilities need to be GMP approved, and some smaller companies reported different government officials having different interpretations of what satisfies GMP conditions. This led to companies investing in upgrades, only for another inspection to add additional new upgrade requirements due to a change in inspector. This added additional costs for the companies to maintain GMP approval.

Downstream: Sales and Export Logistics

Companies in the subsector reported exporting to Iraq, Libya, Yemen, Algeria, Congo, Saudi Arabia, Palestine, Qatar, UAE, Marocco, Afghanistan, China, Latin America and Europe. Europe was seen as not a mature market for Jordanian products. African markets were reported to have high tariffs and composite taxes, up to 55-57%, increasing costs. Companies also reported that in comparison with regional competitors such as Turkey and Egypt, there is a lack of export subsidies from the Jordanian government.

Syria was not seen as a feasible market for Jordanian soaps and detergents, as Syria is still producing soaps and detergents, and have lower labour costs and lower prices. In addition, Turkey would be a strong competitor for Jordan in the Syrian market.

The biggest bottleneck for sales and export, was seen to be marketing. Reportedly, companies are often unwilling or unable to invest in marketing, even though such investment is increasingly important as demand shifts toward specialized products and the basic product market has becomes saturated and highly competitive. This was also linked to a lack of investment and focus on R&D, with reported difficulty in getting the right skills for R&D roles. Several companies, often family owned, were primarily focused on production and business as usual, without having the scope or capacity to actively look for new opportunities for products.

Across the sub-sectors, companies also reported a lack of access to market information. Market insight was sporadic and informal, and information provided by institutions such as the Jordan Chambre of Commerce was seen as too generic to be useful to inform product or marketing strategy.

Labour Snapshot and Job Creation Pathways

Across companies in the sub-sector, the number of employees ranged from 22 to over 1000. Jobs were in production, packaging, management, IT, finance, HR, and sales. Automation reportedly does not reduce labour but shifts demand toward skilled technicians, operators, and middle management. Roles ranged from unskilled to highly qualified chemical engineering roles in supervisory and specialized roles. Companies primarily had permanent workers; however, some had a flexible workforce combining permanent with outsourced labour during waves of high demand.

Workforce gender balance ranged from 20% to 70% women in companies interviewed. Women were more active in packaging, laboratory and engineering roles, export management, HR and management roles.

The sub-sector had very few Syrian employees, however some Syrians were active in management roles. Even in large Syrian owned companies' Syrian employees were at less than 1%. Those who were working in the sector, had been hired due to their previous experience within the same sector in Syria. One company (using flexible work model) reported Syrian employees at 5-7% of workforce. Companies were in general hesitant to speak about Syrian labour force participation, however, some reported that companies were now unwilling to hire Syrians especially in the Amman area. This was reportedly due to the increased price of work permit for Syrians combined with random checks of factories by the government, in

which Syrian workers were removed. Companies were described as reluctant to hire Syrians, as a result of the push from the Jordanian government for Syrians to return to Syria, and the assumption that Syrians would eventually return (and therefore training costs would be wasted) as well as the risk of having unregistered workers due to random checks.

Companies reported a gap in "middle layer" roles, especially skilled labour with communication, reporting and technical skills. This mirrors findings in the fertilizer/pesticide sub-sector.

One company initially struggled with high turnover among unskilled workers, but changed their hiring strategy which solved this problem. Firstly, they started offering slightly higher salaries than minimum wage. Secondly, they interviewed potential employees and avoided those with other commitments. Thirdly, they offered annual trainings allowing high-performing worker to progress to other roles, The company reported that when people saw a potential future and career progression in the company, they stayed on rather than jumping to competitors.

2.3.6. Cosmetics

Market Overview

The cosmetic sub-sector is substantially smaller than the other two sub-sectors in Jordan, and less developed, but holds good potential. Cosmetics is marked by a highly competitive and trend driven market but shows good demand in private labelling (B2B). The sub-sector is export oriented, and Jordan competes with Turkish and European products on quality and branding and with China on price, however, price competition with China was described as unfeasible. Product relevance reportedly depends on formulation trends on key ingredients.

Jordan has a unique opportunity when it comes to Dead Sea Products, with the only other active (but dominating) competitor being Israel. According to the Dead Sea Product Association, Israel exports for 350 million, while Jordan only at 17 million. Israeli marketing and market structure is seen as more advanced with companies producing under a unified brand with one marketing story, and with strong government support. In Jordan, the market remains scattered with little meaningful coordination between market actors. In Jordan, many companies are also active in soaps and detergents and produce dead sea products as only one of their product lines. The Dead Sea products sector in Jordan includes around 27–33 companies (manufacturers and brand owners) with the capacity to produce, however, field research found that currently there are only 12 companies actively producing, with approximately 700 employees. A drop in tourism due to pandemic and war led to a drop in domestic demand for dead sea products and a greater need to focus on export markets. The sector is export oriented (80% exports) with companies reportedly exporting to regional markets such as Saudi Arabia, Iraq and other MENA countries, with emerging orders from Switzerland, Tunisia and Libya. The Asian market was also seen as growing with demand from China, Philippines and Vietnam. Both the USA and China were emphasised by actors as excellent potential markets for Jordanian Dead Sea Products with high demand. European markets reportedly had weaker demand for Dead Sea Products.

Upstream: Inputs and Sourcing

For conventional cosmetic products, raw materials are primarily imported (ca. 80%) but sourced locally through distributors. Even when originally imported from India, China, or Arab countries, this arraignment allows for flexible procurement of small quantities, and companies reported less issues in supply of raw materials than the soaps and detergents subsector which relies on larger volumes. Sourcing from local distributers also meant no issues with minimum orders.

The primary input for Dead Sea Products, is dead sea mud and salts, unique to the Dead Sea and reportedly with noticeably higher quality on the Jordanian side compared to the Israeli side. The only company with permission to source Dead Sea salts and mud is Al Numeria Mixed Salts and Mud Company (Al Numeria), a subsidiary of Arab Potash Company (APOT). Numeria and APOT did not respond to interview requests. Al Numeria has monopoly on input supplies and produces end products, emphasised as a conflict of interest by competitors. The Jordanian government is a shareholder and holds influence over ATOP, and hence over Al Numeria. Companies reported being able to access Dead Sea raw materials, however, the price charged domestically compared to exports was seen as untransparent.

Quality packaging and product aesthetic finish is important for marketing in the cosmetics sub-sector. Companies emphasised difficulties in sourcing quality packaging and implications for marketing as one of the primary challenges in the sector. In the sub-sector, specialized packaging is imported with logistics managed through international shipping providers such as SMSA. A key challenge lies in packaging availability: locally produced containers are often standardized, of lower quality, and subject to supply interruptions, while imported premium packaging requires long lead times (3–6 months) and regulatory re-approval. The price and quality of imported materials was reportedly not an issue when compared to Jordanian packaging, but registration of imported packaging is a challenge. For Dead Sea Products, minimum order quantities for packaging were reportedly often too big for brand owners when sourced locally. Chinese packaging produces were reportedly wiling to provide any minimum order, while Jordanian producers were not willing to invest in new moulds to offer a better variety of packaging offers. Packaging materials, especially acrylic cosmetic jars for e.g. face creams and high-end containers, are therefore entirely imported, mainly from China and Europe, due to the absence of specialized local manufacturers. However, standard plastic packaging, printing, carton packaging, and labelling are largely available locally, but advanced cosmetic packaging remains a supply gap. Packaging constraints are detailed more in the Supporting and Regulatory Functions section of this RMA.

Midstream: Production and Manufacturing

Companies reported managing the full production processes in-house, covering formulation, mixing, filling, packaging, branding design for private label, and internal quality control. Production was reported to rely heavily on technical know-how, formulation expertise, and GMP-compliant procedures rather than on scale, with the factories utilizing a combination of locally fabricated stainless-steel equipment and imported semi-automatic machines.

For Dead Sea products, production equipment and processes were tailored to product type: solid products such as soaps are manufactured using compression and moulding processes, semi-solid products such as creams are produced using heated and cooled double jacket mixing systems, and liquid products such as shampoos are processed through standard industrial mixers.

Cosmetics products need to be produced in GMP certified facilities. Smaller companies producing both soaps and detergents and Dea Sea products, reported inconsistencies in enforcement of GMP requirements. Reportedly, different government officials had different interpretations of what satisfies GMP conditions, leading some to invest in upgrades to achieve GMP, only for another inspection from another official to change requirements. This added additional costs for the companies to maintain GMP approval.

High utility costs were also seen as affecting the cosmetics sub-sector but was not highlighted as a major challenge by respondents.

Downstream: Sales and Export Logistics

For conventional cosmetics, companies doing well used a combination of online marketing and private labelling (B2B), exporting to Saudi Arabia, the US and Syria. More customers were reached by combining different sales channels, combining both in house consumer brands, and private labelling business, and having a strong focus on online sales which reportedly outperformed physical retail and exhibitions.

For Dead Sea Products, mmarketing and accessing new markets was identified as one of the primary challenges in the sector. Despite Jordan possessing a natural comparative advantage in access to Dead Sea raw materials, the sector struggles with branding, packaging, and coordinated market access. The Dead Sea Products Association (DSPA), of which Al Numeria is also a member, is the umbrella organization with a mandate to develop the sector. However, according to respondents, at present their role has been limited to sharing information on upcoming trade fairs. Most companies in the sector have limited production capacity, but with a few exceptions produce their own brands. This means that even though there is demand for Dead Sea Products in export markets, one company alone cannot meet bulk order requests, and companies are therefore unable to grab opportunities. One actor shared that Walmart had asked for supply of 7 different Dead Sea Products (400 000 units), but did not have production capacity, and due to unwillingness from other companies to collaborate to meet the offer, the actor had to decline the opportunity.

One challenge in export markets was counterfactual Dead Sea Mud from China (made from potato starch). However, some companies did not see Chinese counterfactuals as a large challenge as spotting the difference was straightforward.

One respondent highlighted the US Warehouse system as a barrier to enter the US market. In their experience, the US distribution system required foreign companies to ship and store stock in American warehouses before knowing whether it will sell. As they described it, retailers do not buy directly from foreign vendors but rather purchase through distributors who hold inventory and resell to retailers, meaning a company must have stock physically available in the US market to participate. This can involve paying warehousing fees, import duties, and logistics costs entirely upfront, with no guarantee of sufficient sales to recover those costs. For this company, the model represented a substantial barrier to entry, as demand was uncertain, the costs of holding unsold stock accumulated quickly, and they felt they had to give up margin and control to distributors who managed the relationship with end buyers. However, this information was not triangulated.

Labour Snapshot and Job Creation Pathways

Several small companies manage their labour needs by combining a core team of permanent staff registered with social security, with daily workers brought on during peak demand periods. Women were present in the workforce, particularly in online marketing and sales roles. The workforce was predominantly Jordanian, making up approximately 90% of employees, with no reported reliance on Syrian workers.

2.3.7. Cross-Cutting Core Market Constraints Across Chemical Subsectors

The chemicals sector in Jordan is characterized by strong export orientation and a resource-based production structure, but interviews with firms and stakeholders point to a range of structural and operational constraints that limit value addition, diversification, and employment generation. Unlike the food industries and food services sectors, the binding constraints identified relate less to MSME fragmentation and more to market concentration, input access, regulatory bottlenecks, and the sector's positioning within global value chains. The analysis identified several interconnected constraints that affect the competitiveness of Jordan's chemical sector and its capacity to generate inclusive and decent employment.

Concentration of value and weak domestic linkages

A defining feature of the sector is the dominance of mineral-based chemical production, particularly fertilizers derived from phosphate and potash. While this provides Jordan with a comparative advantage in international markets, it concentrates economic activity in a small number of large-scale, capital-intensive operations. Linkages between these upstream extractive industries and downstream manufacturing appear limited, meaning that opportunities to transform locally available raw materials into higher-value finished products remain only partially developed.

This appears to have two consequences. First, it limits opportunities for smaller firms to participate in upstream or downstream production segments, constraining employment creation beyond extraction and processing. Second, the sector does not appear to function as an integrated industrial ecosystem but rather as a set of parallel subsectors, large-scale mineral-based producers on one side, and smaller manufacturers of detergents, consumer chemicals, and cosmetics on the other, with limited interaction in terms of technology transfer, supplier development, or workforce upgrading.

Input access and cost pressures

Across the sector, respondents consistently identified high input and operating costs as a major constraint on competitiveness. Jordan's electricity prices remain high, and firms report that a regulatory cap limiting renewable energy self-generation to 50% of facility consumption, combined with slow solar licensing and unclear regulations, prevents them from reducing this burden despite the country's stated renewables ambitions.

Beyond energy, some firms report constrained access to raw materials. Apart from potash, phosphate, and Dead Sea minerals, the sector is heavily import-dependent, making it vulnerable to global supply shocks, as illustrated by recent Chinese export restrictions on key active ingredients for fertilizers and pesticides.

Domestically, smaller firms report facing export-level pricing and minimum order quantities imposed by local raw material suppliers, while in the Dead Sea products subsector, respondents describe monopoly over raw material supply as a bottleneck that constrains the entire subsector. In soaps and detergents, near-total reliance on imported inputs combined with thin margins appears to place Jordanian producers at a structural cost disadvantage relative to competitors in Turkey and Egypt.

Regional instability further compounds these pressures by disrupting trade routes and raising logistics costs. Smaller actors appear particularly exposed, as they struggle to absorb supply chain disruptions and meet minimum order thresholds for imported inputs.

Regulatory and registration barriers

Firms across subsectors identified slow and burdensome product registration across JFDA and JSMO as a significant barrier, reporting that delays result in missed market windows and reduced responsiveness to demand shifts. The problem appears most acute in specific subsectors. In fertilizers, respondents indicated that registration timelines can stretch up to two years and that no standard operating procedure exists for organic fertilizers. EU compliance costs were reported to reach up to €100,000 per product, further limiting export expansion. In cosmetics, firms reported that registration is slow, that any formula change triggers full re-registration, and that burdensome requirements for imported packaging materials, combined with low-quality local alternatives, undermine product presentation and competitiveness in high-end markets..

Export vulnerability and limited diversification

The sector's integration into international markets is both a strength and a source of fragility. Fertilizers and mineral-based products are largely export-oriented, tying sector performance to fluctuations in global commodity demand and prices. Dependence on a narrow range of export products increases sensitivity to external shocks and reduces resilience at the firm level.

In downstream segments where MSMEs are more active, diversification into higher-value products appears limited. Many firms seem concentrated in standardized categories such as shampoos and cleaning agents, where domestic markets are described as saturated. In soaps and detergents, respondents pointed to the absence of export subsidies, high tariffs in potential African markets, and intense regional competition as leaving few growth pathways. In Dead Sea products, sector fragmentation and the absence of a unified brand strategy appear to prevent small, scattered producers from meeting demand volumes or positioning themselves in international markets. Across subsectors, interviewees pointed to weak R&D and marketing capacity, particularly among smaller firms, as reinforcing these limitations.

Several respondents also noted that support institutions do not consistently provide actionable market intelligence on target markets, standards, or buyer requirements, leaving firms without the information base needed to inform product development or export strategy.

Workforce constraints

The sector appears to face only some workforce pressures. In fertilizers, firms reported that trained technical and office role staff are frequently poached by international firms, creating a persistent gap in mid-level technical and more generic office roles that require soft skills. More broadly, respondents indicated that a sharp rise in Syrian work permit fees, to approximately 950 USD, combined with employer reluctance to train workers perceived as likely to return to Syria and the deterrent effect of random factory inspections, has effectively excluded Syrian workers from the sector.

Implications

Based on the evidence gathered, the chemical sector's core constraints identified include high energy and input costs that erode margins, regulatory processes that slow market responsiveness, fragmented subsectors that lack coordination and scale, and input market structures that disadvantage smaller producers. Addressing these would not necessarily require fundamental restructuring of the sector but rather targeted reforms in energy regulation, registration processes, and input market governance, alongside support for product upgrading and market intelligence in downstream segments..

3. Support Functions

While each of the three selected sectors operates in distinct market systems, their performance is shaped by a shared set of supporting functions that influence costs, investment behaviour, competitiveness, and the quality of employment outcomes. Rather than analysing these functions separately for each sector, this section adopts a cross-cutting perspective to identify systemic constraints that affect multiple market systems simultaneously, while highlighting how their effects differ across subsectors. This approach reflects the structure of the Manzuma intervention strategy, which places particular emphasis on economy-wide leverage areas such as energy efficiency, access to technology, and enterprise upgrading. Where relevant, sector-specific dynamics are discussed to clarify how common constraints translate into different operational challenges for firms in food services, food industries, and chemicals manufacturing.

3.1. Energy Systems

Energy systems constitute one of the most critical supporting functions shaping the competitiveness of the three market systems analysed. Beyond providing reliable electricity, they influence production costs, investment decisions, technology adoption, enterprise productivity, and ultimately the capacity of firms to create quality employment. Unlike many other production inputs, energy represents a largely fixed operating cost that enterprises have limited ability to influence through day-to-day management. As a result, increases in electricity prices translate directly into reduced margins, delayed investments, and lower business competitiveness.

Energy costs and reliability represent one of the most consistently reported constraints affecting enterprise performance across all three sectors analysed in this assessment. Although the intensity and nature of energy use differ significantly between subsectors, electricity tariffs and access to alternative energy solutions influence production costs, investment decisions, and competitiveness across the food services, food industries, and chemicals sectors. At the same time, recent regulatory adjustments affecting solar energy deployment suggest emerging opportunities for firms to reduce operating costs through energy transition strategies, provided that regulatory and coordination challenges can be addressed.

Across sectors, electricity represents one of the few input costs that firms cannot easily adjust in response to market fluctuations. As a result, rising tariffs translate directly into reduced operating margins rather than behavioural adaptation.

In both food industries and food services, energy costs interact with already volatile input prices to further constrain reinvestment capacity. Firms reported that increases in electricity prices compound pressures associated with imported commodities such as wheat, sugar, edible oils, and red meat. This reinforces a pattern in which enterprises prioritise short-term cost management over longer-term productivity investments.

In the chemicals sector, energy plays a structurally different but equally important role. Industrial processing activities depend on continuous operations and large-scale infrastructure, making electricity costs a determinant of international competitiveness rather than only enterprise-level profitability. Taken together, these dynamics indicate that energy pricing affects not only firm performance but also the ability of sectors to move toward higher value-added activities.

Although energy is a shared constraint, its operational implications differ across sectors. In the food services sector, electricity costs primarily affect day-to-day viability. Restaurants, cafés, and bakeries rely on refrigeration, cooking equipment, and climate control systems that cannot be scaled down during periods of weak demand. As household purchasing power remains limited, businesses have little capacity to pass these costs on to consumers.

In the food industries sector, energy costs influence production competitiveness. Processing firms operate in export-oriented markets where price competition is strong, and high electricity tariffs add to the broader cost disadvantages created by reliance on imported inputs and packaging materials.

In the chemicals sector, energy intensity is highest in mineral-based subsectors such as fertilizer production. Field research found that energy costs was challenge for the soaps and detergents subsector where margins are thin, and the fertilizers and pesticides sub-sector where production is energy consuming. Here, electricity costs shape investment decisions related to downstream processing and diversification rather than only affecting operating margins.

Implications for enterprise upgrading and investment

Across all three sectors, high electricity costs reduce the capacity of firms to undertake productivity-enhancing investments. Enterprises frequently reported prioritising short-term operational survival over longer-term capital expenditures in response to rising input prices and uncertain market conditions.

At the same time, several respondents highlighted solar energy as a potentially viable strategy for reducing operating costs. In the food services sector in particular, businesses identified solar installations as an attractive option for improving cost stability over the long term. However, the adoption of solar solutions has historically been constrained by regulatory requirements related to grid integration and licensing procedures. Although earlier regulations limited uptake by creating administrative complexity and uncertainty, more recent policy adjustments were reported to have improved conditions for private investment in solar systems.

Declining global prices for solar panels further strengthen the feasibility of this transition, reducing the need for subsidy-based support mechanisms and increasing the attractiveness of energy efficiency investments for firms across sectors. Nevertheless, implementation challenges remain, particularly in multi-tenant buildings and leased commercial premises where coordination with landlords or building owners is required before installations can proceed.

These dynamics suggest that energy transition solutions, particularly those related to distributed solar generation and energy efficiency improvements, represent a promising cross-sector entry point for interventions aimed at improving enterprise competitiveness and supporting more sustainable cost structures.

3.2. Market Intelligence and Commercial Linkages

Market intelligence and commercial facilitation constitute an important supporting function that enables enterprises to identify new business opportunities, diversify products, respond to changing consumer demand, and access higher-value domestic and international markets. While Jordan benefits from an established network of supporting institutions—including Jordan Export, JEDCO, Chambers of Industry and Commerce, business associations, trade fairs, and export promotion initiatives—the research suggests that many SMEs continue to rely primarily on existing commercial relationships rather than structured market intelligence to guide business decisions.

Across all three sectors, firms reported that new business opportunities are most commonly generated through long-standing buyers, personal networks, family relationships, and commercial intermediaries. Few enterprises systematically analyse market trends, identify emerging consumer preferences, explore new export destinations, or assess the commercial potential of new products before investing. Consequently, product diversification often remains reactive to buyer requests rather than driven by proactive market analysis.

Moreover, access to reliable buyers, intermediaries, and supply chain coordination mechanisms determines firms' ability to stabilise revenues, scale production, and diversify into higher value-added activities. Across sectors, weaknesses in distribution structures and asymmetric relationships with intermediaries influence pricing power, investment decisions, and the integration of smaller firms into formal value chains. While larger enterprises are typically better positioned to secure stable procurement and sales channels, smaller firms often depend on intermediaries that shape market access conditions and capture a significant share of value. As a result, distribution systems function not only as logistical mechanisms but also as key determinants of sector structure and upgrading potential

Several respondents also highlighted the limited availability of detailed, sector-specific market intelligence. Although general export information is widely accessible, SMEs reported difficulties obtaining practical information on niche market opportunities, consumer preferences, product

positioning, packaging requirements, retail prices, competitor analysis, and potential buyers. This limits enterprises' ability to move beyond traditional commercial relationships and expand into higher-value market segments.

Cross-sector role of intermediaries and market access channels

Intermediaries play a central coordinating role between producers and final markets. In the food services sector, wholesalers and specialised food-service distributors aggregate inputs from domestic producers and importers and supply restaurants, hotels, and catering businesses with bundled products including fresh and frozen foods, dry goods, beverages, packaging materials, and cleaning supplies. For many establishments, particularly small and medium enterprises, these distributors represent the primary interface with upstream supply chains and therefore influence prices, product availability, and credit conditions.

In the food industries sector, market linkages are especially important for export-oriented firms targeting Gulf markets and other regional destinations. While the sector has demonstrated resilience in maintaining export growth despite regional instability, firms remain dependent on stable access to international buyers and distribution networks. At the same time, weaker domestic distribution channels and limited promotional support for Jordanian products reduce opportunities for expanding market share locally.

In the chemicals sector, distribution systems are shaped by strong integration into global commodity markets for large firms, particularly in fertilizer production. Export channels play a dominant role in determining production strategies, reinforcing a sector structure oriented toward external demand rather than domestic downstream integration. However, smaller firms struggle with market information and access to export markets, often despite producing products with good demand in export markets. Overall, these dynamics highlight the importance of distribution systems not only as logistical infrastructure but as mechanisms that structure incentives across value chains.

Sector-specific distribution constraints

Food processors access domestic and international markets through a combination of wholesalers, distributors, retailers, export agents and direct commercial relationships with buyers. While traditional Gulf markets continue to absorb most Jordanian food exports, firms increasingly seek to diversify towards higher-value regional and international markets to improve margins and reduce dependence on a limited number of destinations. However, interviews suggest that commercial relationships remain concentrated around long-established buyers and intermediaries, with relatively limited diversification of export destinations or customer portfolios.

The research found that this limited diversification is closely linked to gaps in market intelligence rather than a lack of production capacity. Although respondents consistently identified promising opportunities in Europe, Africa and Asia—including growing demand for ethnic Arabic products, healthier food products and specialised ingredients—few companies systematically analyse consumer preferences, packaging requirements, retail prices, certification requirements or potential buyers before investing in new products. Instead, product diversification is largely driven by existing customer requests or established commercial relationships. One exporter, for example, reported declining a request from a potential buyer seeking a specific fruit variety because the company had no previous experience with that product, despite recognising its commercial potential. Overall, firms tend to continue producing products they have historically manufactured and selling them through familiar commercial channels rather than proactively exploring emerging market opportunities.

Commercial linkages within the food services sector are primarily domestic and increasingly mediated through digital platforms. Restaurants, cafés, catering companies and home-based businesses rely on wholesalers and food distributors for the supply of ingredients and operational inputs, while customers are reached through a combination of direct sales, social media and food delivery platforms. Delivery applications have become particularly important for SMEs, cloud kitchens and women-led home-based businesses by expanding market reach and reducing the need for physical retail outlets.

However, respondents consistently reported that commission fees of around 20–25 per cent, limited access to customer data, delayed payments and reduced control over the customer relationship significantly reduce profitability and reinforce dependence on platform operators.

At the same time, businesses reported limited use of structured market intelligence to guide commercial decisions. Product development is often based on competitors' offerings or customer requests rather than systematic analysis of changing consumer preferences, tourism trends or institutional demand. Women-led home-based businesses in particular face difficulties accessing larger commercial buyers such as supermarkets, catering companies and institutional markets due to limited marketing capacity, branding, packaging and commercial networks. Consequently, many enterprises continue competing in already saturated local markets instead of differentiating products or targeting higher-value customer segments.

The chemicals sector is highly export-oriented, with many manufacturers relying on distributors, commercial agents and long-standing international buyers to access regional and overseas markets. While these relationships have enabled firms to establish strong export positions in several subsectors, respondents indicated that commercial expansion remains concentrated around existing customer networks and traditional export destinations. Few companies reported systematically exploring new markets or developing structured commercial strategies beyond their established business relationships.

This pattern is reinforced by limited access to specialised market intelligence. Companies acknowledged having relatively little information on final consumer preferences, retail positioning, branding strategies, competitor products and emerging market trends, particularly within premium cosmetics, Dead Sea products and environmentally sustainable agricultural inputs. Although firms recognised growing opportunities in niche markets—including organic fertilizers, natural cosmetics and premium Dead Sea products—many lacked the commercial intelligence and buyer linkages needed to translate these opportunities into new business. As a result, market expansion remains largely reactive and relationship-driven rather than based on systematic exploration of new products, buyers and market segments.

Domestic sourcing linkages and supplier integration

Strong linkages exist with domestic producers in selected agricultural value chains, particularly fresh fruits and vegetables, poultry, eggs, dairy products, and olive oil. These supply relationships within the food services sector support local agricultural markets and reduce exposure to import volatility in specific product categories. However, reliance on imported commodities such as wheat, sugar, edible oils, and red meat continues to expose firms to global price fluctuations.

Similarly, in the food industries sector, limited domestic agricultural production reduces the availability of locally sourced raw materials, reinforcing dependence on imported inputs and packaging materials. This dependence contributes to higher production costs and weakens competitiveness relative to regional producers with stronger domestic supply bases.

Meanwhile, strong domestic availability of mineral inputs offers upstream production benefits for the chemical sector. However, linkages between extractive activities and downstream chemical manufacturing remain limited, reducing opportunities for expanding domestic value-added processing. These differences illustrate how supplier integration influences sector structure and determine the extent to which domestic production systems support enterprise upgrading.

Implications for enterprise upgrading and diversification

The structure of distribution systems across all three sectors shapes firms' incentives to invest in new products, expand production capacity, and enter higher value markets. This is observed in the food services sector with the dependence on distributors and delivery platforms which affects margins and limits opportunities for smaller firms to internalise supply chains or develop direct procurement relationships. At the same time, emerging business models such as central kitchens and business-to-business supply arrangements indicate potential pathways for strengthening coordination within the sector.

In the food industries sector, export-oriented growth strategies reflect both the resilience of

regional market linkages and the limitations of domestic demand. Strengthening access to diversified export channels and improving positioning in domestic retail markets therefore remains central to sector upgrading.

Finally, stronger integration between upstream mineral production and downstream manufacturing activities represents a key opportunity for increasing domestic value addition in the chemicals sector. Expanding these linkages could support diversification into higher value products while broadening participation across the sector.

3.3. Access to Finance and Capital

Access to finance represents a cross-cutting constraint affecting enterprise upgrading, technology adoption, and business expansion across the food services, food industries, and chemicals sectors. While the scale and nature of financing needs differ significantly between sectors, firms consistently reported difficulties accessing affordable capital for equipment investment, productivity improvements, and operational scaling. These constraints are particularly pronounced for small and medium enterprises, which dominate the food services sector and remain important actors in segments of the food industries and downstream chemicals manufacturing ecosystem.

Across sectors, investment decisions are shaped by a combination of high interest rates, collateral requirements, and the capital-intensive nature of sector-specific technologies. As a result, firms often rely on internal financing rather than external credit, slowing modernization and limiting their ability to respond to market opportunities.

In all three sectors, limited access to affordable capital restricts firms' ability to undertake investments that would improve productivity and competitiveness. In the food services sector, enterprises identified access to finance as a major barrier to investments in infrastructure such as cold storage, kitchen equipment, and energy systems. These investments are typically cash intensive and require longer repayment horizons than those offered through most available financing instruments. As a result, many firms postpone upgrades that could improve operational efficiency or enable expansion into new business lines such as catering, central kitchen production, or higher-value menu segments.

Similarly, in the food industries sector, capital constraints limit firms' ability to modernize processing equipment and adapt production systems to changing export requirements. High operating costs associated with imported raw materials and packaging reduce retained earnings, further constraining reinvestment capacity. This reinforces a cycle in which firms maintain existing production structures rather than shifting toward higher value-added processing activities.

In the chemicals sector, financing constraints are most visible in efforts to move downstream into higher value-added segments. While large firms in mineral-based subsectors operate at scale, smaller manufacturers in plastics, detergents, and consumer chemicals face barriers to investing in product diversification and technological upgrading. These constraints affect the sector's ability to broaden participation beyond resource-based production activities.

Although financing constraints affect all sectors, their operational implications differ depending on enterprise size, investment requirements, and market positioning.

In the food services sector, financing challenges are most acute among small and medium establishments, including cafés, restaurants, and home-based businesses. These enterprises typically operate with limited capital reserves and face difficulties accessing formal credit for equipment purchases or facility improvements. As a result, business model diversification into activities such as centralized production, cloud kitchens, or in-house preparation of currently outsourced products remains constrained despite interest from firms in pursuing these strategies.

In the food industries sector, financing constraints primarily affect the pace of technology upgrading and export readiness. Processing firms require investments in specialized machinery, packaging systems, and storage infrastructure to meet international market standards. However, high input costs and competitive pricing pressures reduce their ability to mobilize internal resources for these investments.

In the chemicals sector, financing barriers are closely linked to the scale and technological intensity of production. While upstream mineral

processing benefits from established industrial investment structures, smaller downstream firms face greater difficulty accessing capital for innovation and diversification. This contributes to the persistence of a production structure concentrated in primary and intermediate chemical outputs rather than higher value-added segments.

Implications for enterprise upgrading and sector diversification

Across sectors, constrained access to finance limits firms' ability to transition toward more productive and resilient business models. Enterprises frequently reported postponing investments in equipment modernization, storage infrastructure, and energy systems due to uncertainty about financing conditions and repayment risks.

At the same time, several emerging investment priorities were identified across sectors that illustrate the scale of unmet demand for capital. In the food services sector, firms expressed interest in acquiring roasting equipment, expanding centralized production capacity, and internalizing currently outsourced food preparation activities. In the food industries sector, modernization of processing lines and packaging systems remains critical for improving export competitiveness. In the chemicals sector, expansion into downstream processing activities represents a key pathway for increasing domestic value addition.

These patterns suggest that improving access to appropriately structured financing instruments could support productivity upgrading across sectors while enabling firms to pursue diversification strategies aligned with evolving domestic and export market opportunities.

3.4. Skills and Workforce Systems

Workforce availability, technical skills gaps, and labour retention challenges represent persistent constraints across all three sectors analysed in this assessment. While the structure of labour demand differs significantly between service-oriented, processing, and industrial production systems, firms consistently reported difficulties accessing reliable and appropriately trained workers. These challenges affect productivity, limit expansion into higher value-added activities, and shape firms' incentives to invest in workforce formalisation and upgrading.

Across sectors, skills constraints are not limited to technical training gaps alone. They also include high absenteeism, weak alignment between formal training systems and enterprise needs, and structural barriers affecting women's participation in the labour market. Together, these factors reduce operational efficiency and increase uncertainty for employers, particularly among small and medium enterprises.

Across sectors, firms reported that workforce-related constraints affect both daily operations and longer-term business development decisions. For the food industries sector, absenteeism was identified as one of the most frequently cited challenges affecting production continuity. SME owners reported repeated disruptions to production lines when workers failed to attend shifts without notice, creating delays in processing schedules and order fulfilment. At the same time, enterprises indicated difficulty recruiting workers willing to accept production-line conditions at prevailing wage levels, particularly given competition from public sector employment opportunities.

With the food services sector, skills shortages were most visible in mid-level operational roles such as chefs, supervisors, and experienced kitchen staff. Employers reported that formal training programmes often do not reflect the practical requirements of commercial kitchens, resulting in a mismatch between available qualifications and workplace expectations. This limits firms' ability to expand operations or maintain consistent service quality.

In the chemicals sector, workforce constraints were less related to availability of low-skilled labour and more closely associated with technical specialization requirements. Downstream diversification into higher value-added chemical production depends on access to skilled technicians and production specialists, which remains uneven across subsectors. Together, these dynamics indicate that workforce systems influence both short-term operational stability and longer-term sector upgrading pathways.

Sector-specific labour dynamics

Although workforce constraints affect all sectors, their effects differ depending on production

models and enterprise size. In the food industries sector, production-line work relies heavily on female labour, particularly in packaging and quality control functions requiring speed, accuracy, and manual dexterity. Employers reported strong demand for female workers but noted constraints related to transportation availability, restrictions on working hours, and social expectations affecting labour force participation after marriage or pregnancy. At the same time, enterprises indicated that women are often perceived as more reliable workers than men, reinforcing their importance within the sector's workforce structure.

In the food services sector, labour shortages were concentrated in skilled operational roles rather than entry-level positions. Employers highlighted persistent gaps in high-volume cooking skills, inventory and wastage management, and specialised equipment operation. These gaps limit firms' ability to scale operations, open additional branches, or internalise production functions currently outsourced to suppliers such as central kitchens or food-service distributors.

Finally, for the chemicals sector workforce challenges were most visible in segments requiring technical upgrading and diversification. While large-scale mineral processing operations rely on established industrial labour structures, smaller downstream firms face constraints in accessing specialized technical competencies required for product innovation and higher value-added manufacturing.

Workforce stability, gender dynamics, and productivity implications

Beyond technical skills shortages, workforce stability emerged as a significant factor affecting enterprise productivity across sectors. This is seen in the food industries sector, where high absenteeism and worker turnover increase uncertainty in production planning and reduce incentives for firms to invest in training or social security coverage. Evidence from the sector suggests that enterprises transitioning toward more professional management structures and export-oriented operations are more likely to invest in retaining regular workers, reflecting the relationship between workforce stability and productivity improvements.

Gender dynamics also shape labour market participation patterns across sectors. Employers reported strong interest in hiring women, particularly in food processing roles, but identified barriers related to transportation, workplace infrastructure requirements, and social norms affecting working hours and employment continuity. Similar constraints were observed in the food services sector, where employers indicated that female workers often prefer to work in pairs and may require adjustments to workplace arrangements.

These dynamics suggest that workforce participation is influenced not only by training availability but also by broader structural conditions affecting women's access to employment.

Implications for enterprise upgrading and sector growth

Across sectors, skills gaps and workforce instability limit firms' ability to expand production capacity, diversify business models, and adopt more advanced technologies. In the food services sector, shortages of experienced kitchen staff constrain expansion into higher-value service formats and multi-branch business models. In the food industries sector, absenteeism and retention challenges reduce incentives for firms to formalise employment relationships and invest in workforce upgrading. In the chemicals sector, limited availability of specialised technical skills slows diversification into downstream manufacturing activities. Addressing these workforce constraints therefore represents an important pathway for improving productivity, strengthening employment quality, and supporting sector-wide upgrading across the Manzuma portfolio.

3.5. Input Supply, Packaging, Cold Chain and Logistics Infrastructure

Across the three sectors, access to reliable production inputs and supporting logistics infrastructure emerged as an important determinant of enterprise competitiveness. While the availability of most raw materials is generally sufficient under normal market conditions, SMEs consistently reported higher procurement costs than larger firms due to limited purchasing volumes, reliance on intermediaries, and reduced bargaining power. Imported raw materials remain essential across all three sectors, exposing enterprises to international price volatility,

shipping disruptions, exchange-rate fluctuations, and regional geopolitical instability. Conversely, where competitive local supply chains exist, firms benefit from shorter lead times, greater flexibility, and lower transaction costs.

Beyond raw materials, packaging, storage and logistics services play a critical enabling role in preserving product quality, reducing waste, meeting regulatory requirements and connecting enterprises with higher-value domestic and export markets. Cold storage, refrigerated transport, warehousing, and specialised packaging increase product shelf life, facilitate bulk purchasing and aggregation, and improve firms' ability to respond to fluctuating market demand. However, access to these services remains uneven, particularly for micro and small enterprises, limiting their ability to achieve economies of scale and integrate into more formal and higher-value supply chains.

In the Food Industry sector, input supply dynamics vary considerably across subsectors. Dairy processors remain highly dependent on imported feed and animal inputs, while confectionery manufacturers rely extensively on imported sugar, cocoa, dairy derivatives and specialised ingredients. Conversely, the fruit and vegetables subsector demonstrates significant potential to increase local sourcing from Jordanian agriculture, although fragmented production, inconsistent quality, limited aggregation, and inadequate post-harvest infrastructure continue to constrain stronger commercial linkages between farmers and processors. Interviews also highlighted packaging and certified cold-chain infrastructure as critical constraints for exporters seeking to access higher-value regional and international markets.

In the Food Services, most enterprises reported stable access to food ingredients under normal conditions. Nevertheless, smaller restaurants and women-led home-based businesses face higher procurement costs because they purchase limited quantities, often through retailers rather than wholesalers or distributors. Limited access to cold storage, food-grade packaging and refrigerated logistics constrains their ability to purchase inputs in bulk, reduce spoilage, diversify products and supply larger commercial buyers. Improved access to shared production infrastructure could facilitate business formalisation and enable greater participation in catering, retail and institutional food markets.

In the Chemical sector, raw material sourcing differs significantly between subsectors. Fertilizer manufacturers benefit from Jordan's abundant phosphate and potash reserves but remain dependent on imported active ingredients, particularly for pesticides. Cosmetics producers rely heavily on imported ingredients and specialised packaging, while Dead Sea products depend on a unique domestic raw material base. Although access to standard packaging is generally adequate, companies consistently reported difficulties sourcing premium cosmetic packaging locally, resulting in long import lead times and additional regulatory approval requirements. For smaller manufacturers, minimum order quantities for both packaging and raw materials further increase production costs and reduce competitiveness.

3.6. Digital Systems

Digitalisation is emerging as an increasingly important supporting function shaping enterprise operations across the food services, food industries, and chemicals sectors. While the depth of adoption varies significantly between sectors, digital tools are influencing how firms manage procurement, coordinate production, access customers, and monitor performance. In particular, platform-based service models and enterprise management systems are beginning to reshape market access conditions for smaller firms, creating both opportunities for expansion and new forms of dependency on intermediaries.

Across sectors, digitalisation is most advanced where it supports coordination between multiple actors in fragmented supply chains or where it reduces administrative and transaction costs for firms operating in competitive markets.

Cross-sector role of digital tools in enterprise operations

Based on findings of the market assessments, digital tools contribute primarily to improving operational coordination rather than transforming production systems directly. For instance, in the food services sector businesses reported increasing reliance on digital systems for inventory management, ordering processes, and internal reporting. These tools support more efficient stock control and reduce administrative workloads, particularly in multi-branch operations and

establishments managing high product turnover. At the same time, digitalisation of licensing procedures through government platforms was reported to have improved transparency and reduced opportunities for informal practices during registration and renewal processes.

Digitalisation plays a more limited but growing role in the food industries sector in supply chain coordination and enterprise management. Firms engaged in export markets increasingly rely on structured reporting and documentation systems to meet buyer requirements and manage logistics relationships. Finally, analysis of the chemicals sector indicate that digitalisation is less central to current sector constraints, reflecting the capital-intensive and resource-based nature of production in dominant subsectors. However, coordination requirements in downstream manufacturing segments suggest potential relevance for future upgrading pathways.

Platform-based market access and new intermediary roles

Digital platforms have become particularly influential in the food services sector, where they mediate a growing share of transactions between businesses and consumers. Food delivery platforms now perform essential marketing, ordering, and logistics functions for many establishments, including smaller operators and cloud kitchens without storefront locations. These platforms expand market reach and allow new entrants to access customers without investing in physical retail space. At the same time, commission rates reported at approximately 20 to 25 per cent reduce margins and reinforce dependence on platform-based distribution channels.

Social media platforms perform a similar function for informal and home-based businesses by enabling direct-to-consumer sales outside traditional retail structures. These channels create important entry points for enterprises that would otherwise face barriers to accessing formal distribution systems. Together, these dynamics illustrate how digital platforms simultaneously expand market access and reshape value capture within the sector.

Implications for enterprise upgrading and sector structure

The expansion of digital tools across the food services sector is contributing to the emergence of new business models, including cloud kitchens, centralised production units, and hybrid business-to-business supply arrangements. These models allow firms to diversify revenue streams without expanding physical retail infrastructure.

At the same time, digitalisation is changing labour demand patterns within enterprises. Respondents reported that the adoption of digital inventory and reporting systems has reduced the need for some administrative roles, reflecting a shift toward more streamlined operational structures.

Although digitalisation plays a less prominent role in shaping current constraints in the food industries and chemicals sectors, improvements in coordination systems, reporting tools, and logistics management may become increasingly important as firms pursue export diversification and downstream upgrading strategies.

These developments indicate that digital systems are emerging as an enabling function that supports new market entry pathways, improves operational efficiency, and facilitates evolving business models, particularly within the food services sector.

4. Rules and Regulations

In addition to the support functions outlined above, the performance of the three selected sectors is also shaped by a range of formal regulations and informal institutional practices that influence how firms enter markets, operate, and expand. These rules affect enterprise competitiveness by shaping compliance costs, investment incentives, and the degree of formality across value chains. In slight contrast to support functions, which tend to operate across sectors in similar ways, regulatory constraints are more uneven in their effects and often apply differently depending on business size, subsector structure, and level of integration into domestic or export markets.

Moreover, several regulatory areas cut across multiple sectors, particularly those related to licensing procedures, labour formalisation requirements, food safety oversight, and energy regulation. Throughout the field research. respondents across sectors highlighted both constraints and improvements within these frameworks. The following subsections examine the most relevant regulatory domains affecting enterprise performance across the food services, food industries, and chemicals sectors, with attention to both shared dynamics and sector-specific implications.

4.1. Licensing and Business Formalization

Licensing and business formalization requirements shape how firms enter and operate within the food services, food industries, and chemicals sectors. Across sectors, compliance procedures influence investment decisions, employment practices, and the extent to which enterprises participate in formal supply chains. While regulatory frameworks are necessary to ensure product safety, labour protection, and environmental compliance, across the research respondents highlighted that administrative complexity, inspection requirements, and cost considerations can discourage formalization among smaller firms and limit expansion into higher-value market segments.

Cross-sector licensing procedures and inspection requirements

Across the three sectors, licensing procedures and inspection systems influence enterprise behaviour by shaping the costs and incentives associated with formal operation. Municipal licensing requirements affect businesses in both the food services and food industries sectors, particularly smaller establishments operating in urban areas. Enterprises reported that regulatory compliance involves multiple administrative steps and periodic inspections related to health, safety, and operational standards. While these systems contribute to maintaining minimum quality requirements, they can also increase the cost and complexity of operating formally, especially for micro and small enterprises.

Inspection systems were also identified as influencing formalization decisions through their interaction with social security compliance and labour regulation. As firms grow and become more visible to regulatory authorities and buyers, they face stronger incentives to regularise employment relationships and comply with formal requirements. Larger and more professionally managed enterprises were reported to be more likely to operate fully within regulatory frameworks, reflecting the relationship between business scale and compliance capacity.

Recent progress in government digitalisation processes was identified as a positive development in this area. Respondents in the food services sector noted that digital licensing systems have reduced opportunities for discretionary decision-making and simplified renewal procedures, contributing to a more predictable regulatory environment for enterprises.

Sector-specific formalization dynamics in the food services sector

In the food services sector, licensing requirements play a particularly important role in shaping the participation of small enterprises and home-based businesses (HBBs) in formal markets. Field research found that food safety concerns represent a major barrier to stronger commercial linkages between restaurants and home-based producers. Formal establishments often require suppliers to meet hygiene certification standards before purchasing prepared food products. As many HBBs operate outside formal certification systems, this limits their ability to participate in business-to-business supply relationships despite potential demand for locally prepared products.

At the same time, some businesses indicated that differences in regulatory compliance between formal establishments and informal producers contribute to perceptions of unfair competition. Formal firms incur costs associated with taxation, licensing, and social protection contributions, while informal operators are often able to operate with lower overhead costs. These differences reinforce segmentation within the sector and reduce incentives for informal enterprises to formalize in the absence of clear market benefits.

Certification and compliance requirements in the food industries sector

In the food industries sector, licensing constraints are closely linked to certification requirements associated with food safety and export market participation. Compliance with health and safety standards is necessary for firms seeking access to international buyers and modern retail channels. However, the costs associated with certification and upgrading production systems can be significant, particularly for SMEs operating with limited investment capacity. As a result, some enterprises remain concentrated in lower-value domestic market segments rather than transitioning toward export-oriented production.

Additionally, increasing visibility to regulatory authorities and buyers creates stronger incentives for firms to formalize employment arrangements and adopt structured management practices. Enterprises expanding into export markets were reported to be more likely to comply with social security requirements and broader regulatory obligations, reflecting the interaction between certification systems and enterprise upgrading.

Industrial compliance requirements in the chemicals sector

In the chemicals sector, licensing and compliance requirements are shaped primarily by the industrial nature of production processes and the scale of operations involved. Large firms operating in mineral-based subsectors function within established regulatory frameworks linked to extraction, processing, and export activities. These compliance systems influence production planning and investment decisions, particularly where firms seek to expand into downstream processing activities. At the same time, smaller downstream manufacturers face different challenges related to meeting technical and regulatory requirements associated with product diversification.

These dynamics reinforce the sector's segmented structure, in which large export-oriented firms operate within well-defined regulatory systems while smaller enterprises face greater uncertainty in navigating compliance requirements associated with upgrading into higher value-added production activities.

Further, given the safety concerns intrinsic to the chemical industry, product registration with government authorities is mandatory, but slow timelines represent a key constraint across sub-sectors, leading to missed market opportunities. Delays were reportedly the result of slow administrative processing rather than technical requirements. Registration with JFDA takes 6–7 months for cosmetics, 2–3 months for personal care products, and up to 2 years for fertilizers and pesticides. Once approved in Jordan, products must also comply with destination country regulations, sometimes doubling time to market. Organic fertilizers face the greatest challenge, as given that products are new to the Jordanian market, no institutional knowledge exists on how to certify them. As a result, registering fertilizers as organic becomes extremely difficult, which

in turn means farmers using Jordanian organic inputs cannot market their products as organic even when they are.

4.2. Food Safety and Quality Standards

Food safety and quality standards play a central role in shaping enterprise participation in formal markets across the food services and food industries sectors. Compliance with hygiene regulations, inspection procedures, and certification requirements influences access to business-to-business supply relationships, retail distribution channels, and export markets. These regulatory systems are therefore not only public health safeguards but also key mechanisms structuring market entry, competition, and upgrading pathways within the sector.

The effects of these standards differ depending on enterprise size and level of formality. Larger firms are generally better positioned to comply with inspection requirements and certification procedures, while smaller establishments and home-based producers often face higher relative compliance costs. As a result, food safety regulation contributes to segmentation between enterprises integrated into formal supply chains and those operating primarily in informal or direct-to-consumer markets.

Food safety compliance in the food services sector

In the food services sector, inspection systems overseen by the Jordan Food and Drugs Administration (JFDA) form a core component of the regulatory environment affecting restaurants, catering providers, and other food establishments. Respondents described these inspections as a routine feature of business operations that shape licensing conditions and influence relationships with suppliers.

Certification requirements were identified as a particularly important factor affecting linkages between formal establishments and HBBs. Many restaurants require suppliers of prepared food products to demonstrate compliance with hygiene standards before entering commercial procurement relationships. This limits opportunities for HBBs to participate in business-to-business supply chains even where there is interest in sourcing locally prepared products.

Food safety concerns were also cited by formal enterprises as a reason for avoiding procurement from informal producers. In addition to regulatory obligations, businesses reported reputational risks associated with sourcing uncertified products. These considerations reinforce reliance on established distributors and professional suppliers rather than smaller informal producers. Inspection procedures were nevertheless described as relatively clear in their application, and some respondents highlighted improvements in administrative transparency linked to digitalisation of licensing and renewal systems.

Certification requirements in the food industries sector

Within the food industries sector, compliance with quality and safety standards is closely linked to access to export markets and modern retail channels. Certification plays a decisive role in determining whether firms can supply regional buyers, supermarkets, and institutional clients.

Meeting these standards often requires investments in production processes, packaging systems, and documentation procedures. For firms operating with limited capital reserves, certification costs can therefore delay or prevent entry into higher-value market segments. This contributes to a pattern in which some enterprises remain concentrated in lower-margin domestic markets rather than expanding into export-oriented production.

Regulatory visibility also increases as firms scale operations and enter formal distribution systems. Enterprises supplying export markets were reported to be more likely to adopt structured management practices and comply with broader regulatory requirements, including formal employment arrangements. In this way, certification systems function not only as quality assurance mechanisms but also as drivers of enterprise formalization.

4.3. Trade and Import Policies

Trade and import policies shape enterprise competitiveness across the food industries, food services, and chemicals sectors by influencing

the availability and cost of raw materials, packaging inputs, and finished products. Given Jordan's structural dependence on imported commodities and intermediate goods, regulatory conditions governing imports play an important role in determining production costs and market positioning. Across sectors, respondents highlighted the interaction between trade exposure and domestic production constraints as a key factor shaping investment decisions and upgrading strategies.

While access to international markets creates opportunities for export-oriented firms, reliance on imported inputs simultaneously increases vulnerability to global price volatility and logistics disruptions. These dynamics affect sectors differently depending on their position within regional and global value chains.

Import dependence and competitiveness

In the food industries sector, trade exposure is closely linked to the structure of domestic agricultural production. Limited availability of locally sourced raw materials means that many processors depend heavily on imported inputs from regional suppliers and Asian markets. Packaging materials are also largely imported, further increasing production costs.

These dependencies reduce the ability of firms to compete with producers in countries that benefit from stronger domestic supply bases and lower logistics costs. Enterprises identified imported inputs, transport costs, and packaging expenses as major factors contributing to the perception that Jordanian food processing firms are "not competitive" in regional markets.

Competition from imported finished food products also affects domestic market performance. Findings from field research indicated that products originating from countries such as Turkey, China, and the United Arab Emirates enter the Jordanian market under conditions that make it difficult for local firms to compete on price. In this context, firms increasingly prioritise export markets as a strategy for stabilising revenues and maintaining profitability

Although the food services sector is less directly exposed to trade regulation than manufacturing sectors, import policies influence operating conditions through their effects on input prices. Restaurants, bakeries, and catering businesses rely heavily on imported commodities such as wheat-based products, sugar, edible oils, and red meat. Fluctuations in global prices for these goods translate directly into higher operating costs for food-service providers. Because domestic demand is constrained by household purchasing power, businesses have limited ability to pass these increases on to consumers, placing additional pressure on margins. Trade-related cost transmission therefore affects enterprise viability in the sector even where firms are not directly engaged in international markets.

Export orientation and global market positioning in the chemicals sector

Trade policy plays an even more central role in the chemicals sector, where production structures are strongly oriented toward export markets. Fertilizer production and related mineral-based chemical activities depend on access to international buyers, making global trade relationships a primary determinant of sector performance.

This export orientation supports sector resilience but also reinforces a production structure concentrated in upstream and intermediate products. As a result, diversification into downstream manufacturing activities depends partly on firms' ability to reposition within global value chains rather than only expanding domestic market presence. Trade integration therefore operates as both an enabling condition for growth and a structural factor shaping the sector's specialization patterns.

Implications for sector upgrading and domestic value chain integration

Across sectors, the structure of trade exposure influences incentives for investment in domestic value addition. In the food industries sector, dependence on imported raw materials and packaging reduces opportunities for strengthening local supply chains and increases sensitivity to logistics disruptions. In the chemicals sector, strong export integration supports large-scale production but limits the development of downstream processing activities within domestic markets. In the food services sector, reliance on imported commodities reinforces cost volatility and constrains pricing flexibility.

These dynamics suggest that improving domestic supply chain integration, where

feasible, represents an important pathway for strengthening competitiveness and reducing exposure to external shocks across multiple sectors within the Manzuma portfolio.

4.4. Labour Regulations and Social Protection Systems

Labour regulations and social protection requirements influence enterprise behaviour across the food services, food industries, and chemicals sectors by shaping incentives for workforce formalization, recruitment practices, and investment in employee retention. Compliance with social security contributions, maternity coverage provisions, and employment contract requirements represents an important component of operating costs, particularly for small and medium enterprises. As a result, labour regulation frameworks affect both employment quality and firms' willingness to transition from informal or temporary labour arrangements toward more stable workforce structures.

Across sectors, respondents described a pattern in which enterprises balance the benefits of workforce stability against the financial implications of formal employment. While larger firms and export-oriented enterprises are more likely to provide full social protection coverage, smaller establishments frequently rely on informal or short-term labour arrangements to maintain operational flexibility in competitive markets.

Social security coverage and enterprise incentives for formal employment

In the food industries sector, social security contributions were identified as an important factor shaping employment strategies.[37] SMEs reported reluctance to enrol workers in formal coverage schemes due to high turnover rates and pressure to minimise overhead costs. In practice, many enterprises extend coverage only to core staff such as managers and skilled workers, while relying on daily or temporary labour to maintain flexibility in production operations.

A shift toward broader social protection coverage becomes more common as enterprises expand into export markets and adopt more professional management practices. Increased visibility to regulatory authorities and buyers strengthens incentives to comply with labour regulations, while the need to maintain productivity and quality standards encourages firms to retain trained workers through more stable employment arrangements.

However, the existing social security framework was reported to be poorly adapted to daily labour arrangements commonly used to manage seasonal fluctuations or cover absenteeism. Enterprises therefore face a choice between employing informal workers or transitioning directly to fully formalised contracts, limiting intermediate options for gradual workforce regularisation.

Gender-related labour regulations and participation constraints

Gender dynamics represent an important dimension of labour regulation effects across the food industries and food services sectors. Employers in food processing reported strong reliance on female workers, particularly in packaging and quality control roles requiring precision and consistency. At the same time, maternity coverage requirements were perceived by some enterprises as an additional cost burden, reducing incentives to maintain long-term employment relationships with female workers.

Cultural expectations further shape employment continuity. Employers reported that women frequently leave jobs following marriage or pregnancy, reducing predictability in workforce planning. In some cases, employers indicated that contracts may be terminated prior to maternity leave in order to avoid associated costs, reflecting weak incentives to support maternity coverage despite its availability through the social security system.

In the food services sector, participation constraints affecting women were linked not only to regulatory requirements but also to workplace

37 A Market Systems Analysis on SMEs' business incentives to contribute to social insurance schemes in Jordan | International Labour Organization

conditions such as transport availability, shift structures, and the need for gender-sensitive workplace arrangements. These factors influence recruitment strategies and limit the effective labour supply available to employers.

Informality, daily labour arrangements, and workforce flexibility

Across both food services and food industries sectors, enterprises rely extensively on flexible labour arrangements to manage fluctuations in demand and uncertainty in operating conditions. Daily workers are frequently used to cover absenteeism or respond to short-term increases in production requirements. However, existing labour regulations provide limited mechanisms for integrating these arrangements into formal employment systems.

This gap contributes to persistent informality within segments of both sectors, particularly among smaller enterprises operating with limited financial margins. As a result, formalization decisions are often delayed until firms reach a scale at which compliance becomes necessary for maintaining relationships with buyers, regulators, or institutional clients.

In contrast, labour regulation dynamics were less prominent as a constraint in the chemicals sector, where production structures are more capital-intensive and employment is typically concentrated within established industrial enterprises operating under formal compliance systems. Nevertheless, workforce specialization requirements in downstream manufacturing segments suggest that labour regulation frameworks may become more relevant as diversification efforts expand.

4.5. Energy Regulation

Energy regulation plays an important role in shaping enterprise responses to rising electricity costs across the food services, food industries, and chemicals sectors. While energy prices themselves function as a structural competitiveness constraint, regulatory frameworks governing access to alternative energy solutions (particularly solar generation) determine whether firms are able to adopt cost-reducing technologies. As a result, energy policy influences not only operating costs but also firms' capacity to invest in long-term productivity improvements.

In all three sectors, respondents during field research identified distributed solar generation as one of the most promising mechanisms for reducing exposure to electricity tariffs. However, earlier regulatory requirements related to grid integration licensing were described as a significant barrier to adoption, particularly for small and medium enterprises lacking the administrative capacity to navigate complex approval procedures.

Licensing conditions for solar energy adoption

Regulatory procedures governing solar installations were repeatedly identified as affecting the feasibility of enterprise-level investment in renewable energy systems. Businesses reported that previous licensing requirements made integration into the electricity grid difficult and reduced incentives to pursue solar solutions even where expected cost savings were substantial.

More recent policy adjustments were described as improving conditions for adoption by creating a more balanced regulatory framework for both producers and consumers of solar energy. These changes were accompanied by declining global solar panel prices, which together reduced reliance on subsidy-based investment models and increased the commercial viability of distributed solar systems for enterprises.

Despite these improvements, implementation constraints remain. Businesses operating in rented premises or shared commercial buildings continue to face coordination challenges with landlords and other tenants when installing solar infrastructure. These institutional barriers affect adoption rates even where regulatory conditions have improved.

Sector-specific implications for energy transition strategies

Although regulatory changes affecting solar energy apply across sectors, their practical implications differ depending on enterprise size and production structure. In the food services sector, solar installations were identified as a potentially effective mechanism for stabilising operating costs in energy-intensive establishments such as bakeries and cafés. However, uptake is often constrained by tenancy arrangements and limited access to investment capital.

In the food industries sector, renewable energy solutions offer opportunities to reduce production

costs associated with cold storage, processing equipment, and packaging operations. Regulatory clarity regarding grid integration therefore plays an important role in enabling firms to pursue efficiency improvements at scale.

In the chemicals sector, energy regulation is particularly relevant for large industrial operations with high electricity demand. Improvements in the regulatory environment governing solar integration may support longer-term investment planning, especially in subsectors seeking to strengthen competitiveness through cost reduction and downstream diversification.

5. Potential Areas of Intervention

5.1. Intervention Logic and Strategic Priorities

Building on the findings of the Market Systems Analysis, the stakeholder consultations, and the assessment of key market actors, this chapter identifies a portfolio of potential intervention areas that could address the underlying constraints limiting enterprise competitiveness and inclusive job creation across the three priority sectors. The intervention portfolio combines cross-cutting initiatives that respond to shared constraints across sectors, such as energy costs, workforce coordination, and domestic supply chain integration, with targeted sector-specific actions supporting export diversification, supplier upgrading, and niche market development.

These intervention areas are intended to build on existing market incentives and capacities while addressing systemic bottlenecks that prevent SMEs from growing, upgrading, and creating more and better employment opportunities for Syrian refugees and vulnerable Jordanians, including women and youth.

While each sector presents specific market dynamics and requires tailored responses, the analysis also identified several common constraints affecting enterprise performance across the three sectors. These include high production costs—particularly energy costs, imported raw materials and operational inefficiencies—limited access to market intelligence and diversified commercial channels, constraints in accessing finance for productive investments, and shortages of appropriately skilled workers. As such, the proposed intervention areas combine sector-specific entry points with cross-cutting interventions that address common supporting functions and market-wide constraints.

Rather than concentrating resources on a small number of activities, Manzuma proposes to embrace the complexity of these market systems through a diversified portfolio of pilot interventions engaging different market actors, value chain functions and supporting services. Although the specific entry points differ across sectors, they all contribute to one or both of two overarching strategic objectives:

- **Reducing production costs and improving enterprise productivity**, through improvements in production processes, energy efficiency, workforce productivity, business management, and stronger supply chain relationships; and
- **Expanding and diversifying market opportunities**, by strengthening market intelligence, improving commercial linkages, facilitating access to higher-value domestic and export markets, and supporting product diversification and innovation.

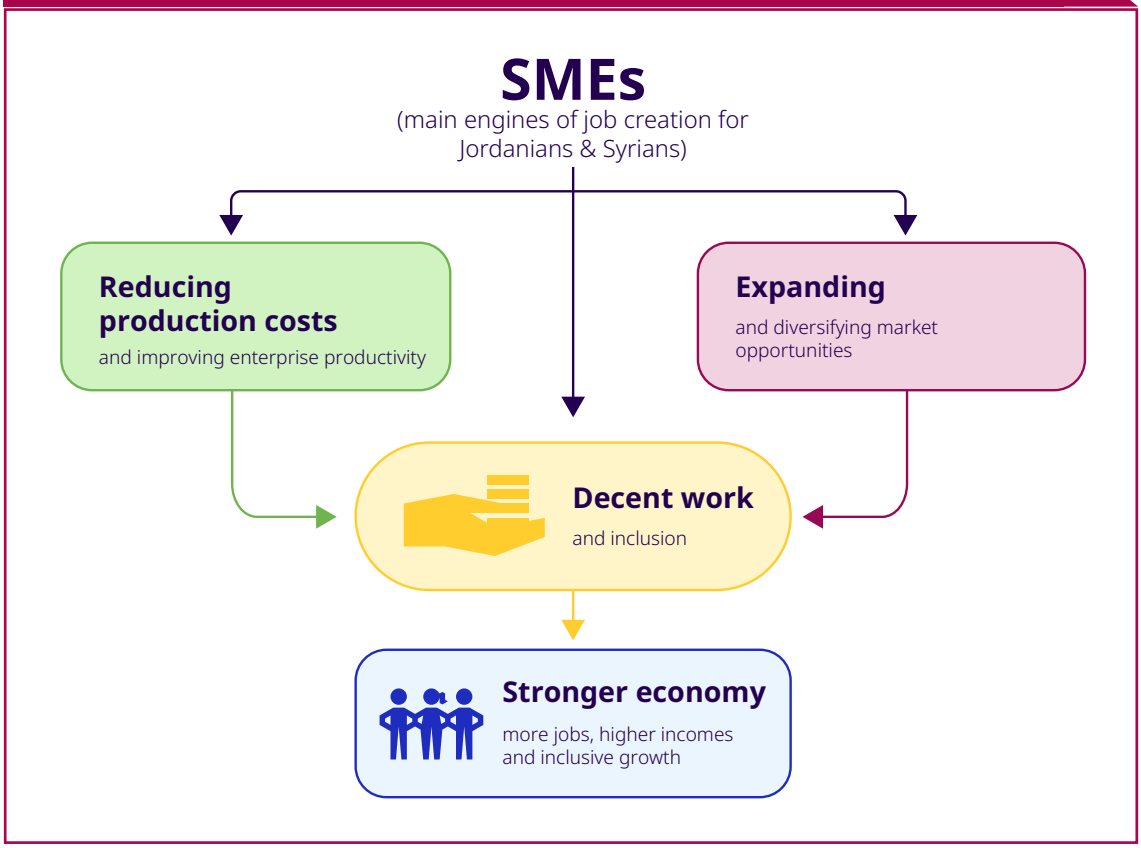
Together, these complementary pathways aim to stimulate behavioural and systemic change that strengthens the long-term competitiveness of Jordanian SMEs while creating stronger commercial incentives for enterprises to invest, expand production, formalise employment, and generate more and better jobs for Syrian refugees and vulnerable Jordanians. In this way, enterprise competitiveness and growth is not viewed as an end in itself, but as the primary market incentive through which sustainable and inclusive job creation can be achieved.

It is important to note that the relationship between improved SME competitiveness and better employment outcomes **is not assumed to be automatic**. While reducing production costs, increasing productivity, expanding market channels and improving profit margins can strengthen the commercial incentives for enterprises to grow, these improvements do not necessarily translate into more or better jobs for vulnerable workers.

Manzuma's strategy therefore seeks to **intentionally create the conditions that connect enterprise growth with decent work outcomes.** Through the selection of intervention areas, the engagement of market actors, and the design of pilot initiatives, the programme will proactively encourage enterprises to translate improved business performance into the creation of quality employment opportunities for Syrian refugees and vulnerable Jordanians, including women and youth. This includes identifying entry points within each intervention area to address the most prominent decent work deficits identified through the MSA. The objective is not only to support the expansion of employment opportunities, but also to improve the quality of jobs created. Depending on the intervention, this may include integrating employment formalization and other decent work commitments into SME growth support packages, promoting more stable and skilled employment, strengthening workforce development, and supporting business models that generate both commercial value and inclusive labour market outcomes for Syrian refugees and vulnerable Jordanians.

The proposed interventions should be understood as a strategic roadmap rather than a fixed implementation plan. Each intervention area will require further validation, co-design and prioritisation with market actors during implementation. Given that Market Systems Development interventions are rooted in the incentives of local market actors, changes in market signals, and the ability to influence behaviours and business practices, the outcomes of individual pilot interventions cannot be predicted with certainty. Some pilots may prove more effective than others, while new opportunities and partnerships may emerge as market conditions evolve.

Figure 6: Potential Areas of Intervention



Adopting a portfolio approach allows Manzuma to test different pathways, generate evidence, learn through implementation, and progressively scale those interventions that demonstrate the greatest potential for systemic and sustainable impact.

5.2. Overview of Potential Areas of Intervention

This chapter provides an overview of the different areas of intervention as such as initial thinking on these pilots which will be further fine-tuned as part of the implementation phase and in continuous co-creation with local actors who will lead their implementation. The proposed intervention areas are colour-coded to illustrate their primary contribution to Manzuma's strategy: interventions in green focus on reducing production costs and improving enterprise productivity, while those in purple seek to expand and diversify market opportunities. Across both categories, entry points have been intentionally identified to promote inclusive enterprise growth and strengthen decent work outcomes for Syrian refugees and vulnerable Jordanians.

1. Strengthening Market Intelligence, Commercial Linkages And Export Diversification (Cross-cutting)

Across all three sectors, SMEs rely heavily on long-standing commercial relationships, existing buyers and informal business networks, with limited access to structured market intelligence, buyer information and commercial facilitation services. While many enterprises have successfully established export channels, particularly within the GCC, exports remain highly concentrated in a limited number of traditional markets. Combined with increasing competition, this leaves many SMEs with limited diversification of export destinations, customer segments and product portfolios. Firms also reported limited access to detailed market intelligence on emerging opportunities, consumer preferences, buyer requirements and niche market trends that could support expansion into higher-value markets.

Both SME owners and export promotion organisations emphasised that existing support often focuses on general market reports and sporadic trade fairs, while enterprises require more continuous and practical market facilitation services. In particular, firms highlighted the need for tailored market intelligence, direct exposure to emerging export markets, buyer matchmaking, and support to better understand buyer requirements, consumer preferences and market entry strategies.

Manzuma should explore multiple interventions that strengthen market intelligence, commercial facilitation and export readiness by improving SMEs' access to strategic market information, buyer networks and commercial support services. Potential entry points include strengthening the capacity of intermediary organisations to generate and disseminate market intelligence, facilitate buyer matchmaking, support product diversification, organise trade missions and commercial exchanges, test alternative logistics corridors, and improve SMEs' understanding of emerging domestic and international market opportunities. Facilitating real-life exposure to new market channels and promote spaces for interaction with buyers and suppliers is crucial.

The project should prioritise higher-value markets with strong quality, traceability and social compliance requirements, using these as strategic entry points to incentivise improvements in working conditions, workforce professionalism and product quality throughout the supply and production chains. Moreover, these interventions could test transformative mechanisms to make this support to exporting SMEs conditional on employment formalization and other Decent Work commitments.

Potential partners: sector associations, Chambers of Commerce, export associations, JEDCO, logistics providers, business development service providers, embassies, and international buyers, ILO constituents.

2. Strengthening Domestic Sourcing and Supplier Upgrading (Food Industry)

Despite the availability of agricultural production in Jordan, many food processors continue to rely on imported raw materials or established import channels. Interviews revealed that this preference is not only driven by lower import prices (which are often offset by higher transportation and logistics costs), but also by concerns over the inconsistent quality, fragmented production, limited aggregation, unreliable volumes and weak post-harvest handling of locally sourced products. As a result, processors often perceive imports as less risky than developing local supplier relationships. At the same time, the MSA identified

significant opportunities to increase local sourcing in subsectors such as fruits and vegetables, dairy and selected food ingredients, particularly where stronger commercial coordination, aggregation and quality assurance systems can be established.

Strengthening domestic sourcing would not only reduce dependence on volatile international raw material markets and transport costs, but also create stronger commercial incentives for investment throughout the local supply chain. More predictable demand from processors could support the expansion of agricultural production, aggregation and post-harvest services, generating more stable incomes and employment opportunities in a sector that employs large numbers of Syrian refugees and vulnerable Jordanians. In turn, stronger buyer-supplier relationships and improved traceability could also create incentives to raise quality standards, formalize commercial relationships and progressively improve decent work conditions across the supply chain.

The project will explore interventions that strengthen the commercial incentives for processors and other buyers to source locally by improving supplier reliability, quality assurance, traceability, post-harvest handling, aggregation models and long-term commercial partnerships. Potential entry points include facilitating commercial agreements between processors and producer organisations, strengthening local aggregation businesses, supporting supplier upgrading, and piloting traceability systems that respond to the quality and social compliance requirements of higher-value domestic and export markets.

By creating stronger commercial pull from downstream buyers, these interventions could not only improve the competitiveness and resilience of domestic supply chains but also create incentives to improve working conditions, workforce skills and employment formalization among upstream suppliers seeking to access premium markets with stricter quality, traceability and social standards.

Potential partners: Ministry of Agriculture, NARC, producer organisations, cooperatives, processors, exporters, chambers of agriculture.

3. Expanding Higher-Value Domestic Market Channels and Strengthening Commercial Aggregation (Food Services)

The MSA found that many food service SMEs and women-led Home-Based Businesses (HBBs) remain concentrated in saturated local markets, competing primarily on price and relying on fragmented customer networks. At the same time, growing demand for artisan, gourmet and locally produced food products, together with expanding opportunities in the HORECA, tourism, catering and institutional food markets, creates significant potential for SMEs to capture higher margins and diversify their customer base. However, enterprises often lack the scale, quality assurance, branding, packaging, licensing and commercial networks required to access these higher-value markets.

Manzuma will identify opportunities to test commercially sustainable aggregation models that strengthen market access for SMEs and women-led HBBs by facilitating stronger commercial relationships with retailers, gourmet food companies, hotels, restaurants, tourism operators, catering companies and institutional buyers. Potential entry points include developing aggregation and sourcing models, strengthening shared branding and packaging services, improving product differentiation and quality assurance, supporting compliance with food safety requirements, and strengthening market intelligence on emerging consumer trends. Interventions should focus on promoting commercially viable models that enable informal women-led businesses to progressively integrate into formal supply chains while maintaining incentives for private sector actors to continue providing these services beyond the life of the project.

These interventions should be complemented by targeted support to facilitate SMEs' and women-led HBBs' access to appropriate business development services, tailored technical assistance and entrepreneurship training. The objective is to strengthen their production capacity, business management practices and readiness to engage with higher-value commercial markets. Particular attention should be given to addressing the specific constraints and decent work deficits affecting home-based businesses—including food safety, licensing, business management, quality assurance and workforce practices—to enable them to successfully respond to the requirements and opportunities of these new commercial channels.

Potential partners: HORECA associations, tourism operators, gourmet food processors and distributors, retailers, catering companies, municipalities, chambers of commerce, business associations, institutional buyers, and specialised packaging and branding service providers.

4. Strengthening Market Positioning of Jordanian Specialty Chemical Products (Chemicals)

Jordan possesses strong comparative advantages in specialty chemical products, particularly Dead Sea products, natural cosmetics and selected high-value chemical products. However, firms continue to rely on traditional buyers and fragmented export strategies, with limited product differentiation, branding and market diversification. In the Dead Sea products subsector, the fragmented nature of the industry further limits its ability to build a strong international reputation and respond to the scale, quality and consistency required by premium international buyers, despite growing global demand for natural and mineral-based products.

Manzuma will explore entry points to strengthen the international positioning and commercial competitiveness of Jordanian specialty chemical products (in particular Dead Sea products, cosmetics and speciality chemicals) through improved branding, market intelligence, buyer linkages and export promotion. Potential entry points include supporting coordinated market development initiatives among producers, strengthening sector associations and cluster organisations, developing shared branding and quality standards, facilitating buyer matchmaking and trade missions, and piloting collective entry into selected high-value international markets. Such pilots could serve to test commercially viable models for coordinated export promotion and generate evidence on the benefits of collective market positioning for SMEs.

As premium international markets increasingly require compliance with quality, traceability and responsible production standards, support to participating SMEs could be accompanied by progressive commitments to improve occupational safety and health (OSH), workforce skills, employment formalization and other decent work practices. Linking enterprise upgrading with improvements in labour practices would not only strengthen the international positioning of Jordanian specialty chemical products, but also ensure that increased competitiveness translates into better-quality employment opportunities.

Potential partners: Jordan Export, Jordan Chamber of Industry, Dead Sea Products Association (DSPA), cosmetics associations, branding specialists, distributors, embassies, business development service providers and international buyers.

5. Improving Enterprise Competitiveness Through Energy Efficiency and Renewable Energy (Cross-cutting)

High energy costs emerged as one of the most significant constraints affecting enterprise competitiveness across the three priority sectors. At the same time, the MSA found considerable untapped potential for enterprises to reduce production costs through greater adoption of renewable energy and energy efficiency measures. While several benchmark companies have successfully invested in solar energy and modern energy management systems, regulatory barriers, uncertainty surrounding the current policy framework, and limited access to appropriate investment models continue to constrain wider uptake, particularly among SMEs.

While the evolving regulatory framework may require further analysis to better understand the underlying constraints affecting this important supporting function, the project could already explore interventions that strengthen the enabling environment for productive renewable energy adoption by SMEs while promoting energy efficiency as a driver of enterprise competitiveness and job creation.

A first area of work could focus on generating evidence and building stakeholder consensus around practical regulatory and policy options that facilitate greater renewable energy uptake by SMEs while taking into account existing energy sector commitments, grid stability and private sector investment incentives. This could include modelling the expected impacts on enterprise competitiveness, investment, productivity and employment across key sectors.

Building on this evidence, a second phase could explore demonstration partnerships with selected SMEs to test commercially viable renewable energy and energy efficiency solutions under the existing or revised regulatory framework. These pilots would provide proof of concept for policymakers

and financial institutions while generating practical evidence on business performance, employment creation and scalability across sectors where Syrian refugees and vulnerable Jordanians are employed.

Given the cross-cutting nature of energy costs, this intervention has the potential to unlock productivity improvements well beyond individual enterprises by strengthening SME competitiveness, stimulating business expansion, increasing demand for local suppliers and supporting the growth of Jordan's green economy. Positioning the intervention within a broader competitiveness and industrial development agenda is also expected to strengthen policy dialogue and facilitate engagement with key government institutions while contributing to inclusive employment outcomes.

Potential partners: Ministry of Energy and Mineral Resources, Energy and Minerals Regulatory Commission (EMRC), EDAMA, energy service companies, financial institutions, Chambers of Industry, business associations, research institutions and other technical organisations active in renewable energy and industrial competitiveness.

6. Strengthening the Enabling Environment and Market Development for Organic Fertilizers (Chemicals)

The MSA identified organic fertilizers as one of the most promising emerging niches within Jordan's chemical sector. Growing enforcement of Maximum Residue Limits (MRLs) in Gulf and European markets is increasing demand for bio-inputs that enable farmers to reduce chemical residues while accessing higher-value export markets. At the same time, Jordan possesses abundant locally available waste streams that could support a competitive domestic organic fertilizer industry. However, the sector remains underdeveloped due to two key constraints: the absence of a clear regulatory pathway for registering organic inputs and the limited availability of independently verified evidence demonstrating their technical and commercial performance under Jordanian farming conditions.

An intervention specifically targeting this subsector and constraints could explore activities that simultaneously strengthen the enabling regulatory framework and accelerate market development for organic fertilizers. Potential entry points include supporting relevant public institutions in developing transparent registration procedures, standards and permitted substance lists for organic inputs, while collaborating with early movers in the sector to generate independently verified proof of concept through structured field trials on priority export crops.

These demonstrations would generate evidence on agronomic performance, input costs, yields and residue reduction while strengthening confidence among farmers, buyers and regulators. Together, these interventions could facilitate the development of a commercially viable organic fertilizer market that supports export competitiveness, promotes circular economy business models and creates new opportunities for domestic value addition.

Given the growing importance of traceability, sustainability and responsible production standards in international agricultural markets, this intervention also provides an opportunity to strengthen commercial linkages between organic input producers, farmers, exporters and certification bodies. Greater adoption of organic inputs could contribute to reducing workers' exposure to hazardous chemicals, improving occupational safety and health (OSH) practices in agricultural production, and strengthening compliance with environmental and labour standards increasingly required by premium domestic and export markets. By linking technical support and market access opportunities with progressive improvements in production practices and decent work, the intervention can contribute not only to greater export competitiveness, but also to safer, more productive and more inclusive agricultural supply chains.

Potential partners. Jordan Standards and Metrology Organization (JSMO), Ministry of Agriculture, NARC, Jordan Society for Organic Farming, early mover organic fertilizer companies, exporters, certification bodies, universities and research institutions, constituents.

7. Building the Business Case for Workforce Retention, Decent Work and Productivity (Cross-cutting)

Across the three sectors, enterprises consistently identified staff turnover and absenteeism as major constraints affecting productivity, product quality and business performance. While some larger and more structured SMEs reported that investing in a stable and more formal workforce reduced

absenteeism and improved productivity, most enterprises have not measured these relationships or identified the conditions under which workforce investments generate commercial returns.

Manzuma will identify opportunities to generate evidence on the relationship between staff turnover, absenteeism, workforce formalization, productivity and enterprise performance. Potential activities could include worker surveys and focus groups to better understand the drivers of absenteeism and job retention, combined with enterprise-level assessments that measure the business impact of workforce stability on productivity, quality, operational costs and profitability. The findings could contribute to building a stronger business case for investments in workforce development, improved working conditions and employment formalization as drivers of enterprise competitiveness. Manzuma should identify market-based mechanisms to leverage this evidence and improve workforce matching, strengthen employer coordination, enhance workforce skills and retention, and promote more efficient and inclusive recruitment systems.

Potential partners. ILO, Ministry of Labour, Social Security Corporation, unions and other constituents, chambers of industry and commerce, sector associations, universities, business development service providers and selected SMEs.

8. Exploring Cross-Border Value Chain Opportunities between Jordan, Syria, and Lebanon (Cross—cutting)

The reopening of trade routes with Syria and the gradual economic recovery in parts of the country are creating new opportunities to rebuild regional value chains that were disrupted over the past decade. At the same time, interviews revealed the emergence of a growing number of Syrian entrepreneurs who have established successful businesses in Jordan and Lebanon while progressively re-establishing commercial activities in Syria. These businesses are increasingly sourcing raw materials, skills and specialised services across borders, while also exploring opportunities to manufacture, distribute or sell products in Syria. Several entrepreneurs expressed interest in progressively establishing branches, franchises or other formal commercial arrangements in Syria while maintaining their primary operations in Jordan, creating a unique opportunity to strengthen complementary cross-border business models.

Despite this momentum, considerable uncertainty remains regarding market conditions, regulatory frameworks, logistics, investment risks, labour mobility and commercial partnerships. Across the three priority sectors, enterprises expressed both strong interest and understandable caution towards expanding cross-border operations, highlighting the need for reliable market intelligence, trusted commercial facilitation and evidence-based business models before making significant investments.

Manzuma will respond to these encouraging market signals and explore opportunities to strengthen regional value chains between Jordan, Syria and Lebanon by identifying commercially viable cross-border business models that build on the comparative advantages of each country and sector. Potential areas of work include cross-border market systems analyses, identification of complementary production functions, buyer and supplier matchmaking, dialogue among business associations, assessment of regulatory and logistics bottlenecks, and the piloting of regional commercial partnerships in selected value chains. Particular attention should be given to opportunities that strengthen regional sourcing, value addition, export diversification and the transfer of knowledge, skills and investment across borders.

Potential partners: Syrian International Business Association (SIBA), constituents in targeted countries, Chambers of Industry and Commerce, sector business associations, Jordan Export, investors and investment promotion agencies, logistics providers, relevant ministries, ILO country offices in Jordan, Syria and Lebanon, and other development partners supporting regional economic recovery and trade facilitation.

6. Conclusion

This Market Systems Assessment has identified significant opportunities for more inclusive and competitive growth across Jordan's food industries, food services and chemicals sectors. While each sector presents distinct market dynamics and constraints, the analysis demonstrates that many of the barriers limiting enterprise growth and employment creation are systemic in nature and therefore require solutions that extend beyond support to individual enterprises or workers.

At the centre of Manzuma's strategy is the recognition that SMEs are the principal drivers of employment generation for Syrian refugees and vulnerable Jordanians. Rather than directly creating jobs, the project seeks to strengthen the competitiveness, resilience and growth of SMEs so that they are able to generate sustainable demand for more and better employment opportunities. The strategy is also rooted in the recognition that enterprise growth alone cannot be relied upon to automatically generate inclusive Decent Work outcomes. For this reason, Manzuma intentionally combines interventions that improve enterprise competitiveness with entry points that progressively strengthen inclusion and Decent Work, including workforce skills, occupational safety and health, employment formalization and other labour practices where these also contribute to business performance and competitiveness.

The intervention framework presented in this report reflects this dual strategy. Across the three sectors, the proposed areas of intervention seek either to reduce production costs and improve enterprise productivity, or to expand and diversify market opportunities, with the overarching objective of stimulating more and better employment opportunities for Manzuma's target groups. By aligning commercial incentives with improvements in employment quality, the project aims to create lasting behavioural change among market actors rather than temporary project-driven results.

Importantly, this assessment should not be regarded as a comprehensive or definitive blueprint for implementation. Markets are dynamic and continuously evolving, particularly within the current regional context. Rather, the MSA provides an evidence base, a strategic direction and a practical framework to guide Manzuma's engagement with public institutions, business associations, constituents, SMEs and other market actors. The proposed areas of intervention are therefore intended as a portfolio of opportunities to be further refined, validated and co-designed with local stakeholders, taking into account their incentives, capacities and willingness to invest in change.

The next phase of Manzuma will therefore move from analysis to facilitation. Working alongside local partners, the project will identify commercially viable entry points capable of influencing how market systems function, encouraging enterprises and supporting institutions to adopt new practices, strengthen commercial relationships and invest in innovation. Through this process, Manzuma aims to demonstrate that strengthening SME competitiveness and improving market performance can go hand in hand with creating more resilient enterprises, stronger local economies, and more and better jobs for Syrian refugees and vulnerable Jordanians.

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