



JORDAN'S ENVIRONMENTAL LABORATORY: ADAPTING AND IMPROVING LEAD FIRM APPROACHES

JORDAN VALLEY LINKS



Creating business solutions to poverty



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JVL Learning Series

The JVL Learning Series is an ongoing initiative to share lessons learned as the project is being implemented. Topics include private sector engagement in Jordan, client experiences with savings and loan groups, effective strategies for enterprise development and measuring women's economic empowerment.

Authors	Hamzah Kamal, Connor Taylor and Silvia Ulloa
Editing and Review	Farah Chandani, Farouk Jiwa, Jennifer Denomy and Aniqah Zowmi
Graphic Design	Wendy Helgerman

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Acronyms

EL	Environmental Laboratory
JVL	Jordan Valley Links project
LF	Lead Firm
MSME	Micro, small and medium-sized enterprise

About Jordan Valley Links

Enterprise Development for Women and Youth in the Jordan Valley

MEDA's Jordan Valley Links Project (JVL) is working with civil society and private sector partners to economically empower 25,000 women and youth in the Jordan Valley and increase their contribution to Jordan's economic growth. Women and youth are supported with training and mentorship to improve their business acumen and are linked to markets where they can sell their products and services. The project works in three sectors: food processing, community-based tourism, and clean technologies. To increase access to finance, the project brings together Savings and Loans Groups, which are self-replicating, member-driven groups that meet regularly to save small amounts of cash which can be lent to members. JVL is building support for entrepreneurship in families and communities through role models, gender dialogues, and communication campaigns to promote the value of self-employment for women and youth.

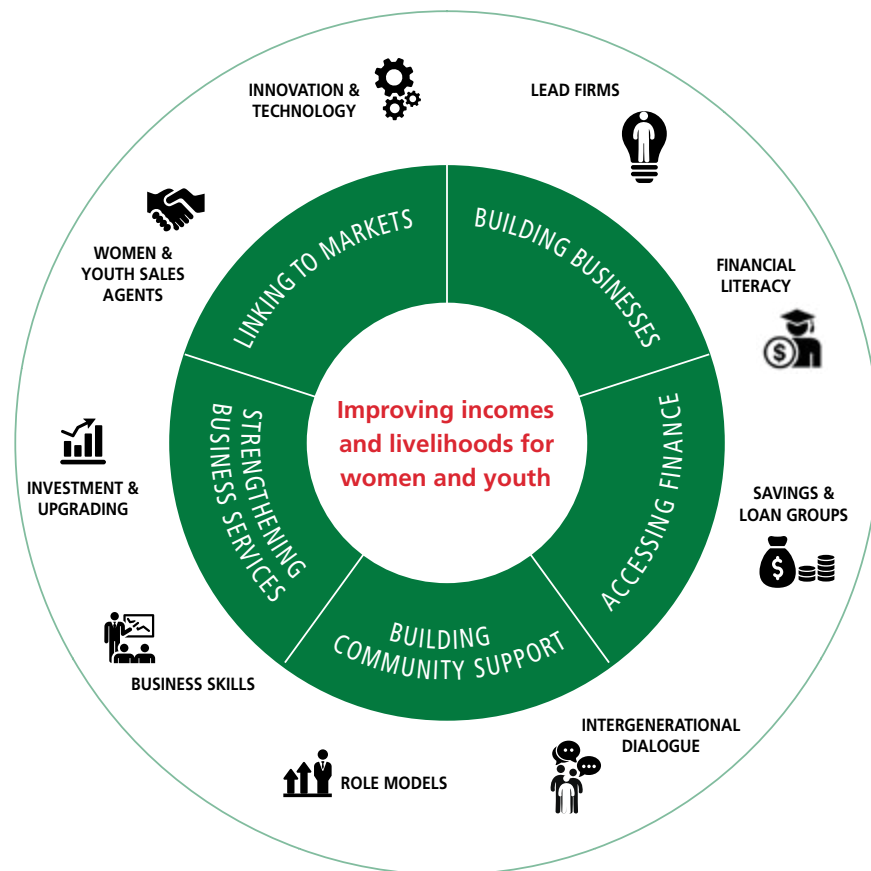


Figure 1: Jordan Valley Links project interventions

Purpose of Learning Document

This learning document will explore the value of working with value chain actors who occupy different – even unique – positions within a particular sector or value chain. Using the knowledge and lessons learned from the project’s partnership with [Environmental Laboratory](#) (EL), a private Jordanian food inspection firm, this paper will contribute to the growing literature and practitioner information on approaches to Lead Firm engagement for development impact. This learning document demonstrates the usefulness of non-traditional value chain actors and how development organizations can best leverage these actors to create sustainable impact.



It should be noted that this document was largely written prior to the global COVID-19 pandemic. Therefore, market conditions and other circumstances will have changed by the time it is released.

What is a Lead Firm Approach?

When supporting the development of a value chain, initiatives such as JVL may intervene at various points, providing services to – for example – producers, processors, or exporters. In the Lead Firm approach, most or all these services are delivered by Lead Firms (LFs), businesses that have forward or backward commercial linkages with targeted micro, small and medium enterprises (MSMEs), including women and youth producers and entrepreneurs in the case of JVL.

Forward commercial linkages include purchasing outputs, such as crops from producer groups.

Backward commercial linkages include providing inputs, for example to producer groups.

Adapted from Marketlinks.org Value Chain Wiki



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LFs typically act as an ‘entry point’ for intervention, working with and through value chains to positively impact MSMEs in their supply chains.¹ Where markets and value chains are well-established, economic growth is healthy, and businesses are more formalized, an LF approach allows greater impact through leverage, in terms of increased coverage (geographic, sectoral), scale and sustainability. Projects typically leverage the dependent relationship between LFs and MSMEs (i.e. the LF’s role in facilitating market linkages, capacity building, etc.) to encourage a collaborative working relationship that seeks mutual benefit for both parties.

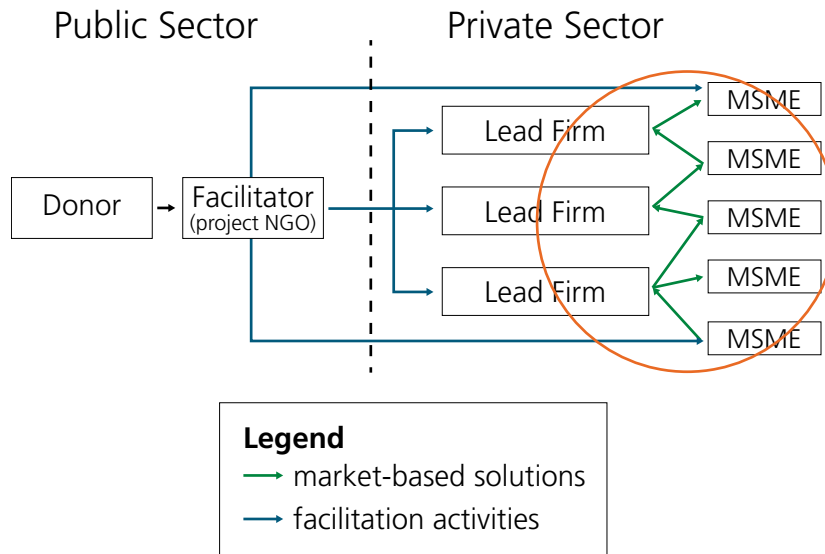


Figure 2: Leveraging Lead Firms as an entry point for market facilitation

JVL’s goal is to facilitate the development of relationships between LFs and women- and youth-run enterprises to maximize their ability to enter and thrive within the market. These Lead Firms can be processors, exporters, traders, input suppliers, or service providers – any dynamic private sector market actor that provides services and support to other value chain participants, helping them conduct their own businesses more efficiently.

Focusing on LFs can help ensure sustainability of project impact, since LFs, as commercial enterprises, do not depend on donor funding for their ongoing existence and operations. Additionally, as LFs already have commercial linkages to many other firms, they are useful for scaling the effects of the development intervention. In many cases, LFs can influence the adoption of better business norms and practices across the value chain, thereby enhancing or upgrading the value chain.

¹ Source: Cycle 1: Defining Lead Firms and Principles of Facilitation, Field Facilitation Working Group (incl. MEDA) Working Paper, USAID, August 2008.

Example

CARE's "Strengthening the Dairy Value Chain" project in Bangladesh utilizes the Lead Firm approach to allow for greater access to quality inputs (i.e. feed, medicine, etc.) for smallholder and landless farmers while also building a greater connection between farmers and the potential buyers in the private sector (i.e. processors). To accomplish this, they partnered with a top dairy producer in the country, PRAN, to help subsidize inputs and facilitate connections.

Source: CARE Bangladesh. PRAN TetraPak Pilot Project: Strengthening the Dairy Value Chain (SDVC), 2007-2011.

In a typical value chain within the food processing sector, products move from producers, including farmers, to processors and eventually to the end consumer (see Figure 3 below). LFs can occupy any position in that chain and can provide vital services to MSMEs, such as capacity building, aggregation of products and market information. Environmental Laboratory (EL), one of the Lead Firms partnering with the JVL project, occupies a space outside of a typical value chain and is able to facilitate connections across one or multiple value chains in the food processing sector.

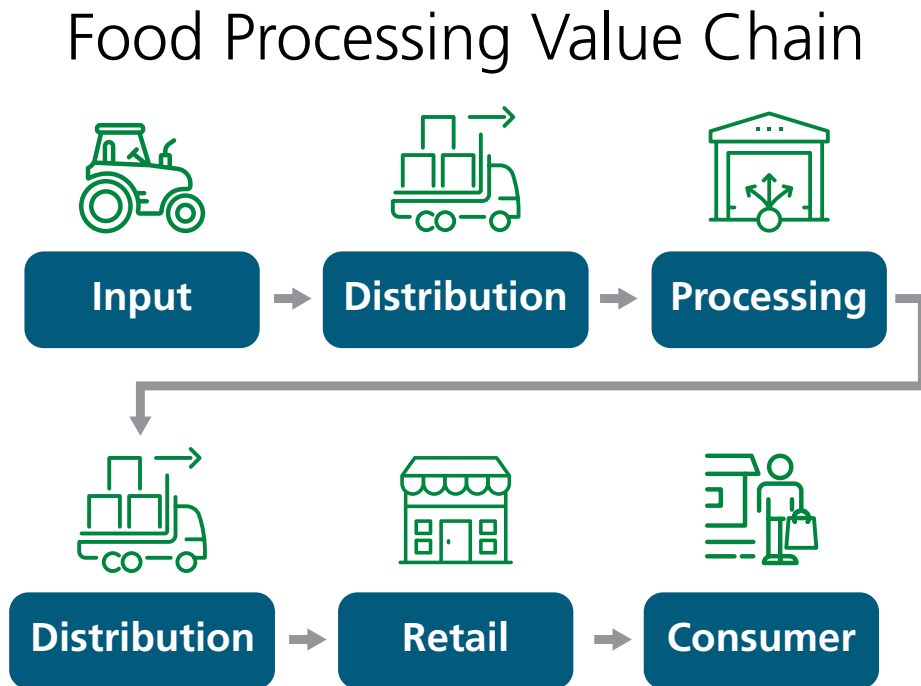


Figure 3: Illustrative Value Chain in the Food Processing Sector

Background on Environmental Laboratory

Established in 1990, [Environmental Laboratory \(EL\)](#) was the first specialised food and beverage quality testing service in Jordan. EL is a major provider of food safety and hygiene standards testing, and it is through their services that Jordanian food processors obtain the required certifications to export products. Home-based women processors, including JVL clients, access EL's testing equipment, enabling them to produce certified products that are more competitive in the market. EL also offers expanded consultancy services to assist their clients in improving the quality of their products and in setting up food processing plants that meet sanitary codes.

The company's co-owners and managers, sisters Sondos and Haneen Samara, have a personal passion for supporting women entrepreneurs in their communities. They believe that sustainable development, focused on entrepreneurship at the grassroots level, is key to Jordan's future and to weaning the country's economy from dependency on donor funding, which is an unstable and decreasing source of income. Sondos brings her scientific expertise to product development, noting that in Jordan, product development – especially in the food processing sector – is not guided by a rigorous, scientific trial-and-error approach. And yet this approach is vital, particularly for micro and small food processors, so that they can access the domestic and international markets.

Environmental Laboratory's Unique Market Role

EL is not directly involved in handling, trading or processing products, but as a specialised tester of food products, it has access to an unusually broad range of actors across many value chains in the food processing sector. In the Jordanian context, there is no other market actor with the same breadth and depth of knowledge in the sector.

They are therefore able to act as a 'meta information provider,' meaning that the knowledge they have about multiple value chains across the food processing sector can be used to benefit all actors in the sector. By virtue of their slight distance from the sector, EL is able to think more broadly and is aware of activities in multiple parts of many value chains. Typically, organizations such as MEDA work with Lead Firms that operate as actors within the value chain. In the case of EL, they are positioned



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outside of the value chain, similar to a research organization or government entity. As mentioned earlier, this makes them a more neutral and strategic partner, which can make connections with value chain actors across multiple value chains.

Contrast Between EL and Traditional Lead Firms

Since they handle certification protocols across the entire spectrum of food processors in Jordan, EL is exposed to a wider variety of clients across multiple value chains in the food processing sector than a typical LF. Their clients are comprised of approximately 70% large-scale factories, 20% food merchants, and 10% other food inspection agencies. While a traditional Lead Firm may have the power to change behavior across a value chain, EL brings unique scope and depth of knowledge in addition to relationships with organizations across the sector. For example, they know exactly who is buying and trading particular foods in the domestic market and can link additional businesses into the supply chain at appropriate points for maximum impact. Through this network, they can utilize current information on transactions, actors and activities and apply their unique insights within the food processing sector.

The diagram below illustrates a basic flow of value chain activities as well as the actors and support systems that are typically present.² As noted in the earlier food sector diagram (figure 4), a Lead Firm may be present in any stage of the value chain. In the diagram below, value chain actors such as suppliers, wholesalers and processors are shown in green, any of which might be a Lead Firm. EL, however, provides intra-chain and inter-actor support, coordination, and management (grey shape below) and therefore has influence over and provides services to the whole value chain.

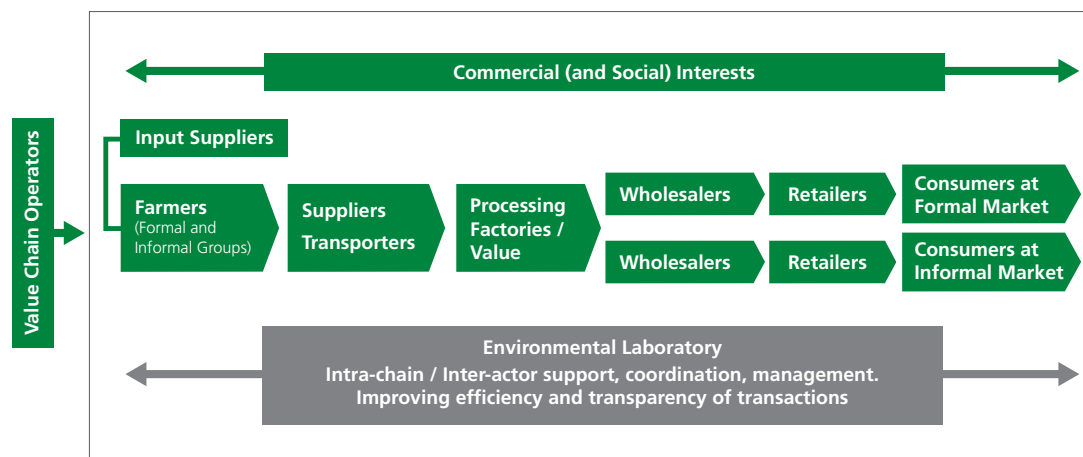


Figure 4: EL's position in the value chain

² Andreas Springer-Heinze. (2018) *ValueLinks 2.0: Manual on Sustainable Value Chain Development, Volume 1*.

Innovating in the Food Processing Sector

Jordanian women face many barriers in the food processing sector. In 2019, EL conducted an assessment to gauge the market demand for food products as well as to identify barriers faced by women entering the sector. Key findings included:

- **Lack of business skills**, including limited to no knowledge of financing, pricing, marketing, and business management, all of which limit business growth.
- **Reluctance to invest time and effort into the business.** Many women did not consider their food production activities to be a viable income stream, and therefore hesitated to invest necessary resources into building the business.
- **Limited financial management.** Women in the survey noted that they struggled with debt and sometimes sold their products at a loss.
- **Lack of aggregation and collective work.** While individual entrepreneurs lack the capacity to produce large quantities of product for the market, women can combine their efforts to sustain both the quality and quantity demanded by the market. Not through traditional product aggregation models that bring together products from various locations but a different model whereby women



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come together to aggregate their time, effort, and resources at one location, for example, within production kitchens (described in more detail below).

JVL's Intervention with Environmental Laboratory

EL approached JVL with their findings from the food processing sector assessment and co-created a solution. With technical assistance from the JVL team, the 'funnel approach' was devised (see figure 5). Using the funnel approach, EL can provide immediate support to large numbers of women food processors in different communities with basic support services, with numbers and level of support reduced for each subsequent stage. The most promising businesses and products are selected to advance from stage to stage, ensuring increasingly targeted support.

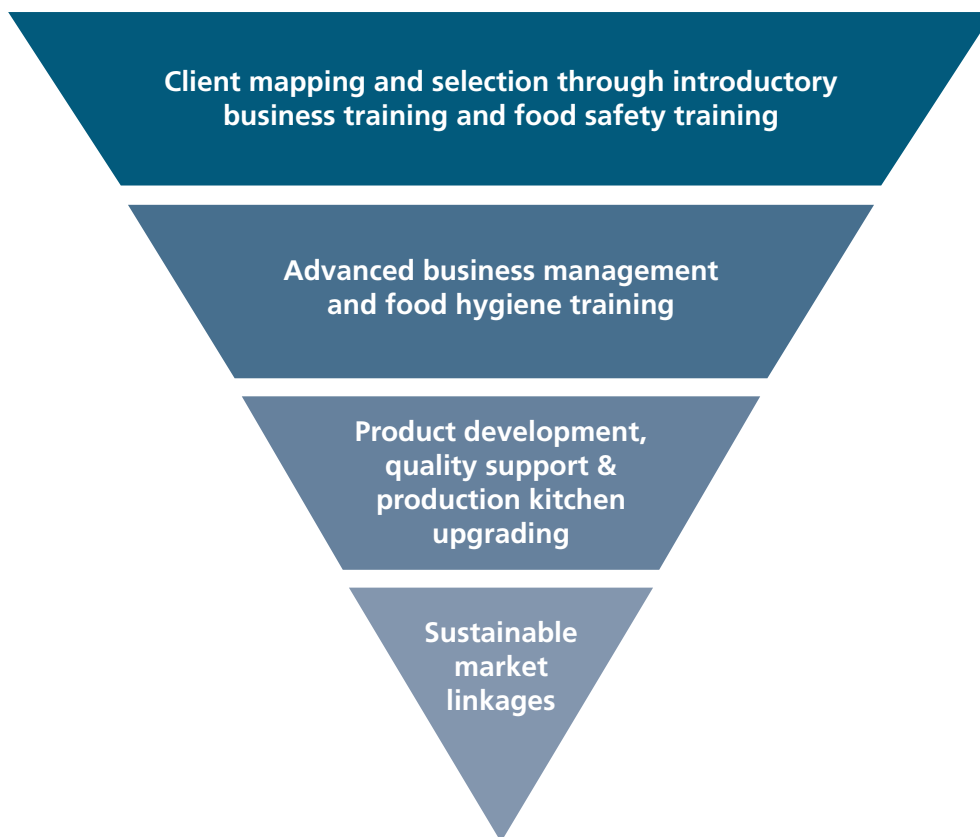


Figure 5: The 'Funnel' Approach

Client mapping and selection: EL starts by conducting a mapping process, where they identify the women food entrepreneurs operating within a given area. They record what products are produced, the quantities and the buyers, and assess the potential market opportunities for these processors.

Six production kitchens were selected as part of this process and introductory exposure to business concepts was provided to all the women processors associated to these kitchens and the surrounding communities. This allows EL to ascertain their level of commitment and capacity to further engage on this entrepreneurial journey, as well as provides an opportunity to share food hygiene concepts and basics to large numbers of women from surrounding communities.

Women entrepreneurs who meet a basic set of criteria – they are new to JVL interventions and have or are willing to start a food processing business – are invited to introductory business and food hygiene training.

Production kitchens are high quality facilities where individuals or groups running food processing businesses can create their products. One of the advantages of working through production kitchens is robust quality assurance.

Advanced business management and food hygiene training: Following the mapping process and the introductory training, a smaller group of business-oriented women are selected to receive more in-depth support. In addition, EL and MEDA select the best products being produced in each production kitchen, based on their market research. EL encourages iterative product development through rigorous quality support and uses their industry contacts to facilitate sustainable market linkages.

At this stage, training emphasizes the importance of an entrepreneurial mindset, business planning and the business model canvas, a planning and visualization technique. In addition, the women receive food safety training, focusing on how to store, prepare and transport food, good personal hygiene practices and site sanitization.

Once this stage is complete, EL conducts a final selection, choosing groups of women to collectively own the production kitchen.

Product development, quality support and production kitchen upgrading: At this stage, EL selects and procures equipment and undertakes any necessary



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renovations in each production kitchen. JVL invites all six production kitchens to apply for project funding – either to upgrade or purchase identified equipment (e.g. industrial dishwasher, vacuum packaging machine, etc.), or purchase inputs to ramp up production.³

Groups of women who were selected in the previous stage begin to work collectively in six production kitchens. Each kitchen can accommodate 25 women (for a total of 150) who can create and produce food products from local ingredients available in their different regions of the Jordan Valley. Based on their market assessments, EL develops products, generates recipes, and trains women on how to make and package the products.

³ The project has earmarked funds for each kitchen, but encourages women to go through the application process in order to gain valuable experience requesting financial services.

EL provides technical knowledge on food processing standards to the production kitchens. They bring first-hand knowledge of quality and hygiene standards, ingredients, and market demand. For example, in the case of a pickle producer, they can provide important information about the exact composition of preservatives required to preserve the colour, texture, and flavour of the pickled product, thus maximizing the chances that the product will be purchased by a pickle merchant.

In addition to product development, EL provides valuable support for women in fighting negative public perceptions regarding the quality of products. Agricultural products from the Jordan Valley are believed to be contaminated with pesticides and considered lower quality than imported products. EL handles laboratory testing to screen for contaminants, thereby providing documentation attesting to the quality of the products, including the low levels of pesticides and other contaminants detected in the average agricultural product from the Jordan Valley. During scientific testing, EL can also help shorten the product development cycle for food products leaving the Jordan Valley, which also builds consumer trust of products made in the region.

EL's technical assistance also includes training for quality assurance staff to provide guidance to each of the production kitchens on a freelance basis. Initially, these staff will be paid by EL but will eventually be paid from the income of the production kitchens. This approach enables sustainability of each production kitchen by establishing long-term business infrastructure for the food processing sector. The quality assurance staff are local women who are certified in food quality assurance; this is beneficial for communities, generating additional work opportunities in the food processing sector.

Sustainable Market Linkages: Having been in the food sector since 1990, EL is well-connected to many major food producers and buyers and can bring together individual food processors and potential buyers and investors. Several successful business relationships have been brokered and are being formalized. For example, EL has linked one of the kitchens to Al-Hamawey Roastery, a shop selling coffee, nuts, dried fruits and spices. The owner is arranging to purchase from the kitchen but wishes to be part owner in order to maintain control over the quality of goods being produced. His investment in the kitchen is being negotiated. MotherFood International, a Canadian-based organization working to improve maternal nutrition, has signed a large purchase order for 22,000 date bars from one of the kitchens.⁴

⁴ See <https://www.motherfoodinternational.com/welcome> for more information.

Building these relationships of trust between the kitchens and buyers is critical. EL makes introductions, but the business relationship and purchasing agreements are made directly between these two entities to ensure long-term sustainability.

EL's Eye on the Market: Successful Linkages

EL's expertise and connections across the food processing sector allows them to identify market niches that are not currently filled. For example, moringa has seen a surge in popularity for its perceived health benefits while its durability also increases profitability. A 'moringa café' is in development, which will sell a range of recently developed products, including moringa pasta, moringa-based pesto and energy bars with moringa. These high shelf life products are popular with the onset of COVID. Other opportunities being explored for the production kitchens include dried citrus, pickles, date bars, and frozen foods. EL and MEDA are working to link kitchens to sustainable markets for their products, including malls, clinics, and other avenues, including vending machine companies (such as Makeena Vending) to further expand market penetration for these products.



Figure 6: Leaves of the Moringa plant

Conclusion

Lead Firms have been utilized in a wide variety of contexts to help facilitate market linkages and encourage the growth of MSMEs. EL's unique position in the food processing value chain sets it apart from traditional lead firms and allows them to connect entrepreneurs across multiple value chains. By partnering with EL in a more nuanced approach to the traditional Lead Firm model, the JVL project is learning and benefitting from work with alternative value chain actors who can provide a wider range of services and strategies than traditional lead firms. When developing private sector partnerships for business development, this approach offers alternatives and ideas for development practitioners who may be able to leverage comparable local actors in different contexts.

JVL was able to leverage EL's role in the food value chain to benefit both women entrepreneurs and EL themselves. Thanks to the unique 'funnel' approach, women entrepreneurs benefit from business services and market linkages facilitated by a sustainable local organization as well as from quality support and technical assistance. EL has been able to improve their outreach and communication with local communities, community-based organizations, and individual women processors, further strengthening their contacts and networks. JVL has also helped the EL team to change the perception of their role in the market, expanding their vision from simply testing products to becoming a hub, linking entrepreneurs to multiple services and markets. The mutually reinforcing benefit will contribute to the long-term sustainability of the relationships.



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