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COOPERATION

LevelUP
ADVANCING JORDANIAN INDUSTRIES

**Upgrading
The Jordanian
Natural Cosmetics
Value Chain to Boost
Job Creation for
Youth and Women**

Opportunities, challenges
and recommendations



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United Nations Industrial Development Organization (UNIDO) Project

Funded by the Italian Agency for Development Cooperation (AICS), “Job creation for youth and women through improvement of business environment and SMEs competitiveness project (i.e., LevelUP - Advancing Jordanian Industries)” was approved in 2018 and the implementation began in 2019.

LevelUP - Advancing Jordanian Industries is a United Nations Industrial Development Organization (UNIDO) multi-component project that aims to create decent job opportunities for women and youth including through self-employment and support of the inclusive and sustainable industrial development of the country in accordance with the Jordan 2025 Economic Development Plan. In partnership with the Ministry of Industry, Trade, and Supplies (MITS) and with AICS the project contributes to Jordan’s industrial advancement and provides the government with key economic tools to support the development of competitive small and medium-sized enterprises (SMEs). The project supports the Hashemite Kingdom of Jordan in its efforts to build a nurturing ecosystem that promotes economic inclusion and enables women and young people from both rural and urban regions to realize their entrepreneurial aspirations. LevelUP closely works with diverse national and international actors, including the private sector, NGOs, women, youth and sectorial associations, business development service providers and academia.

The project seeks to strengthen evidence-based policymaking for inclusive and sustainable industrial development and, more tangibly, to increase Jordan’s private-sector contribution to job creation (including through self-employment) by enhancing the competitiveness of SMEs in selected value chains. This, in turn, will contribute to improved social and economic inclusion of youth and women and will lead to poverty reduction at the national level.

The project is built around two components whose combined effects will result in increased competitiveness and opportunities for the private sector to expand and create job opportunities for youth and women.

Component 1: Developing an information system on the industrial sector that supports the production of evidence-based industrial and market intelligence analysis, and that facilitates overall monitoring of industrial development, including its impact on the economic inclusion of women and youth which is carried out through the establishment of the Industrial Intelligence Observatory and the Jordan Industrial Competitiveness report.

Component 2: Enhancing investment and market opportunities in three selected value chains: Fashion and Garments, Natural Cosmetic and Food supplements industry as drivers of job creation and self-employment for youth and women in both urban and rural regions.

Executive Summary

The Ministry of Industry Trade and Supply (MITS) of Jordan and the United Nations Industrial Development Organization (UNIDO) carried out research on the potential value of the natural cosmetics value chain to provide part of the 60 000 new jobs per year called for by youth and women in Jordan. This value chain analysis (VCA) was prepared by UNIDO in 2020 under the framework of the project “**Job creation for youth and women through improvement of business environment and SMEs competitiveness**” implemented by the UNIDO in collaboration with MITS, financed by the Italian Agency for Development Cooperation (AICS). The labour market in Jordan is experiencing higher than ever unemployment, peaking at 19 percent in 2020, linked to the fact that since 2014 Jordan has sheltered a large influx of Syrian refugees seeking shelter and jobs. The situation is particularly alarming for women and youth: **the gender-disaggregated unemployment rate (aged 15-64) reached 17.4 percent in 2020 for men compared to 26.5 percent for women, and 40 percent for youth (aged 15-24)**. SMEs in the cosmetics sector in Jordan tend to find **women more productive than men**, but women tend to be largely economically inactive because of a series of factors: factories do not provide needed services such childcare, traditional expectations that women leave their job to raise children, and the high cost of rural transports to the factory and nurseries.

The natural cosmetics value chain (VC) has been selected based on **job and entrepreneurial opportunities offered to women and youth, market opportunities** with a focus on export, **potential for innovation** at all levels of the value chain, and **national sectorial priorities**. **The global natural and organic cosmetics market is projected to reach USD 50 billion in 2027 from USD 32 billion in 2022 with a 9.5 percent CAGR**. With **USD 35 million in market value/sales, Jordan** covers one thousandth of this market. However, the overall market increase signals a **potential for employment creation in Jordan**, whose production relies on around 60 formal SMEs and hundreds of NGOs and home-based informal businesses (HBBs). SMEs in the natural cosmetics value chain (VC) employ an estimated **960 workers** of which **71 percent are women and 58 percent are young adults (aged 18-30)**. Informal home-based businesses provide **at least another 200 fixed jobs**, probably many more. In terms of the level of jobs, women in managerial positions remains under 60 percent.

HBBs are unregistered activities owned and run by women, involving one or two workers in a basic business model with basic technologies. The research team interviewed a sample of six SMEs and five NGOs operating in the natural cosmetics VC. The VCA is conducted on SMEs rather than on HBBs since SMEs are more organized and rely on semi-automatic machinery, reflecting a proper factory structure. The sector comprises a wide range of **products for body, face, and hair care**; the assortment has 200 stock keeping units. The most typical and relevant are **Dead Sea products**, made with Dead Sea mud and salts, and **natural olive oil soaps**. The key HS codes are 330499 (most relevant), 330510, 330730, 330790 and 340119. **Most SMEs make less than USD 0.5 million annual sales with a 30-40 percent gross margin. 83 percent of SMEs tend to export their products, with exports representing 80-100 percent of their production. Some 4 600 tons were produced in 2018, of which 3 700 tons were exported to Saudi Arabia, Iraq, Lebanon, and Algeria with a +6 percent 5-year CAGR. The remaining 900 tons were sold in the domestic market with a +9 percent 5-year CAGR before the COVID-19 pandemic**. The total market for **Jordanian Dead-Sea-mud cosmetics exceeded USD 30 million in 2018 with exports worth USD 21 million (65 percent of the total Jordanian exports of cosmetics)**. The VCA forecasts a +10.19 percent 2022-2027 CAGR reaching USD 80 million, though the ITC has more prudent expectations. The ITC forecasts a USD 15 million total export potential for Jordanian HS 330449 beauty products, 30 percent of which is still untapped, and indicates Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Egypt, and Palestine, as well as the United States of America, China, and India as the ten highest potential markets for Jordan. The VCA also highlighted the European Union (EU) as a potential market. Jordan’s competitive advantages are **Dead Sea mining installations, comparatively low manpower costs, and the EU rule of origin relaxation (RoO)**.

Since international promotion is expensive, Jordan may select a few key markets among them such as EU (Germany), China and China, Hong Kong SAR, and the United States of America. Dead Sea product niche markets should be tackled, facing organized competition from Israel and, in the Gulf Cooperation Council (GCC), from United Arab Emirates producers. Jordanian producers could also benefit by reinforcing their presence in the domestic market. In 2018, Jordan imported cosmetics for USD 10 million (HS codes 330499, 330590) from Lebanon, Egypt, France, the United States of America, and Germany.

Dead Sea raw material is purchased solely from the Jordanian company Al Numeira, owned 100 percent by the Arab Potash Company, while other ingredients (60 percent of raw materials) are imported mainly from the EU, India, China, and Canada.

Actions should focus on supporting research and development (R&D) activities, achievement of certifications, local supply of raw materials, training for technical and managerial skills, and professionalization of promotion tools and the financial side.

- **R&D activities** could be supported by establishing a centralized R&D centre, funding research programs, and incentivizing R&D spending. This should also improve the product testing, especially for high export-potential firms. An online platform for manufacturers should be created to share knowledge and information on international advanced technology used in the cosmetics field.
- The Good Manufacturing Practices (GMP) certification process is cumbersome and costly. JFDA is the sole accreditation body and its GMP certification procedures may be streamlined to facilitate SMEs access on regulated markets. SMEs may also be supported to meet **quality and natural product certifications** requirements to improve and differentiate their products.
- The **procurement of raw materials** must be made more efficient. On the one hand, by prioritizing the supply of Dead Sea ingredients to Jordanian manufacturers through the improvement of Al Numeira supplies, and on the other hand by improving and incentivizing the national packaging offer to avoid delays due to foreign sourcing.
- **Technical and managerial training** must be offered through training courses, workshops, and coaching sessions to tackle the limited access to skilled and semi-skilled labour, thus achieving more efficient production.
- **The entire marketing area needs professionalization.** The natural cosmetics SMEs need support in devising a comprehensive marketing strategy for the expansion of international markets, especially towards China, China, Hong Kong SAR, the United States of America, or the EU, leveraging Jordan's regional advantage in terms of preferential trade arrangements. The national branding could benefit from supporting cooperation between SMEs.

Finally, enhancing industry SME competitiveness requires that the banking sector and government engage in more affordable financial and fiscal conditions.



「01 INTRODUCTION」



1.1 Three studies promoted by the Ministry of Industry, Trade and Supply to foster job creation in Jordan

Value chain analysis (VCA) is part of a set of three VCAs, the other two focus on garment and fashion, and medicinal and aromatic plants. These three VCAs were prepared by UNIDO in 2020 under the framework of the “**Job creation for youth and women through improvement of business environment and SMEs competitiveness**” project implemented by UNIDO in collaboration with the Ministry of Industry, Trade and Supply, financed by the Italian Agency for Development Cooperation (AICS).

The three VCs were selected in 2019 by Jordanian private and public stakeholders after an identification exercise for the (1) **job and entrepreneurial opportunities offered to women and youth** in both urban and rural areas, (2) market opportunities with a focus on export, (3) potential for innovation at all levels of the value chain, and (4) national sectorial priorities.

1.2 Research data and methodology

The VCA comprehensively mapped VC actors, assessed their market, technical capacities and economic performance centred on producers and encompassing upstream supply and downstream distribution. This included a thorough review of principal constraints, growth bottlenecks and untapped development opportunities particularly regarding women and youth economic inclusion. Based on this analysis, a prioritized upgrading strategy and an action plan were formulated to enhance the competitiveness of enterprises along the entire value chain.

The VCA relies on secondary data from existing publications, reports, and datasets, completed and validated by primary data from a series of qualitative interviews. The research team interviewed a sample of six SMEs and five NGOs operating in the natural cosmetics VC, and a wide range of key stakeholders including government ministries with enterprise development functions, international organizations with related support programs, and service providers.

Cosmetic manufacturers are classified as both HBBs and SMEs. SMEs are formally registered companies with a business orientation, while HBBs are more informal enterprises with a social orientation, collaborating with NGOs for the distribution of their products. The value chain analysis is conducted on SMEs rather than on HBBs since SMEs are more organized and rely on semi-automatic machinery unlike HBBs that adopt a basic business model in which their production processes are manual with the absence of dedicated spaces/premises for the production and storage of material, formalization, and quality constraints.

1.3 Youth and women unemployment rates reached respectively 41 and 27 percent in 2020

The motivation behind the VCA is strictly linked to the alarming youth and women labour market. According to World Bank data, **the youth unemployment rate in Jordan has dramatically increased since 2014, reaching 40.7 percent in 2020** (Figure 1). The Jordanian productive sector is not creating enough job opportunities to absorb the more than 60 000 young citizens who enter the labour market annually.

Unemployment, youth total (% of total labor force ages 15-24) (modeled ILO estimate)

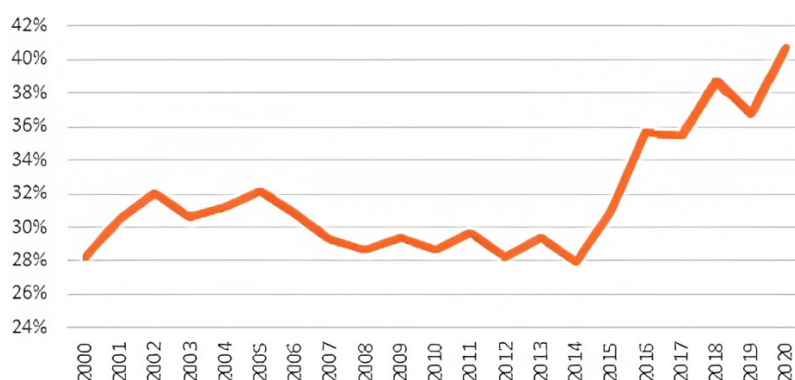


Figure 1: youth unemployment rate (15-24 years)¹

¹ Source: elaboration based on World Bank data <https://data.worldbank.org/indicator/SL.UEM.1524.NE.ZS?locations=JO>

The total unemployment rate in Jordan remains in the double digits and structural, regardless of the business cycle fluctuations (Figure 2). As of March 2014, Jordan has sheltered a large influx of Syrian refugees, many seeking jobs. Since then, the total unemployment rate in Jordan has dramatically increased, peaking in 2020 (19 percent). The unemployment rate varies significantly by gender: **the unemployment rate for men has reached 17.4 percent in 2020 compared to 26.5 percent for women.**

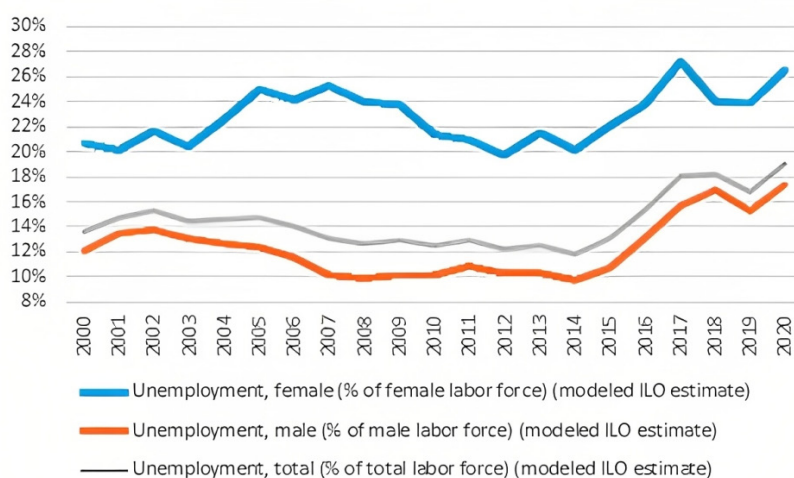


Figure 2: Total, female, male unemployment rates (aged 15-64)²

Furthermore, women tend to be largely economically **inactive**. As factories do not provide nursery services, some women working in the sector find it hard to leave their children, or the elderly, at home. Traditional assumptions that women should leave their jobs to raise children, the cost of rural transport to the factory, and the cost of nurseries—when available—exacerbate female unemployment. Based on interviews with SMEs managers, it was observed that there were no objections from family/husband on women working.

1.4 The global natural cosmetic market, worth USD 32 billion, is set to define an international product standard

This document summarizes the analysis of the **natural cosmetic value chain (VC)** of Jordan and aims to acquaint the reader with its potential in terms of market opportunities, employment generation (for women and youth) as well as possible interventions for the development of the VC.

The natural cosmetics VC of Jordan comprises a wide range of products for body, face, and hair care, including muds, salts, soaps, shampoos, masks, lotions, and moisturizers made of **typical Jordanian ingredients: Dead Sea mud and salts, olive oil**, lavender, geranium, mint and pomegranate.

Although there is not a commonly accepted definition of natural cosmetics, they are considered natural if they contain amount of natural ingredients. Although definitions and specifications change country by country, there are initiatives to develop an international standard.³

The trend of natural and organic Cosmetics is in higher demand than ever and is now widely seen as a global trend. **The global natural and organic cosmetics market is projected to reach to a valuation of USD 50 billion in 2027 from USD 32 billion in 2022 by exhibiting a 9.5 percent CAGR** as shown in Figure 3. With USD 35 million in market share Jordan covers one thousandth of the overall market. Millennials, the generation born between 1981 and 1996, are leading this trend, characterized by both by the number of consumers in this age group and their buying behaviour. The large increase in the global market may suggest room for Jordanian companies to increase their sales.

² elaboration based on World Bank data <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=JO>

³ e.g. COSMOS, <https://www.cosmos-standard.org/>.

Global Natural and Organic Cosmetics Market

Market forecast to grow at a CAGR of 9.5%

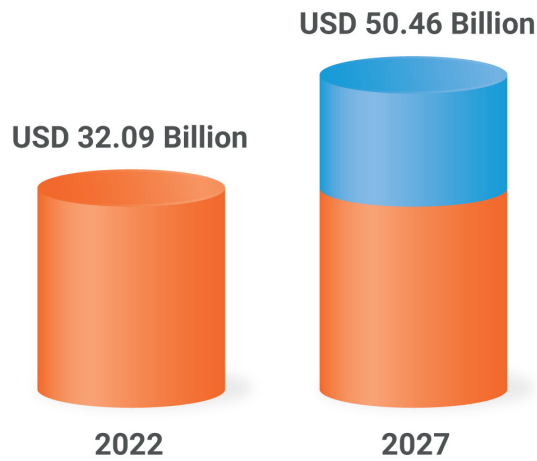


Figure 3: Global Natural and Organic Cosmetics market in 2022 and 2027 (projected)⁴

⁴ "Global Natural and Organic Cosmetics Market - Analysis By Product Category, Distribution Channel, By Region, By Country (2022 Edition): Market Insights and Forecast with Impact of COVID-19 (2022-2027)" (Market Research Future, 2022)





「02 KEY FINDINGS」



2.1 Products and actors

- **What are the product boundaries of the value chain?** The natural cosmetics VC of Jordan comprises a wide range of **products for body, face, and hair care** (including mud, salts, soaps, shampoos, masks, lotions and moisturizers). The typical Jordanian ingredients are the **Dead Sea mud and salts** and **the olive oil**. A particular product is the high-quality handmade **natural olive oil soaps** named Orjan Soap created with local ingredients such as lavender, geranium, mint, and pomegranate.
- **How is the value chain structured?**

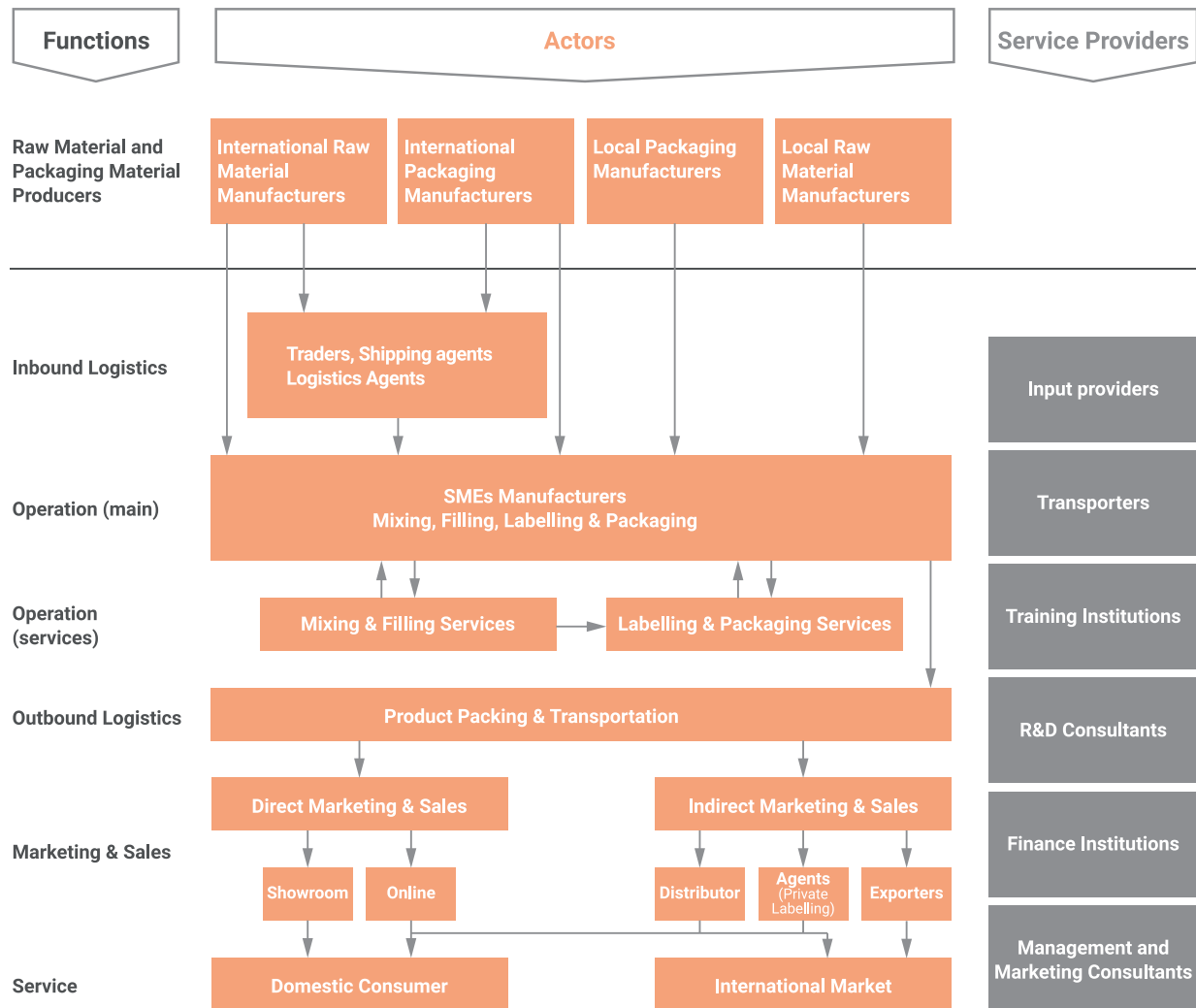


Figure 4: value-chain mapping⁵

Figure 4 maps the VC of a SME in the Natural Cosmetics sector. The main chain **actors** are the (1) **Input suppliers**, (2) **Producers**, (3) **Traders/ Exporters** and (4) **Retailers**.

The manufacturing process represented in Figure 4 starts with the procurement of raw material either imported directly by the manufacturers or indirectly through wholesalers. The Dead Sea raw material is solely purchased from the Jordanian company Al Numeira,⁶ owned 100 percent by the Arab Potash Company, while other ingredients (60 percent of raw materials) are imported mainly from the EU, India, China, and Canada. The raw material is then passed to the producers that execute the mixing, filling, labelling, and packaging stages. The final stage involves passing the product to the end market whether locally or globally through wholesalers, business-to-business (B2B) importers, and retailers. The end consumers may then purchase the products through various channels including grocery stores, supermarkets, department stores, pharmacies, online stores, and beauty salons.

⁵ "Job Creation for Youth and Women through the Improvement of the Business Environment and SMEs' Competitiveness- Natural Cosmetics" (UNIDO, 2020)

⁶ Ref. www.numeira.com

Several **service providers** support the actors in the VC. Jordanian SMEs deal with **transportation and logistics services** as international orders of raw materials and product deliveries are shipped via the ports of Aqaba or road transported across the Syrian Arab Republic, Lebanon, and the Gulf. SMEs interact with **standard regulating bodies** (e.g., **JFDA**) to receive the approval for the formula before launching any new product; they also deal with **R&D consultants** for product testing and development of new formulas. SMEs depend on subcontracting companies to support the **training** of the employees on soft skills and other work-related areas (e.g., financial management, quality control, and implementation of new quality certificates such as GMP). Furthermore, 60 percent of the SMEs have dealt with **consulting companies and market information services** to study the local and export markets.

- **Sixty SMEs⁷ spearhead the natural cosmetics value-chain, while hundreds of HBBs form the informal backbone.** The Jordanian natural cosmetics sector’s SMEs have dedicated facilities and semi-automated production lines. There are also several hundred HBBs, most of whom are not registered and therefore not totalled by this VCA. These activities are mainly owned and run by women and involve one or two workers following a basic business model with basic technologies. HBBs sell through social media platforms or NGOs that provide women/HBBs with the ability to sell under the NGO.

From now onwards, the VCA will focus on SME sample and will specify when it includes the HBBs.

2.2 Sector size and SMEs cost structure

- Some **representative estimates for the Natural Cosmetics sector of Jordan:**

Value of production	USD 32 million ⁸
Value of export	USD 26 million ⁹
Number of employees	16 per SME ¹⁰
Number of SMEs	60 ¹¹

- **The formal SMEs have a relatively limited production value but relevant margins, as per the hereafter cost structure:**
 - 19 percent labour;
 - 22 percent raw materials;
 - 10 percent rent;
 - 6 percent energy;
 - 8 percent miscellaneous;
 - 5 percent marketing; and,
 - 30 percent gross profit.

⁷ Article from Taipei Times states that there are 50 Jordanian Companies that produce Dead Sea Cosmetics. Available at <https://www.taipeitimes.com/News/bizfocus/archives/2010/03/21/2003468511>. Furthermore, the estimate derived by dividing the value of production by the revenue per SME deliver as a result 64 SMEs. The 60 SME estimate is a rounded number in the middle of the two.

⁸ Estimated as total export over production’s percentage of export. This estimate includes all types of businesses (both SMEs and HBBs).

⁹ Estimated as export of Dead Sea products/percentage of export of Dead Sea products over total export of Jordan. This estimate includes all types of businesses (both SMEs and HBBs).

¹⁰ The number of employed in each SMEs has been obtained as an estimate from the study “Impact of social media usage on organizational performance in the Jordanian dead sea cosmetic sector” (Dodokh and Al-Maaitah, 2019). This estimate refers to the SMEs because HBBs usually involves only one or two workers.

¹¹ Article from Taipei Times states that there are 50 Jordanian Companies that produce Dead Sea Cosmetics. Available at <https://www.taipeitimes.com/News/bizfocus/archives/2010/03/21/2003468511>. Furthermore, the estimate derived by dividing the value of production by the revenue per SME deliver as a result 64 SMEs.

2.3 Women and youth account for 71 and 58 percent of the industry

- Most of the labour force employed in the natural cosmetics VC in Jordan are women:** the percentage of female employees in the sample of SMEs was 71.3 percent of the total number of employees. However, the percentage of women tends to be much lower than that of the male employees in the management staff. Field research (Figure 5) has shown that 22.1 percent of total staff are in managerial positions distributed between 59.3 percent female and 40.7 percent male. Re-expressing these percentages in terms of total employees, female and male, in the management staff represent 13.1 and 9 percent respectively of the entire workforce (computed as 59.3 of 22.1 percent and 40.7 of 22.1 percent). It is evident that the large employment gap between women and men sharply drops in the management staff.

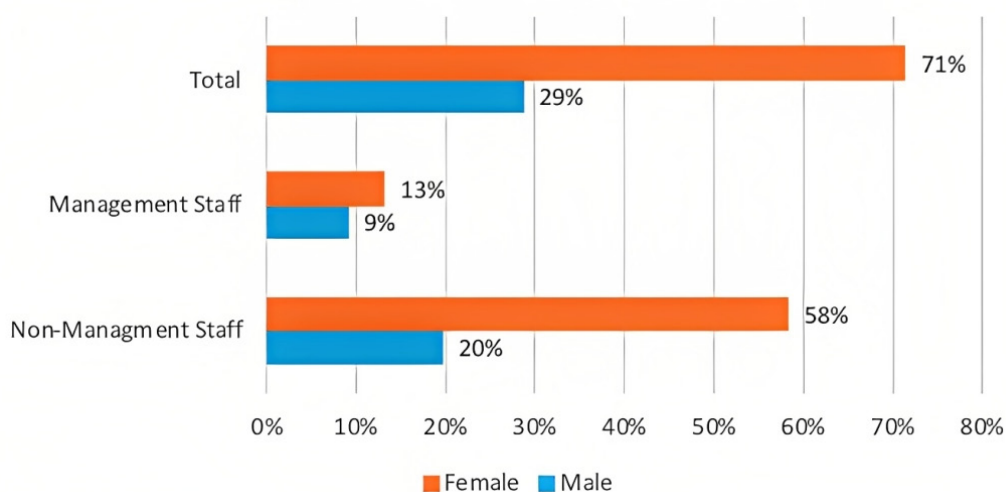


Figure 5: Gender Hierarchy Distribution of the SMEs Staff¹²

- Young people of both genders (18 to 30 years old) are 58.2 percent of total employees.** Employees between 31 and 50 years old represent 35.2 percent distributed between 76.7 percent of women and 23.3 percent of men and those over 50 years old represent only 5.7 percent. Figure 6 demonstrates that any improvement in the natural cosmetic producers would positively affect a dense concentration of youth and women, the target groups.

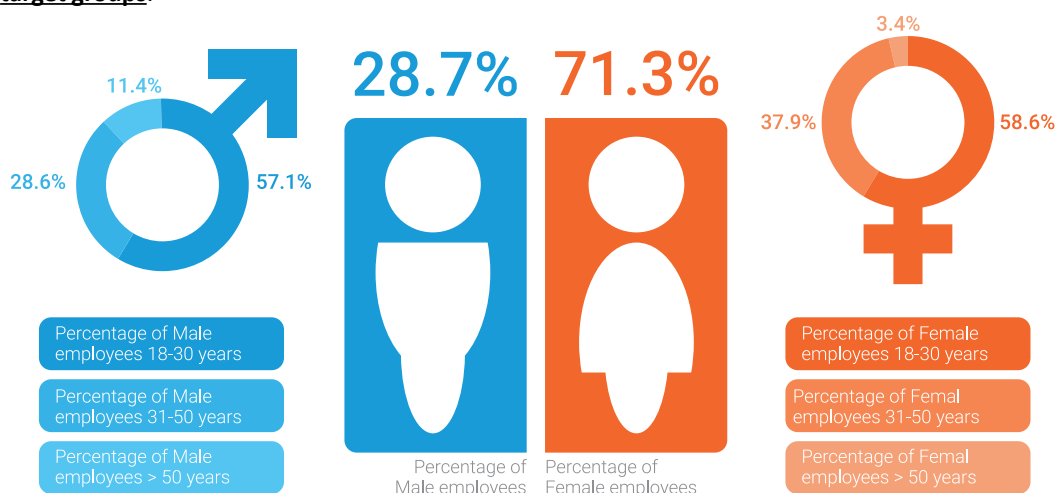


Figure 6: gender and age distribution of staff¹³

- SMEs in the cosmetics sector in Jordan tend to find women more productive than men, however women are often forced to leave their jobs to raise their children.** The field and desk research has also found that women-owned SMEs prefer hiring a higher percentage of women because when the management is not gender diverse, the employees of the other gender tend to become less disciplined. Some SMEs managers highlighted that some women leave their job when they get married, whether based on their own decision or due to their inability to find places to leave their children. Women employees are also discouraged by relatively expensive transportation to the factories in rural areas.

¹² Re-elaboration of data from "Job Creation for Youth and Women through the Improvement of the Business Environment and SMEs' Competitiveness- Natural Cosmetics" (UNIDO, 2020)

¹³ "Job Creation for Youth and Women through the Improvement of the Business Environment and SMEs' Competitiveness- Natural Cosmetics" (UNIDO, 2020)

2.4 Forecasted economic-growth CAGR in MENA region at 12.6 percent

- **Both the global and Jordanian Dead Sea mud cosmetics markets are expected to double by 2027, compared to their valuation in 2018.** Due to the lack of sufficient data on the natural cosmetics sector, available statistics related to the Dead Sea mud products sub-sector are used here as a proxy for analysing the future market trend for natural cosmetics in general. According to the “Global Dead Sea Mud Cosmetics Market Outlook and Projections 2019-2027” study, the global mud cosmetics market (*note: this is general mud, not restricted to Dead Sea Mud*) is forecasted to reach a valuation of USD 5.8 billion by the end of 2027 from USD 2.3 billion .¹⁴ The mud cosmetics market reached USD 35 million in 2018 and is projected to reach USD 80 million by the end of 2027, expanding at a CAGR of 10.19 percent over the forecast period 2020-2027.

Table 1: CAGR over the 2020-2027 period in some Dead Sea mud cosmetics markets

Region / Country	CAGR in %
USA	11.07%
Europe	11.34%
Germany	12.07%
MENA region	12.6% ¹⁵
Jordan	10.19%

- The ITC forecasts a USD 15 million total export potential for Jordanian HS 330449 beauty products, 30 percent of it still untapped (Figure 7). According to ITC, the ten highest potential markets for Jordan are Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Egypt, Palestine, State of, Singapore, Bahrain, Sudan, Oman, Algeria, Korea, Republic of, Lebanon, Malaysia, Turkey, and Taipei, Chinese.

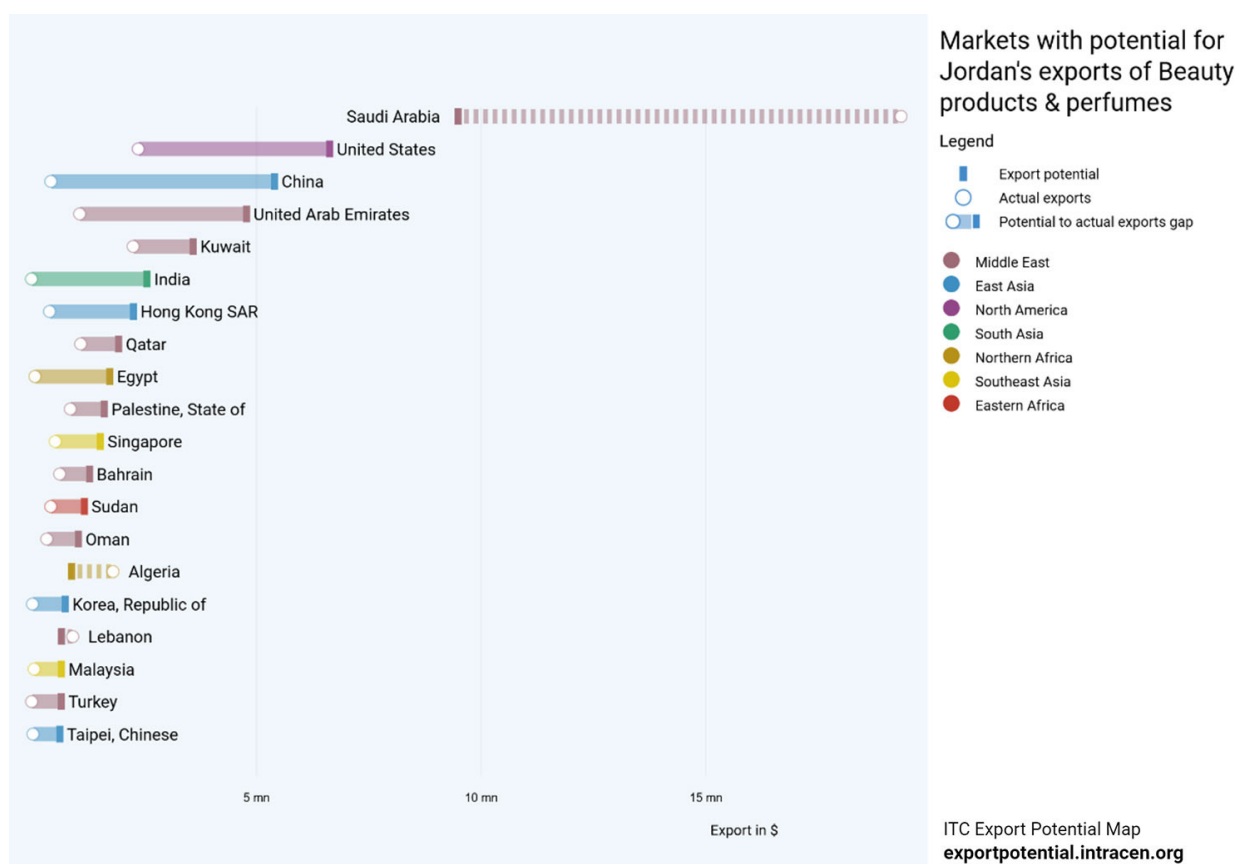


Figure 7: markets with potential for Jordan's export of beauty products and perfumes [ITC¹⁶]

¹⁴ Global Dead Sea Mud Cosmetics Market Outlook and Projections, 2019-2027 (New Edition)

¹⁵ This % refers to the forecast period 2019-2025

¹⁶ Ref. <https://exportpotential.intracen.org/en/products>

On the domestic side, a high scenario may be envisaged by applying the forecasted MENA region 12.6 percent economic-growth CAGR to Jordanian cosmetics production.

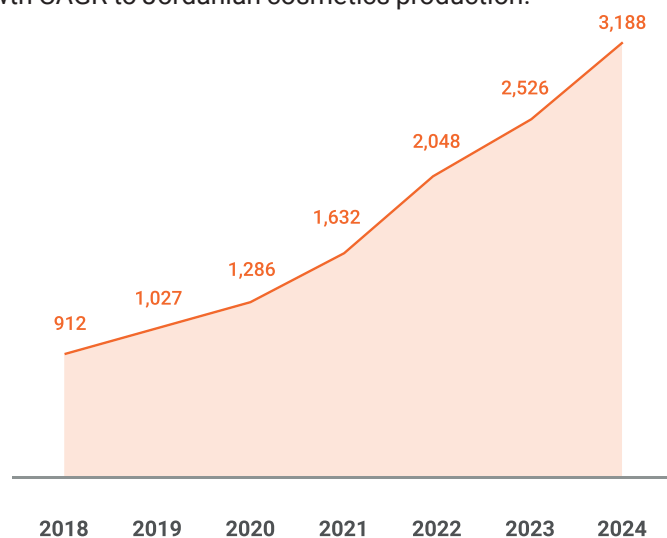


Figure 8: Jordan Local Market Expected Growth in Tons¹⁷

2.5 Opportunities: Dead Sea ingredients, certifications, and small batch flexibility

- **The promising Dead Sea products segment is a key opportunity for Jordan.** In fact, the Dead Sea products are characterized by the presence of Dead Sea minerals (i.e. mud and salt), **an ingredient that may only be found in Jordan and another country.** Such minerals are used in a concentration that typically ranges between 2 to 5 percent. Local demand for Dead Sea products, despite remaining relatively small compared to the whole Cosmetics sector and facing high competition from imported cosmetics, records a remarkable **3-year CAGR of +9 percent.** **Dead Sea Mud and salt represent about 65 percent of the total Jordanian exports of cosmetics.** These products are exported under the HS Code 330499 which includes beauty or make-up preparations and preparations for the care of the skin (other than medicaments).
- **Jordan may tackle selling to the world's top importing countries on the assumption that there is large room.** Current Jordan's exports are mainly to Saudi Arabia, Iraq, Lebanon, and Algeria, but it may target the countries which imported the highest numbers of natural cosmetics products in 2018: China (USD 8.8 billion in imports), China, Hong Kong SAR, United States of America, Singapore, and Germany (USD 1.8 billion).
- **Israel exports more than 11 times compared to Jordan. This represents an untapped opportunity for Jordan to grow in sales and market share.** Dead Sea cosmetics products are unique. Although Jordan enjoys some **comparative advantage—like being one of just two countries sharing the Dead Sea and having lower manpower costs compared to Israel—**Jordan exported USD 21 million in products compared to Israel's USD 246 million. This gap can be partly explained by the fact that Israel has promoted its goods using the term "Holy Land", and **Ahava** (the only company licensed by Israeli government to mine raw materials at Dead Sea) **spent more than USD 20 million on marketing and advertising** in various regions such as Asia, Europe, North America and the Middle East in 2016.¹⁸ Another possible explanation lies in the peace deal signed in 1994 that entitles Israel to access the mud part of the Dead Sea on the Jordanian land.
- **Exploiting Jordanian experience to develop new products.** Many new natural product innovations involve the identification and addition of new natural oils derived from plants or spices those Jordanian/Arab homeopaths have used for decades in numerous crèmes, mixtures, and oils to address a variety of ailments and afflictions. Jordanian companies can benefit from this knowledge to **develop new products to improve their positioning and sales in the markets.**

¹⁷ "Job Creation for Youth and Women through the Improvement of the Business Environment and SMEs' Competitiveness- Natural Cosmetics" (UNIDO, 2020)

¹⁸ Dead Sea Mud Cosmetics Market Size, Share & Trends Analysis Report by Product (Facial, Hair, Body, Eye), By Distribution Channel (Offline, Online), By Region, And Segment Forecasts, 2019- 2025

- **“Made in Jordan”:** local production can tackle import substitution. Jordan imports natural cosmetics products from different countries such as Lebanon, Egypt, France, the United States of America, and Germany. The limited supply from international countries due to the bans imposed as a result of the COVID-19 pandemic has opened the doors for improving the positioning of Jordanian SMEs’ products on the local market with an emphasis on the “Made in Jordan” label.
- **Medical tourism as an unexploited opportunity.** Jordan’s medical tourism has increased year after year and is expected to rise again after the COVID-19 pandemic and to continue to grow over the next years. Investment opportunities are increasingly arising in medical tourism facilities, health spas, wellness centres and physiotherapy.
- **The VCA reports the legislative and non-legislative requirements to enter the markets of those countries with the highest market shares** (Europe, the United States of America, China, China, Hong Kong SAR, Japan and Brazil). The Good Manufacturing Practice (GMP) Certification is an example of non-legislative requirement to access Europe. Also, there are many specifications and standards set by the JFDA that manufacturers must comply with in order to be qualified to be on the Jordanian market.
- **There is a potential for SMEs to achieve natural cosmetic product certifications in order to differentiate and export.** This would not begin from scratch as most of the Jordanian SMEs have several international accreditations such as ISO 9001, ISO 22716 and GMP.
- The **entrepreneurship side** in the Jordanian natural cosmetics sector also **represents untapped potential for growth and a driver of women’s job opportunities.** Despite some cultural restraint especially in rural areas, local associations implemented several technical field trainings to encourage youth and women to start their own business in the VC. Several NGOs such as The Zarqa Life Centre and LULU Women’s Association have implemented intensive training courses in producing soaps. As a result, many of these skilled women workers have started their own home businesses in the soap making field, selling the product under their own labels.
- **With opportunities, also come tough competition. The Jordanian market offers low or easy-to-comply-with barriers,** creating an open door for international exporters. At the same time, the free trade agreements between Jordan and different countries also simplify the entry of competitors’ products by ensuring tax reduction or in some cases exemption, with a consequent increase in competition in the local market.
- **Small size entails flexibility ... and fragmentation. Most SMEs make less than USD 0.5 million in annual sales with a 30-40 percent margin. Eighty-three percent of SMEs tend to export their products and exports represent 80-100 percent of their production.** They have an efficient outbound logistic in terms of delivery, quality, time, price and quantity (since, in general, they don’t apply any MOQ). They have the capability to adapt the product to customer’s requirements. The final countries are the United States of America, Canada, the Netherlands, Sweden, Saudi Arabia, Oman, United Arab Emirates, etc. However, Israel’s Ahava, which markets its moisturizing lotions and a range of other Dead Sea products in 30 countries, alone earns more than USD 150 million per year, five times more than all the Jordanian companies combined.¹⁹

¹⁹ From article of 2010 of Taipei Times available at <https://www.taipeitimes.com/News/bizfocus/archives/2010/03/21/2003468511>



03 **RECOMMENDED INTERVENTIONS**



The research team has found several opportunities and challenges in the different areas of the entire process: technology, production, logistics, marketing, and support. For each challenge, possible interventions, responsible stakeholders, and potential supporters are identified.

TECHNOLOGY

3.1 Research and development activities

Research and innovation are at the core of manufacturing SME success. In the cosmetics industry, where new products are constantly being introduced, R&D has an essential role in facilitating product development and international competitiveness. In the interviewed sample of Jordanian companies, SMEs' expenditures on R&D including market research, product formulation and industrial design, is about 20-40 percent of their revenues. Some companies do their R&D internally, while others subcontract external R&D specialists. Nevertheless, **the number of experts in this field is limited due to the lack of dedicated centres for R&D in the cosmetics sector.** This affects Jordan SMEs' ability to innovate new products, modify existing products or expand the product assortment, diminishing competitiveness in both local and global markets. Several interventions are possible at sector level.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Lack of means of Jordanian companies to perform their own R&D	Building the capacity of Jordanian companies' R&D through providing technical field training and coaching by international experts.	JEDCO, JE, RSS	GIZ, EBRD, USAID, UNIDO, JCI, HCST
	Aid natural cosmetics manufacturers in modifying their formulas through subcontracting international entities with know-how in the cosmetics field; funding research programs specific to natural cosmetic products and, in the shorter term, offering rebates (in full or in part) for R&D spending.	JEDCO	
	Provide research-based recommendations on the demanded formulas/ingredients/technologies from the demand side	JE	
Lack of centres for R&D	Build linkages between SMEs and academia (universities, research centres) to conduct research and studies regarding the natural cosmetics products and raw material benefits/ added value.	MITS, HCST, JE	GIZ, USAID, UNIDO, RSS, MOHE, JE, JCI, UNIDO, DSPMA

3.2 Support the implementation of enterprise resource planning systems

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Lack of modern storage facilities that include any technology to track quantities and assortments	Support the SMEs technically and financially to invest in technology and ERP systems	JEDCO	USAID, EBRD

3.3 Product testing for high export potential firms

Due to the **high test set up costs and lack of technical experts in the field**, SMEs are not able to perform product testing beyond the basic regulatory requirements. Jordanian product innovation is not up to international standards, which weakens SMEs' competitiveness in global markets. Foreign financial support is then necessary to build a program that supports product testing beyond regulatory requirements for the companies with high export potential. To address the lack of know-how, it is also important to provide technical field training and coaching by international experts like the Softina Centre which offers online, theoretical, and practical trainings on natural cosmetics and soap production and provides start-ups with the necessary equipment for their production and testing.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Lack of know-how on best practices to carry out product testing beyond regulatory requirements	Attract foreign financial support and investors to build a program that supports product testing beyond regulatory requirements for the most companies with potential to export.	JSMO, JIC, JEBA, RSS, ARL	GIZ, EBRD, USAID, UNIDO, JFDA

3.4 Support Good Manufacturing Practices certification

The Good Manufacturing Practices (GMP) certificate ensures that products are consistently manufactured and controlled according to quality standards. Some importing countries may ask their suppliers to comply with those standards (e.g. United States of America and the European Union). Thus, the GMP certification facilitates access to highly regulated markets for Jordanian SMEs. However, only 40 percent of the Jordan manufacturers are GMP certified. In Jordan, JFDA is the only accreditation body and certificate's processing is long and cumbersome in terms of verification, validation, and renewal, discouraging SMEs from obtaining the GMP certificate. Furthermore, SMEs generally lack the financial capability to implement the required processes and checks. SMEs that are not GMP certified tend to subcontract production to GMP certified SMEs to match export specifications.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
The cumbersome and costly GMP certification process limits the number of certified companies.	Simplifying GMP standards and raising awareness of the guidelines on how to implement the GMP certificate for producers which would enable SMEs to obtain this certificate and increase the products' quality.	JFDA, JSMO	CI, GIZ

PRODUCTION

3.5 Strengthening the local supply of packaging to avoid delays due to foreign sourcing

Packaging plays a major role in protecting the product, to maintain it in good condition under various circumstances for its shelf-life duration. Not only, but packaging is also a fundamental part of product appeal. The **sourcing of packaging material** creates challenges for the manufacturers. On the one hand, manufacturers usually suffer from the **inconsistency of the locally sourced packaging material** because each batch is different from another in terms of quality and specifications. On the other hand, **foreign suppliers have minimum order requirements** that Jordanian small manufacturers struggle to meet. In addition, sourcing of packaging material from foreign suppliers implies challenges in terms of timely availability of shipments and **customs delay** due to the **inconsistent application of import regulations by Jordan's customs authorities**. Certain lack of trust complicates finding import agents for SMEs. Furthermore, because of different events in the surrounding countries, especially border closures with the Syrian Arab Republic and Iraq, the cost of transporting inwards inputs and outward export products has become white hot, not to mention the difficulty of reaching markets such as Lebanon, Eastern Europe and Russia. The Aqaba port still does not enable competitive logistics costs.

Lastly, Jordan has a competitive disadvantage regarding the packaging of the Jordanian product; that is, Jordanian producers do not pay much attention to the packaging of their products and to the trend of using creative eco-friendly innovative packaging. This could represent an opportunity to exploit trying to minimize the environmental impact of products using biodegradable packaging.

These interventions would increase the efficiency of the entire procurement process given that the raw material represents the highest percentage of cost (22 percent) for an SME.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Costs and delays in the sourcing of packaging material due to timely availability of shipments, customs, and minimum order requirements of foreign suppliers.	The enhancement of the quality of locally produced packaging material by cooperating with Jordan packaging design companies such as JoPack.	JSMO, MITS, JEDCO	GIZ, EBRD, USAID, UNIDO, JCI/JoPack
	Analyse the customs procedures with the related entity to provide a simplified customs procedure and consider increasing the working hours of Aqaba port.	MITS, MIF/Jordan customs	USAID, UNIDO, JIC

3.6 Cooperation between SMEs to benefit from economies of scale

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Lack the ability to fulfil large orders (beyond the maximum capacity)	Support the cooperation between small size companies (including HBBs) to benefit from a larger combined size and economies of scale in a cluster model.	JEDCO	UNIDO

3.7 Improve technical and managerial skills for more efficient production

Two key factors for natural cosmetic manufacturing are the **technical skill** level of the workers and the **managerial skills** of their directors.

Jordan's economy relies mainly on low-skilled labour. The **limited access to skilled and semi-skilled labour** in the VC affects businesses' ability to create high-quality and innovative products. Trainings, when implemented, are not continuous, leading to high turnover rates, loss of competitive advantage and missed opportunities for the entire sector.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Limited access to skilled and semi-skilled labour	Encourage women and youth to engage in training courses with the aim of acquiring new skills aligned with the market needs.	MITS	USAID

SMEs lack management skills: **only 20 percent of SMEs have written strategic plan and/or goals for some products and/or markets**. They do not continuously follow up their plans and do not give much attention to long term planning. They present insufficient knowledge in accounting, costing, marketing, and business development which overall affects costs calculations of the company. Furthermore, **more than 60 percent of SMEs indicated that they do not collaborate with training providers**.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Lack of managerial expertise to plan, organize, direct and control production and financial activities	Build the managerial capacity of the SMEs by providing different management topics training course, workshops and coaching sessions	JEDCO, DSPMA	EBRD, UNIDO

3.8 Provision of financing at affordable rates

The lack of availability of financing from financial institutions, government bodies, and suppliers (mainly affecting SMEs) is considered a challenge for Jordanian SMEs. For instance, most smaller players such as the HBBs would benefit from credit to expand their operations, invest in technology, product testing and obtaining certifications for their processes/products. Furthermore, SMEs are slightly aware of the different available financial sources in terms of funding organizations and are not aware of many donor programs and grants that can support in their growth. They tend to rely on self-financing rather than applying for bank loans and usually tend to postpone any business growth activity until they have the financial surplus to do so often banks do not consider SME creditworthy or apply unaffordable conditions.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Lack of availability of financing	Attract foreign investors/ funds, provided that the SMEs are willing to accept and allow third parties to invest in their companies.	JEDCO, JIC	EBRD, UNIDO, JCI
	Support the provision of financing at affordable rates (especially to SMEs)		
	Provide the SMEs with awareness sessions on how to approach banks and process of obtaining loans Discuss with SME banks the possibility of designing specialized financial programs.	JCI, JEDCO, CBJ	EBRD, JE

3.9 Prioritize the supply of Dead Sea ingredients to Jordanian manufacturers

Jordan can take advantage of the available resources in their country, like the Dead Sea mud and salt. However, Dead Sea raw materials are often sold to international buyers rather than to Jordanian Dead Sea manufacturers. For instance, the 1994 peace deal allowed Israel to buy Jordan Dead Sea mud because the Israeli side of the Dead Sea is mostly rocky and has insufficient mud. Jordan lost competitive advantage given that sometimes **Israeli producers buy mud at lower price than local companies because they purchase huge quantities.**²⁰ "Al Numeira", owned by Arab Potash Company, is the only supplier of Dead Sea mud and salts in Jordan and risks to be a bottleneck for the Jordanian SMEs. Even if the quantity purchased by Jordanian manufacturers is relatively small as hereafter explained, it could be recommended to build an agreement with Al Numeira to **prioritize the local demand** for Jordanian Dead Sea cosmetics manufacturers.

There is a more general supply problem: Dead Sea has inconsistent supplies, lack of finance or credit from suppliers, high cost of other inputs such as essences. This might be tackled by joining purchasing efforts, among other actions. Jordanian SME Dead-Sea supplies may be between 1 percent and 4.6 percent²¹ of Numeira's turnover. Dealing with different small individual clients is heavier than dealing with one large buyer. Therefore, reducing the fragmentation in purchases may enhance Numeira's interest.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Prioritization of selling Dead Sea raw materials to international markets over local market.	Build an agreement with Al Numeira to prioritize the local demand for Jordanian Dead Sea manufacturers.	DSPMA	JCI
Jordanian SME Dead-Sea supplies may be between 1% and 4.6% of Numeira's turnover.	Join purchasing efforts to enhance Numeira's interest	DSPMA	JCI

LOGISTICS

3.10 Upgrade the inventory's tracking system

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Poor inventory management and automation of logistics activities	Consider upgrading to tracking software that provides automated features for re-ordering and procurement. Inventory management platforms provide centralized, cloud-based databases for accurate automatic inventory updates and real-time data backup.	JEDCO	USAID, EBRD

²⁰ Information from an article of 2015 from the Arab Weekly available at < <https://theArabweekly.com/dead-sea-riches-missed-opportunity-jordan>>.

²¹ According to Numeira's website (<https://www.numeira.com/about-us>), the company has capacity to produce 20,000 t/year of salts and 5,000 t/year of mud. Jordanian SMEs produce 4.600 t/year having 2% - 5% of muds in their products. Therefore:

- 4,600 t/y of SME products * 2% mud / 5,000 t/y Numeira production = 0.5% = rounded 1%
- 4,600 t/y of SME products * 5% mud / 5,000 t/y Numeira production = 4.6%

3.11 Jordan has a regional advantage in terms of preferential trade arrangements

Jordan benefits from Free Trade Agreements with the European Union and the United States of America, which many competitors do not have. Under the U.S.–Jordan Free Trade Agreement 2001, products are allowed to enter the United States of America duty-free if manufactured in Jordan. More importantly, as a response to the impact of the Syrian crisis on Jordan, in 2016 the EU and Jordan have agreed upon the relaxation of the rules of origin. This will last until December 2030, facilitating investors who are willing to expand production capacity in Jordan. In such a favourable framework, the stakeholders should support SME efforts to increase production capacity and enhance export capacity. However, it should be also noticed that the free trade agreements work both ways. They also simplify the entering of new products by ensuring tax reduction or in some cases exemption, with a consequent increase in competition on the local market. Product quality and competitiveness enhancement in the domestic market may be one answer.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Jordan benefits from Free Trade Agreements with the EU and the USA, which facilitate both export and domestic market competition	Support SMEs to meet the requirements of the EU and the USA to maximize their benefit from these agreements	JEDCO, JE	UNIDO

MARKETING

3.12 A comprehensive marketing strategy for the expansion to international markets

The cosmetics market is lucrative, highly competitive and crowded. Securing a sustainable share of this market is highly challenging. Not only do a few countries have high import standards. Companies must compete with products that meet those standards and that are manufactured in markets where operational costs are low, and volumes high. Selecting the right segment and channel is critical for survival. Thus, it is recommended to support Jordanian companies by conducting in-depth marketing studies for positioning of the products worldwide, considering that SMEs in the VC in general do not have any expertise or experience for analysing the market. These studies can help the companies overcome the high competition through targeting the right markets.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
Lack of a comprehensive market strategy	Support SMEs in devising a comprehensive marketing growth strategy for the expansion of their local and international markets to compete with global cosmetic brands. Provide the SMEs with strategic planning trainings.	JEDCO, DSPMA, JE	EBRD, UNIDO, GS1 JO
Unavailability of market studies and research	Support Jordanian companies by conducting in depth marketing studies for product positioning. These studies can help the companies overcome the high competition through targeting the most potential markets and become available for the sector on the DSPMA website.	JEDCO, DSPMA, JE	EBRD, UNIDO, JCI

3.13 Build a marketing strategy for China, China, Hong Kong SAR, the United States of America, or the European Union

The European Union (EU) has been identified by the market analysis as the highest potential market for the Jordanian natural cosmetics sector. The European market for natural and organic cosmetics has grown from EUR 1 billion in 2007 to EUR 3.6 billion in 2018, while the total European cosmetics market has grown at only about 1 percent per year. Consumers buy natural and organic cosmetics because of awareness of sustainability, environmental impact, and perception of products safety for human health.²² Jordanian exporters, having limited production capacity, are encouraged by EU small flexible order quantities. In addition, Jordan's relative proximity to the EU and the relaxation of rules of origin (RoO) trade agreement with the EU directly reduces the transportation costs. EU market sophistication can be well catered for.

²² CBI, which trends offer opportunities or risks in the European market of natural ingredients for cosmetics?

China, the United States of America, and China, Hong Kong SAR are also detected to be among the top markets with potential for Jordan, being the main global importers of cosmetics products. However, it is worth remarking that SMEs may consider these markets once they have developed their businesses further, increased their capacities and are able to fulfil large orders that would also justify the incurred transportation costs.

Challenge	Possible intervention	Area of responsibility	Potential supporters
The market analysis showed that the potential export markets are China, China, Hongkong SAR, USA and EU. Sophistication and capacity are challenging.	Build a marketing strategy to target diversification in EU in addition to penetration in China, China, Hong Kong SAR and USA.	JEDCO, JE	UNIDO

3.14 Marketing skills and marketing support

One of the main challenges faced by Jordanian companies is the limited technical and financial capabilities for marketing and promotion activities. Jordanian SMEs focus on production and do not spend much effort on their marketing and promotion compared to international SMEs. The field research has shown that on average the SMEs **spending on marketing is only 5 percent of total spending**. Not surprisingly, the VCA computed competitiveness indicators in international market of Jordan and international competitors with score respectively 1 and 4, with 5 being the best score. In addition, **only 50 percent of the business owners/managers are adequately skilled/trained in marketing**. Jordanian SMEs implement some marketing tools that include websites, social media platforms, and e-commerce instead of relying on sales representatives and word of mouth form of marketing brochures. Only few participate in exhibitions and trade shows. **In international exhibitions, the Jordanian booth is often poor and unappealing** compared to Israel's Ahava – the direct competitor – that dedicates USD 20 million to marketing.

Challenge	Possible interventions	Area of responsibility	Potential supporters
SMEs lack market exposure in addition to proper and sustainable marketing channels	Upgrade the websites of the SMEs to e-commerce platforms, provide the trainees with trainings on platform management.	JCI, JE	USAID, UNIDO
	Support SMEs participation in international exhibitions	JIC, JE, JCI	USAID, UNIDO, EBRD, GIZ
Lack of necessary promotional tools that permits a rapid penetration into international markets	Building the capacity of Jordanian companies in marketing, by providing support in establishing high quality websites with e-marketing channels and designing attractive logo designs.	JEDCO, DSPMA, JE	USAID, UNIDO

3.15 Support SMEs in quality certifications requirements to differentiate products

The market of natural and organic certified products is a fast-growing segment with respect to the conventional cosmetics products and so the number of sustainability certification schemes required by SMEs is constantly growing. The main benefit of these certification schemes is that they provide a **third-party guarantee of compliance to an organic or natural standard, differentiating products from lower-end mass productions**. JSMO which is responsible for issuing and approving the implementation of technical regulations lacks several standards that are compatible with the international market such as Halal and Natural standardization and certification schemes. Only one SME of the sample has obtained an organic certification (COSMOS Organic and COSMOS Natural).

There are initiatives to develop an international standard for the natural and organic standards that vary from one importing country to another and may not be considered as legislative requirements. For example, the three main initiative in Europe are: NATRUE, COSMOS and ISO 16128, Parts 1 and 2. Thus, **a careful examination of the standards and requirements of each importing country should be conducted to ensure an effective act of compliance and successful export to the target markets**.

Opportunity	Possible Intervention	Area of responsibility	Potential Supporters
Potential for SMEs to adapt and acquire natural product certifications needed to achieve their growth.	Support SMEs to meet quality and certification requirements	JEDCO	EBRD, UNIDO
Lack of natural/organic certification bodies in Jordan	Capacity Building for JSMO to be able to act as a certifying body and extend its scope of accreditation	JFDA, JSMO, RSS	EBRD, UNIDO

3.16 Online platform to share knowledge and technologies

While knowledge needs to be managed and diffused to create value, little information circulates, neither statistics for policies, nor best practices for manufacturing.

The field visits revealed that the Jordanian SMEs prefer not to share details about their suppliers and service providers. General information that highlights the challenges faced and the overall situation is shared, but the top management prefers to keep other specific data confidential as it is vital to the know-how of the companies.

Challenge	Possible Interventions	Area of responsibility	Potential Supporters
Unavailability of data in the natural cosmetics sub-sector	Create a national platform for natural cosmetics producers by building a collaboration between the Dead Sea Producer Association, and the Ministry of Industry, Trade and Supplies to collect all past experiences of all-natural cosmetics manufacturers and the international best practices for natural cosmetics.	DSPMA, MITS	GIZ, UNIDO, JCI

SUPPORT

3.17 Establish customer relationship management

Challenge	Possible intervention	Area of responsibility	Potential supporters
Absence of customer relationship management system (CRM)	Provide technical and financial support to establish a CRM system	JEDCO, JE	USAID, EBRD, UNIDO, JCI

3.18 Financial benefits and country-level awareness to encourage women and youth

Women hold different positions and are often considered flexible and efficient compared to their male counterparts. In fact, SMEs in the cosmetics sector in Jordan tend to find women **more productive and prefer hiring them**. However, the turnover rate of women employees is higher as some women leave the job when they get married. Leaving the firm, despite being a trained and capable resource, could be due to cultural assumptions, cost of nursery service, and unavailability of nursery services in factories, and insufficient and costly rural transport services. Notwithstanding, generally, women tend to accept lower salaries compared to men. Rather than losing well-trained women and young staff, local enterprises can try to identify joint cost-sharing nursery or transport solutions. Gender-based salary imbalance may be addressed in UN-backed project by leveraging value-addition.

On the one hand, the youth seem not to be attracted by the natural cosmetics sector probably because of lack of awareness on sector opportunities, and cost of transportation to factories in rural areas.

Challenge	Interventions	Area of responsibility	Potential Supporters
Jordan youth are not interested in or unaware of factory work opportunities and there is a struggle to hire women as they tend to withdraw from work upon marrying.	Encouraging youth and women to work in the sector by implementing different initiatives such as country level awareness sessions on the importance and impact of working in the sector, proper advertisement of open positions, showing success stories and role models.	MIT, GIZ, CI	UNIDO
	Motivate Jordanian labour to take part in vocational training by providing them with specified benefits upon commitment to work a certain duration in sector SMEs.	CI	UNIDO
	Support local SMEs in paying their workers by facilitating loans and financial support.	CI	UNIDO

3.19 Reassess cosmetics-industry tax charges to enhance export competitiveness

The high and rising levels of taxes, which include a 16 percent sales tax, a “Mineral tax” (JOD 50 per kg of minerals used), a 25 percent tax on cosmetics products (including Dead Sea Products), and a 25 percent income tax on exports, are a major issue for Jordanian SMEs. According to the Jordan Chamber of Industry, together these taxes can amount to up to 50 percent of total costs for Dead Sea Products manufacturers, with rising cost pressure and margin trimming. This reduces the competitiveness of Jordanian products in international markets.

Challenge	Possible Intervention	Area of responsibility	Potential Supporters
High and rising levels of taxes	Reduce the tax burden on the Jordanian natural cosmetics products subsector to make its products more competitive in international markets.	JEDCO, CI	UNIDO, EBRD

3.20 Exploit the flexibility of SMEs’ orders to increase the export

SMEs can respond to small orders and are generally very flexible to respond to different order sizes and meet customers’ needs.

Opportunity	Possible Intervention	Area of responsibility	Potential Supporters
Jordan’s SMEs have a high potential for flexible order sizes , and are also willing to produce very small, yet re-occurring order sizes.	Facilitate matchmaking with new buyers in export markets to open new markets.	JEDCO	UNIDO

3.21 Make a census of HBBs activities

It could be helpful to have a **census of the HBBs** to tailor-make policies that support such businesses. Though they might be some less sophisticated, they represent a large slice of the target sector. Women that own and run HBBs need to improve their financial skills. Lacking the mindset of self-sustaining their business, they sell the soap products without taking into consideration their cost and profit margins which results in considerable deficits in their end of year profits. They also need to develop proper and sustainable marketing channels as they mainly sell to local bazars.

Opportunity	Possible Intervention	Area of responsibility	Potential Supporters
Hundred HBBs are the informal backbone of the sector, most of whom are not registered	Make a census of HBBs	Marketing consulting firms	DoS



04

HOW CAN
INSTITUTIONAL
ACTORS ENGAGE?



The hereafter table recommends the responsibilities that the different stakeholders could undertake to enhance market-based women and youth employment in the natural cosmetic value-chain of Jordan.

	Intervention	Area of responsibility	Potential Supporters
3.1	Build R&D capacity providing technical field training and coaching by international experts.	JEDCO, JE, RSS	GIZ, EBRD, USAID, UNIDO, JCI, HCST
	Subcontract international entities with know how; fund research programs; offer rebates for R&D spending.	JEDCO	
	Provide research-based recommendations on the demanded formulas/ingredients/technologies	JE	
	Build linkages between SMEs and academia to conduct research and studies.	MIT, HCST, JE	GIZ, USAID, UNIDO, RSS, MOHE, JE, JCI, UNIDO, DSPMA
3.2	Support the SMEs technically and financially to invest in technology and ERP systems	JEDCO	USAID, EBRD
3.3	Attract foreign financial support and investors to build a program that supports product testing beyond regulatory requirements.	JSMO, JIC, JEBA, RSS, ARL	GIZ, EBRD, USAID, UNIDO, JFDA
3.4	Simplify GMP standards and raise awareness of the guidelines on how to implement the GMP certificate.	JFDA, JSMO	CI, GIZ
3.5	Enhance the quality of locally produced packaging material by cooperating with Jordan packaging design companies.	JSMO, MIT, JEDCO	GIZ, EBRD, USAID, UNIDO, JCI/JoPack
	Provide a simplified customs procedure and consider increasing the working hours of Aqaba port.	MIT, MIF/Jordan customs	USAID, UNIDO, JIC
3.6	Support the cooperation between small size companied to benefit from a larger combined size and economies of scale in a Cluster model.	JEDCO	UNIDO
3.7	Encourage women and youth to engage in training courses with the aim of acquiring new skills.	MIT	USAID
	Provide different management topics training course, workshops and coaching sessions.	JEDCO, DSPMA	EBRD, UNIDO
3.8	Attract foreign investors/ funds.	JEDCO, JIC	EBRD, UNIDO, JCI
	Support the provision of financing at affordable rates (especially to SMEs).		
	Provide SMEs with awareness sessions on how to approach banks and the process of obtaining loans. Discuss the possibility of designing specialized financial programs.	JCI, JEDCO, CBJ	EBRD, JE
3.9	Join purchasing effort to enhance Numeira's interest	DSPMA	JCI
3.10	Upgrade and automatize the tracking software the l inventory management.	JEDCO	USAID, EBRD
3.11	Support SMEs to meet the requirements of the EU and the US.	JEDCO, JE	UNIDO
3.12	Support SMEs in devising a comprehensive marketing strategy.	JEDCO, DSPMA, JE	EBRD, UNIDO, GS1 JO
	Conduct in-depth marketing studies for product positioning to help companies overcome high competition.	JEDCO, DSPMA, JE	EBRD, UNIDO, JCI
3.13	Build a marketing strategy to export to China, China, Hong-kong SAR, USA, and the EU.	JEDCO, JE	UNIDO
3.14	Upgrade the websites of the SMEs to e-commerce platforms, provide trainings on platform management.	JCI, JE	USAID, UNIDO
	Support SMEs participation in international exhibitions.	JIC, JE, JCI	USAID, UNIDO, EBRD, GIZ
	Providing support in establishing high quality websites with e-marketing channels and designing attractive logo designs.	JEDCO, DSPMA, JE	USAID, UNIDO

	Intervention	Area of responsibility	Potential Supporters
3.15	Support SMEs to meet quality and certification requirements	JEDCO	EBRD, UNIDO
	Capacity Building for JSMO to be able to act as a certifying body and extend its scope of accreditation	JFDA, JSMO, RSS	EBRD, UNIDO
3.16	Create a platform to share knowledge and technology used in this field.	DSPMA, MITS	GIZ, UNIDO, JCI
3.17	Provide technical and financial support to establish a CRM system	JEDCO, JE	USAID, EBRD, UNIDO, JCI
3.18	Encourage women and youth to engage with natural cosmetics VC.	MITS, GIZ, CI	UNIDO
	Motivate Jordanian labour to take part in vocational training	CI	UNIDO
	Support local SMEs in paying their workers by facilitating loans and financial support.	CI	UNIDO
3.19	Reduce the tax burden	JEDCO, CI	UNIDO, EBRD
3.20	Facilitate matchmaking with new buyers in export markets to open new markets.	JEDCO	UNIDO
3.21	Conduct a census of HBBs.	Marketing consulting firms	DoS

Abbreviations

Abbreviation	Description
ARL	Army Research Lab
CAGR	Compound Annual Growth Rate
CBJ	Central Bank of Jordan
CI	chambers of industry
DoS	Department of Statistics
DSPMA	Dead Sea Products Manufacturers Association
EBRD	European Bank for Reconstruction and Development
GIZ	German Corporation for International Cooperation
GMP	Good Manufacturing Practices
GS1 JO	Global Language of Business Jordan
HBB	home based business
HCST	The Higher Council for Science and Technology
ISO	International Organization for Standardization
ITC	International Trade Center
JE	Jordan Exports
JEDA	Jordanian Action for the Development of the Enterprises
JEBA	Jordan European Businessmen Association
JEDCO	Jordan Enterprise Development Corporation
JOD	Jordan Dinar
JSMO	Jordan Standards and Metrology Organization
JFDA	Jordan Food and Drug Association
JCI	Jordan Chamber of Industry
JIC	Jordan Investment Commission
MENA	The Middle East and North Africa
MOQ	minimum order quantity
MITS	Ministry of Industry Trade and Supply
NGOs	non-governmental organizations
RSS	Royal Scientific Society
R&D	research and development
SME	small and medium-sized enterprises
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
VC	value chain
VCA	value chain analysis

