



# RAPID ASSESSMENT ON AGRICULTURE & DAIRY SECTORS IN NORTH JORDAN

## In Response to COVID-19 Impacts

APRIL 2020

### Executive Summary

The purpose of this report is to assess the economic impact on the agricultural and dairy sectors of Irbid and Mafraq, respectively, particularly on small and medium sized enterprises (SMEs) that fall under the 'informal' umbrella since they have suffered the biggest impact.

### Key Findings

- ▶ Although the Government of Jordan (GoJ) was quick to respond to the threat of the novel coronavirus by enacting specific restrictions on the movement of people and goods, many formal and informal small and medium enterprises (SMEs) in the agricultural sectors of Irbid and Mafraq suffered significant loss due to insufficient access and/or delays to permits;
- ▶ Larger enterprises were well positioned to gain access to permits which allowed for an efficient, functioning food supply chain. Smaller scale enterprises however, experienced significant challenges and restrictions.

### Recommendations

- ▶ Support SMEs within the agriculture sector to help mitigate the effects of COVID-19 on the most vulnerable producers and workers in the agriculture value chain and support SME recovery;
- ▶ Establish a comprehensive database within the Ministry of Agriculture that would include small, medium and large farmers, dairy farmers, and other producers within the value chain that would contain vital data that could be used to provide information and support to the sector;
- ▶ Form a committee, led by the Government of Jordan, to develop a framework to more efficiently and effectively respond to future crises, utilizing lessons learned from COVID-19;

- Promote technology solutions such as digital platforms, electronic funds transfers and remote management as well as provide market-based crisis adaptations and information;
- Support businesses to leverage the use of technology platforms to carry out electronic fund transfers as well as remote management.

## Introduction

On March 15, 2020, the Government of Jordan (GoJ), under the directive of the Prime Minister and Minister of Defense, Omar Razzaz, instituted the national defense law that places restrictions on the movement of people and activities throughout the Kingdom in response to the possible outbreak of COVID-19. Additional measures were added that included more rigorous movement restrictions, curfews, and a shutdown of economic activity to contain the spread of the novel coronavirus. After an initial complete shutdown, essential businesses, such as pharmacies and grocery stores, were permitted to reopen to serve customers between the hours of 10:00 and 18:00. At the time of this report's publication, GoJ has relaxed some of the previous measures, including increasing essential business working hours by two hours, permitted other sectors to reopen, and relaxing driving bans without permits. However, citizens are still primarily traveling on foot to essential stores, movement between governorates is banned, airports are only open to cargo, while borders and the only seaport, the port of Aqaba, are ongoing but remain restricted. At the time of this report, confirmed cases of COVID-19 numbered 435 with 315 recoveries and seven deaths<sup>1</sup>.

This unprecedented pandemic has caused a global economic crisis, which has hit developing countries the hardest. One of the hardest hit sectors in Jordan has been its agriculture sector. To ensure food security and support continued activity in the sector, the Ministry of Agriculture (MoA) issued travel permits to agricultural businesses formally registered with the MoA to allow their workers to reach the farms to conduct farming activities. They also developed mitigating strategies for employees registered with the Social Security Corporation (SSC) to provide consumption support. Based on the MoA's database, an analysis of the data showed that the majority of small to medium agricultural enterprises in Irbid and Mafrq are not formally registered,<sup>2</sup> so were unable to assess government support. Additionally, a majority of workers in the agricultural sector in these governorates are daily-wage earners and not registered with the SSC. According to a rapid assessment conducted by the International Labor Organization (ILO) in April, vulnerable Jordanians and Syrian refugees (specifically in informal agricultural employment) experienced high rates of unemployment. About 47% of ILO's respondents who were employed before the lockdown, were out of work during the imposed curfews; 13% were permanently dismissed; while 18% were temporarily laid off and expected to go back to work after the end of the lockdown. In the agriculture sector, around 37% of Syrians who were employed before the crisis became unemployed, compared to 40% of Jordanians.<sup>3</sup>

---

<sup>1</sup> Data Hub Analytics <https://www.datahubanalytics.com/covid-19>

<sup>2</sup> Multiple factors to agricultural business nonregistration contribute to this, but the most pertinent reason is the increase of taxation and social security contributions

<sup>3</sup> [https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms\\_743391.pdf](https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_743391.pdf)

# Methodology

Primary data for this assessment was collected through 23 interviews with Access to Justice and Jobs<sup>4</sup> (A2J) program participants from the agricultural sector in Irbid, Mafraq, and Amman (not including farmers from the Jordan Valley), while secondary data was collected from news articles, official government documents, social media, and other relevant stakeholders analysis. The respondents include: herders, veterinarians, farmers, dairy shop owners, nursery owners, olive oil mill operators, agricultural equipment store owners, and MoA employees. Although this is by no means a representative sample of the entire sector, the assertions made by these small business owners were backed by an extensive amount of literature on the topic. Unfortunately, data collected is not gender diverse as only one respondent was female (an owner of a vet clinic in Mafraq). This however is a reflection on the reality of a male dominated sector.

## Findings

### Food Production

For enterprises linked to larger formal collectives, food production has not been negatively impacted, as permits were quickly issued for them to produce and transport their products. However, they only comprise a fraction of agricultural enterprises<sup>5</sup> in the region. A total of 35,000 permits have been granted to farmers who are registered on the MoA database. However, some small and medium farms, nurseries and herders who are not formally registered have been facing difficulties and delays in receiving permits to transport products and raw materials, to access their farms or businesses, and to sell their products<sup>6</sup>. Following the government's announcement on April 15, 2020, formally registered farmers were granted more leniency when obtaining permits. The permits are provided to all actors in the food supply chain including farm owners, packing operators, input providers, veterinarians, nurseries, breeders, livestock farmers, etc. The new system checks farmers' registration in the MoA database, but currently does not include all small-scale farmers, which causes delays in access. Farmers are eligible to apply for permits, which enable them to move freely to and from their farms one day per week between 8:00AM and 6:00PM. While the aforementioned decision is a major boost that benefits formally registered farmers, there are a significant number of farms that remain under the umbrella of the informal economy and are not registered, hence do not benefit from this decision. Based on the decision, farmers who own:

- 200 dunams and less of cultivated land can obtain access for only one person per permit
- 201 - 400 dunams of cultivated land can obtain access for two persons per permit, with a maximum of 50 permits granted per farm
- 50 greenhouses and less can obtain access to only one person per permit
- 51 - 100 greenhouses can obtain access for two persons per permit, with a maximum of 6 permits granted per farm

---

<sup>4</sup> Through a grant from the Government of the Netherlands Ministry of Foreign Affairs through its Addressing Root Causes Fund (ARC), Mercy Corps is implementing a three-year project with the objective of increasing income and employment opportunities for vulnerable Jordanians and Syrians in host-communities of Mafraq and Irbid. The project targets SME expansion of olive oil and dairy value chains and improving employability by providing vocational training and apprenticeships.

<sup>5</sup> It is difficult to give an exact number, but according to a [2013 study by UNDP](#), 93% of the agriculture sector in Jordan operates informally

<sup>6</sup> Based on KIIs conducted with Access to Justice participants

It is important to note that throughout the lockdown, no shortages in food supplies were observed. The GoJ was quick to place consumer friendly price ceilings on essential products, while ensuring adequate food supply and a well-functioning food supply chain and agriculture sector. Some non-essential products have seen an increase in price, which is most likely due to vendors rather than farmers<sup>7</sup>.

## Olive Oil

Although the olive oil season has passed, spring marks an important milestone in the maintenance and growth of olive trees.

1. Access to agricultural equipment and material shops has been limited, making it more challenging for olive tree farmers to access essential materials such as pesticide, fertilizer and miscellaneous equipment. Essential activities for small scale farmers, such as spraying the trees with required pesticides, have been halted due to the inability of farmers to access their olive tree farms. While challenges with access to permits are slowly being resolved, current lack of proper care of olive trees will ultimately negatively impact next season's harvest and cause major losses to the sector by reducing the quantity and quality of olives and olive oil produced.
2. Small scale olive tree farmers, who own less than 200 dunams of land and/or less than 50 greenhouses, are only able to acquire single permits to access their farms, which don't provide enough access to labor to accomplish the required care for the crops.
3. The overall demand on olive oil has significantly reduced, making it very difficult to sell surplus oil. Surplus oil is usually sold to tourists from Gulf countries who arrive in large numbers during the summer. But due to a total shutdown of the airport for the foreseeable future, the demand for the surplus oil has significantly dropped. As restrictions ease, some olive oil producers are looking at exporting through land transport.
4. According to one olive oil mill in Irbid, their one-month closure led to a significant drop in sales. In addition, mills have not been able to perform regular maintenance for their olive oil processing machines, which is usually conducted around this time of the year.

## Animal Products

Low income Jordanian herders and dairy processors have been some of the most affected individuals within the supply chain. Late winter and early spring marks the annual peak of milk production and dairy processing. Some of the key challenges for these businesses and workers include:

1. Previously, herders had difficulty transporting their produced milk to processors. Due to an absence of proper refrigeration and storage facilities, many herders are refraining from milking their herds to their full potential to avoid wasting milk. Based on the interviews conducted with local herders in Mafraq and Irbid, many small-scale herders lacked access to animal feed, further reducing their capability to produce milk. *"We will comply with any health regulation the government requires from us, we just want to sell our product," one herder in Mafraq noted.*
2. Veterinarians also encountered early challenges in acquiring permits that then stopped herders from accessing vet services. While veterinarians are experiencing less complications in restrictions of their

---

<sup>7</sup> FAO and WFP rapid assessment of Food Systems

operations now, the early restrictions caused delays in administering essential vaccines such as the hormone treatment for mating as well as other routine vaccines, thinning their herds and reducing their capabilities to produce milk. According to one veterinarian in Mafrq, one customer lost around 80 newborn goats due to their inability to access animal health services.

3. The impacts of the restrictions have affected dairy product companies differently depending on their size: large dairy production facilities have been able to maximize profits, while small and medium sized firms have struggled. Small and medium sized firms are disproportionately affected by the restrictions, creating greater challenges for them to access inputs (milk) to create products such as cheese and yogurt. Their inability to gain access to herders created a drop-in demand for milk. The drop-in demand forced herders to sell their milk to larger producers at below market prices, allowing larger firms to experience higher profit margins at a time where both herders and SMEs are suffering.
4. Other important items for dairy processing, such as containers, mastic, and rennet, were also inaccessible to small and medium dairy processors.
5. Based on interviews conducted with three dairy shop owners in Mafrq, one owner's sales are still impacted after receiving his permit because he is still not allowed to reach customers in Zarqa and Amman, where demand is higher.
6. According to the MoA's directives, the government is only allowing a select number of licensed egg production companies to sell eggs to the market, which total around 10 work permits. This leaves smallholder egg production entities more vulnerable to further financial losses.

## Fruits & Vegetables

Although issues faced by SME farmers in the first month of the quarantine have created significant losses, food production on farms is almost at normal level. According to the Food and Agriculture Organization, most issues faced at the start of restrictions have witnessed great improvement.

1. Many farmers in Irbid and Mafrq were not able to plant and tend to seasonal crops due to the lack of permits. As noted previously, farmers who own less than 200 dunams of land and/or less than 50 greenhouses are only able to acquire single permits to access their farms, which is not adequate to meet the required number of workers given the labor-intensive process of caring for the current seasonal crops.
2. Restrictions were creating inefficiencies in some markets. This has led to an oversaturation of some products and a shortage of others. These supply and demand issues are impacting the costs of the produce, negatively affecting small to medium farmers in the area.<sup>8</sup>
3. Crops such as tomatoes, cucumbers, peppers, potatoes and others, which are usually high-yielding and profitable products, have been severely affected by dire weather conditions in the past few months. According to the Jordan Valley Farmers Union, many farmers experienced either partial damage to their leafy greens and tomatoes or complete damage to the whole greenhouse.<sup>9</sup>

---

<sup>8</sup> Source in Arabic <https://kenanahnews.com/?p=79011>

<sup>9</sup> <https://www.jordantimes.com/news/local/jordan-valley-greenhouses-crops-destroyed-weekend-storms>



4. Based on interviews conducted with nurseries in Irbid, many suffered major financial losses. According to one nursery owner, many of his stocks died due to his inability to access the farm and water them while waiting for his permit. Others expressed losses due to cancelled orders from neighboring governorates.
5. Lack of access to agricultural supplies and services has also impacted farmers in the region.

## Market Linkages

As with the ability to produce and tend to crops have been impacted for SMEs in the agricultural sector, so has the ability to sell and meet livelihood demands. At the beginning of the pandemic, central markets, where farmers and producers congregate to sell their products, were closed. After the government eased restrictions on essential businesses, the central markets reopened, albeit for limited hours. Jordanian exports have also been impacted, as global trade has significantly slowed down.

## Access to Markets

1. Small scale dairy producers in Mafraq have not been able to access markets or open shops due to lack of permits.
2. Veterinarians in Mafraq noted that a majority of their sales normally occur early in the morning. Restricting their hours from 10:00AM to 6:00PM has significantly impacted their sales, as well as created challenges for customers who live greater distances away from the clinic to reach them.
3. Due to lack of sufficient number of permits, many farmers are not able to access central markets or sell directly to retailers.
4. The inability of small-scale farmers and dairy processors to access bigger central markets outside of their governorates is hindering their sales. Based on the phone calls made to dairy shop owners, it was noted that they have not been able to sell their cheese to sweet shops in Amman, where demand will significantly increase during the month of Ramadan.
5. Starting on March 27, 2020, the GoJ suspended the export of essential produce (tomato, potato, and onion) to ensure sufficient supply for internal demand.<sup>10</sup> It has since eased restrictions, yet logistical challenges exist and not all have been resolved.
6. Research noted that onion farmers experienced difficulties finding markets to sell their goods. Locally, farmers were getting below market prices and internationally, markets were closed. The situation has been more exacerbated for small scale onion farmers, who experienced challenges exporting before the pandemic due to weak networks, poor market linkages, and lack of resources.
7. The Government has authorized export of locally produced agriculture goods for which the country has a surplus. The MoA has established a new online system for issuing import and export licenses, and the turnaround time is only one day.<sup>11</sup>

<sup>10</sup> <http://www.jordantimes.com/news/local/export-key-agricultural-products-suspended-%E2%80%94-ministry>

<sup>11</sup> Source in Arabic: <https://alghad.com/%D8%A7%D9%84%D8%B2%D8%B1%D8%A7%D8%B9%D8%A9-%D8%AA%D8%B7%D9%84%D9%82-%D8%AE%D8%AF%D9%85%D8%A9-%D8%A7%D9%84%D8%AA%D9%82%D8%AF%D9%8A%D9%85-%D8%A7%D9%84%D8%A5%D9%84%D9%83%D8%AA%D8%B1%D9%88%D9%86%D9%8A/>

# Conclusion and Recommendations

In conclusion, while the government restrictions have eased over the past weeks, there are many SMEs and individuals who remain greatly affected by the crisis. In general, those SMEs and workers are particularly impacted as they depend on generating seasonal or daily income. The labor force in this sector constitutes a significant number of vulnerable laborers such as Syrian refugees and Jordanian youth, who earn wages on a daily basis. Those daily wage workers, in particular, face significant challenges in obtaining income to sustain their livelihoods in the current situation. Their vulnerabilities have been further exacerbated in light of the COVID-19 restrictions. While the government is issuing permits, the number of permits issued were not sufficient for smallholder farmers to care for their land and produce. This does not only have short term effects, but also has implications on the long term. The severe consequences will be witnessed in upcoming harvests—particularly with a reduction in quantity and quality—as farmers usually care for their trees during this time of the year.

Mercy Corps sees the importance of supporting SMEs within the agriculture sector to help mitigate the consequences that COVID-19 has had on the most vulnerable producers and workers in the agriculture value chain and support recovery. Noting that many other sectors of the economy are revolved around or connected to the agriculture sector, makes priority support consisting of access to water technologies and financing is essential. In addition to providing grants, Mercy Corps stresses the importance of establishing a comprehensive database, under the umbrella of the Ministry of Agriculture, that would include the details of small, medium and large farmers, along with dairy and other producers within Jordan. The database will help facilitate data analysis, outreach (especially to smallholder rural farmers), and a better process for work permits particularly in times of force majeure. Additionally, in the long term, the database will contribute to the optimization of data analysis and the ability to reach farmers through their desired channels of communication. This could be accomplished by utilizing the joint efforts of the public and private sector. Furthermore, there is a need to promote solutions that provide market-based crisis adaptations, especially as the current crisis highlighted the effectiveness of technology-driven businesses by operating through digital platforms. For companies with limited digital advancements, facilitating the introduction of technology into their operations, such as electronic funds transfers and remote management, is needed to increase their resilience to crises like the recent restrictions due to COVID-19 as well as help businesses reduce operating costs and use resources more efficiently.

Mercy Corps recommends the GoJ to prioritize their aid and low interest loan disbursements to SMEs in the agricultural sector, as they have suffered the most impact. Those SMEs also usually employ the most vulnerable such as Syrian refugees and Jordanian youth, who are usually informal laborers. Mercy Corps proposes the formation of a committee led by the GoJ, which includes relevant government agencies, NGOs, IGOs, Associations, and private sector enterprises to extract lessons learned from this crisis and develop a functional framework for response. The proposed committee can develop initiatives such as online platforms for direct linkages between farmer and consumer.

## CONTACT

### Tala Momani

Senior Project Manager | Access to Justice and Jobs program

[tmomani@mercycorps.org](mailto:tmomani@mercycorps.org)

### About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within.

Now, and for the future.



45 SW Ankeny Street  
Portland, Oregon 97204  
888.842.0842  
[mercycorps.org](https://mercycorps.org)