



Mobilising the Private Sector of Jordan for Food System Transformation

Policy brief 6

Summary of key messages

1. **Jordan's highly diverse private sector significantly contributes to the resilience of the country's food system.** This has been particularly evident during recent challenges, especially the Syrian refugee crisis, which began in 2011, and the COVID-19 pandemic, which started impacting Jordan in early 2020.
2. **The private sector and its subsectors lack holistic and coherent visions, goals, plans, transparency, and decision-making with regards to food and nutrition security and food systems transformation.** Moreover, there is a lack of communication and cooperation among the various strata of the private sector.
3. **For the private sector to effectively contribute to food systems transformation, better conditions pertaining to formal finance, risk-sharing, and risk alleviation are essential.** Additionally, improved regulatory frameworks and legislations are necessary to steer the private sector towards desired food system goals and create a regulatory environment that enables transformation.
4. **There is an urgent requirement for a national body to convene diverse private stakeholders and provide them with a holistic and coherent vision with regards to food system transformation.**

Introduction

The Foresight for Food Systems Transformation (FoSTr) programme provides Jordan with a support facility for food systems foresight and scenario analysis. A country-led and multi-actor process, the programme assists stakeholders in contributing to national food systems transformation by supporting the dialogue, analysis, and understanding necessary to co-create sustainable, healthy, equitable, and resilient food systems. The FoSTr programme is implemented in close collaboration with national research partners, who participate in training and scenario development and respond to requests for research and policy inputs.

A multi-stakeholder FoSTr workshop, held in Amman between 8 and 10 May 2023, identified several critical questions in relation to food systems transformation in Jordan. The main objective of the resulting policy briefs is to provide key food systems stakeholders, particularly from a private sector perspective with focused research that can be used to inform decisions, strategies, and plans in relation to food security and the transformation process.

Many initiatives from the Jordanian Food System Transformation Roadmap and Action plan are already underway. However, the necessity to develop a clearer picture of the private sector ecosystem is increasingly evident, as this understanding helps to steer key food system activities and value chains. Without private sector engagement, the scaling and implementation of the transformation process will likely fail.

As such, this policy brief aims to outline the role of the private sector in transforming Jordan's food system and to develop an action plan led by stakeholders across the food supply chain. Addressing gaps, connecting relevant stakeholders, and fostering strategic collaboration will contribute to enhancing national food and nutritional security, while simultaneously supporting broader social and economic development in Jordan.

Research approach and methods



The applied methodology for this brief focused on reviewing relevant literature and consultations with subject matter experts. The first draft of the study was reviewed by FoSTr experts, before a semi-final policy note was presented in the recent FoSTr workshop in November 2024 for review and comments.



Analysis and key findings



Past and current and impacts of the private sector

The rich mosaic of private sector actors is an integral part of Jordan's food system, functioning well enough to provide sufficient food at affordable prices during crises. This was evident throughout the Syrian refugee crisis, and especially evident during the COVID-19 pandemic, when the private sector responded swiftly and effectively to fulfill the population's food needs. It initially cooperated and coordinated with the Chambers of Commerce and Industry, before expanding to include importers, farmers, agro-industries, bakeries, retailers, and others in the food sector. This example of positive and successful cooperation between private and public sector actors can and should be built on to transform Jordan's food system in the future.

The Jordanian private sector is involved in all aspects of the food system and throughout value chains – from agriculture to purchasing and consumption. Agricultural production ranges from small-scale vegetable production by farmers, to big poultry farms, to fully-commercialized and vertically-integrated dairy farms. It also includes the manufacturing of food from local production and imports, along with supporting activities such as harvesting, transportation, sorting, grading, packing, and storing fresh produce and manufactured goods. Private sector outlets – such as wholesale markets, supermarket chains, grocery stores, retailers, and restaurants – have long been the final contact points at which consumers purchase food for consumption. However, in recent years, there has been a big rise in the numbers of fast-food restaurants across Jordan which cater to a western diet, with implications on the long term for nutrition.

Banks and financial organizations are a very important private sector players in the Jordanian food system. However, commercial banks typically look more favourably at lending money to big businesses, manufacturers, importers, and supermarkets, and are much less interested in providing finance and credit to smaller businesses in general, and farmers in particular. To ensure the future success of the country's food system, it is imperative that banks lend to various private food system actors of different sizes.



Private sector structures

Some private sector food system actors belong to official groups and unions, which represent them when dealing with the government and stakeholders outside of Jordan, defend the actors' interests, and advocate for their points of view. Some of the most prominent and influential groups include the Association of Banks in Jordan, the Jordan Chamber of Commerce, the Jordan Chamber of Industry, and, to a lesser extent, the Jordan Exporters & Producer's Association for Fruit and Vegetables, the Jordan Restaurant Association, and the Jordan Farmers Union. While these bodies differ in size and vary in power and effectiveness, all have important roles to play in the current food system and in shaping Jordan's future food system.

The Jordan Chamber of Commerce, the Jordan Chamber of Industry, and the Jordan Farmers Union are members of the newly-established Food Security Council. The Council has begun collaborating with multiple ministries and public and private sector entities to begin governing and improving food security. This is a major milestone in the road to establishing a holistic vision for food systems transformation in Jordan. However, it is unclear whether the member groups have developed mechanisms to convey Food Security Council decisions or internally discuss proposed issues.



Food and nutrition security and healthy diets

A basic look at major food items within Jordan's food system shows the country is highly reliant on imports for its supply of calories. For instance, 98% of the wheat consumed nationally is imported and subsidized by the government – which decides on import quantities and contracts, owns the wheat storage facilities, and sets the prices for wheat flour and bread. In addition, the private sector imports rice and sugar, as well as oil seeds for producing cooking oils.

On the other hand, Jordan is almost self-sufficient in vegetables, and highly sufficient in fruits. The country is also self-sufficient in dairy products, chicken, and eggs. However, most of the animal feed (such as barley, corn, and soybeans) used in the production of dairy, eggs, poultry, and red meat is imported, meaning that Jordan's meat and dairy industries are vulnerable to supply chain shocks.

Despite being a relatively small market, Jordan has a highly-competitive business and retail environment. The country is experiencing a growing youth population, which presents significant potential for future economic development. However, this demographic shift occurs against a backdrop of decreasing purchasing power for the overall population, as economic growth is undermined by inflation and rising product prices.

According to the Global Food Safety Initiative, Jordan's food system has made achievements leading to high food availability and high food affordability status – but has a much lower score for food quality and safety. The private sector – including its subsectors – demonstrates no real interest in providing healthy and nutritious food for the population. Instead, its focus is on food quantity and price.

Further, there is a lack of public awareness and focus on healthy and nutritious foods, with consumers primarily making purchasing decisions according to food prices. They are also increasingly influenced by a preference for western and fast foods, which subsequently impacts the decision-making of importers, local food processing enterprises, and restaurants.

In the quest to enhance healthy and nutritious food consumption, a relatively small number of initiatives have been established at various points of the food value chain in Jordan. For instance, there are local organic vegetable and fruit farms, producers of vitamin-fortified yoghurt, farms producing organic and free-range eggs, importers of organic and nutritious products, and bakeries creating wholegrain or sourdough breads.

While food processors are the most likely industry actor to devise innovations for healthy and nutritious food, farmers and restaurants are also important sources of private sector innovations in this area. Fast food restaurants, along with their various suppliers, are the most likely to resist the transition to healthy and nutritious food, but farmers may also demonstrate resistance in case they cannot obtain higher differentiated prices for healthy products.



How can the private sector contribute to food system transformation?

The private sector can support food and nutrition security and healthy diets while continuing to contribute to food availability and affordability. Achieving this requires a shift in direction to produce, import, and process healthier foods. For instance, there should be reduced focus on processed carbohydrates with low nutritional value and high glycemic index foods, and highly-processed foods, and a greater provision of healthier and nutritious foods, such as wholegrain flour, vitamin fortified milk, legumes, and vegetables.



Taking learnings from international discourse, three categories of actions can be proposed:

Enhance individual firm contributions: Businesses can strengthen their impact by engaging in activities such as entering new product categories (e.g., healthy food products or vitamin-fortified milk), participating in corporate social responsibility initiatives (e.g., donating food or meals to the local community), supporting capacity building within the community, or voluntarily adopting higher standards to drive positive change.

Create voluntary sector initiatives and covenants: Establish initiatives that encourage the adoption of sustainability standards and improvements in working conditions.

Develop tailor-made regulatory frameworks: Design specific regulatory frameworks, legislation, and government policies (such as subsidies and taxation) to incentivize the private sector's active engagement in transforming food systems

Recommendations for policy

With regard to providing Jordan's population with food, even in times of crises, the country's food system is functioning well. However, there is ample space for improvement in terms of providing and securing the supply of healthy foods for a growing population.

Understand private sector motivations

Effectively enhancing the role of the private sector in food system transformation requires understanding its goals and carefully balancing incentives, regulations, and legislation. Private sector actors are motivated by profits, so future solutions must remain profitable. As such, a key incentive involves providing private sector stakeholders of different sizes (especially small and medium-sized enterprises (SMEs)) access to formal finance at competitive rates – which requires cooperation from banks. Another factor entails tackling risk for private sector actors (particularly SMEs), in a manner whereby risk alleviation and risk-sharing are incorporated within the planning of the food system transformation.

Establish clearer and more-supportive regulations and legislation

Regulations and legislation are integral to Jordan's food system transformation, and there is a need for greater transparency and collaboration in these areas. Currently, the private sector is governed by regulations established by different government institutions. Instead, a comprehensive regulatory framework and tailor-made regulation packages are required, which would be coordinated across various government institutions and entities that address the needs and concerns of the stakeholders. This approach would pave the way for active, responsive, and agile private sector participation that supports the country in reaching its food system transformation goals. Such regulations must be stable, clear, and without ambiguity, and the government should be transparent about any upcoming regulatory changes.

Focus on more specific private sector groups

More private sector actors in Jordan's food system need to be organized into chambers, syndicates, or other representative bodies, so that subsectors (such as agriculture, transport, and cold storage) can be properly supported and addressed.

Enhance communication channels

Active dialogues, communication channels, and cooperation need to be established between the government and the private sector, between private sector entities, and within each private sector entity. Doing so allows for the creation of a holistic vision, goals, plans, and decisions for the private sector (including its subsectors) with regards to food security and food systems transformation. Coordination led by the Food Security Council will enable coherence and consistency in the provision of incentives and regulations and legislation.

Conclusion

Enhancing food security and transforming food systems requires a collaborative effort involving multiple stakeholders. A spectrum of public–private partnership models – involving innovative, blended financing and shared technical expertise – can leverage stakeholders’ strengths to address food security challenges effectively and sustainably.

The actions of private sector actors are particularly critical to achieving sustainable and effective food system transformation. The private sector is crucial in driving innovation, investment, and efficiency within the food system. Local businesses – including small–scale farmers, food processors, distributors, SMEs, and large–scale manufacturers – directly impact food security and good nutrition. Securing private sector engagement and cooperation requires a careful balancing of incentive provision with regulations and legislation.

Further, developing and transparently communicating holistic and coherent visions, goals, plans, and decisions for the private sector (including its subsectors) – with regards to food and nutrition security and food systems transformation – are vital for the sector to fulfil its potential. Active cooperation and communication among and between private sector entities is also essential to achieve food system transformation.

