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FEASIBILITY STUDY & DOCUMENTED PROCEDURES FOR RENDERING CONSULTANCY SERVICES –

Jordan Exporters & producers association for Fruit & Vegetables (JEPA)

October 7, 2007

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FEASIBILITY STUDY & DOCUMENTED PROCEDURES FOR RENDERING CONSULTANCY SERVICES – **Jordan Exporters & producers association for Fruit & Vegetables (JEPA)**

SUSTAINABLE ACHIEVEMENT OF BUSINESS EXPANSION AND QUALITY (SABEQ)

CONTRACT NUMBER: 278-C-00-06-00332-00

BEARINGPOINT, INC.

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5A.1.1.3 To develop a consultancy service for applying Good Agricultural Practices (GAP) and build up the capacity of Jordan Exporters & Producers Association for Fruits and Vegetables, to deliver the service.

DISCLAIMER:

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

October 7th, 2007

JORDAN EXPORTERS AND PRODUCERS ASSOCIATION FOR FRUITS & VEGETABLES

Amman - Jordan

SUBJECT: FEASIBILITY STUDY & DOCUMENTED PROCEDURES FOR RENDERING CONSULTANCY SERVICES BY JEPA

Dear Sirs,

With reference to the terms of our engagement, we have completed the Feasibility Study *(Final Report)* for evaluating the viability of building the capacity of JEPA to provide consultancy services and the documented procedures for rendering the foregoing service.

We sincerely appreciate the opportunity you have provided us; we believe that our experience is bound to evidently contribute to the new services to be rendered. The scope of work that we have employed incubated all due efforts in anticipation of the project itself. The entire study, including all conclusions, is based on our present knowledge with respect to historical, current and projected economic data and the status of the target segments at the completion of our research.

This report has been prepared for JEPA and is intended to be used to assist the implementation of the project disclosed herein in marketing and financial terms. The information contained within this report should not be used for any purpose other than that disclosed in this document.

Similar to all studies of this type, the projected results presume no significant change in the competitive or market position of Jordan's economy unless set forth in this study.

If we can be of further assistance, with respect to issues addressed in this feasibility study, please contact us at your earliest convenience.

Sincerely Yours;

Rashad Bibars

Business Development Center

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SECTION I:

EXECUTIVE SUMMARY

MAIN OBJECTIVE

The main objective of this study is to evaluate the viability and feasibility of building the capacity of JEPA to provide consultancy services to farmers, exporters and other stakeholders in applying the Euro-Retailer Produce Good Agricultural Practice (EUREPGAP), Hazard Analysis Critical Control Point (HACCP), and the British Retail Consortium Food Product Quality Scheme (BRC).

MARKET STUDY OUTCOME

- The market study evidently proved prosperity in the Jordanian Agricultural Sector in terms of development for the previous years.

- Number of botanical farms in Jordan is around 80,000 farms; only 28 certificates were awarded in the last 3 years.

- The competition in this field is limited to the National Center for Agricultural Research and Technology Transfer (NCARTT) for rendering consultancy services and orientation for applying the three certificates as a package, however; there are several companies that provide consultancy for applying the HACCP certificate only.

- The expected market share was calculated based on the market study as illustrated in the Table below:

TABLE: EXPECTED MARKET SHARE

	2008	2009	2010	2011	2012
GROWTH RATE	**-**	**30%**	**50%**	**40%**	**30%**
HACCP	1	1	2	3	3
EurepGAP	11	14	21	29	38
BRC	0	1	1	2	2

FINANCIAL STUDY OUTCOME

The financial analysis for the project demonstrates that the project is *feasible* **taking into consideration that JEPA has to exert extra efforts to achieve the targeted number of projects to render consultancy service to ensure profitability and feasibility.**

The main findings of the financial study are as follows:

TABLE: FINANCIAL STUDY OUTCOMES

DESCRIPTION	VALUE
Discount Rate	14.8 %
NPV	JD 5,347
IRR	19 %
Break Even Point "# Projects"	45
Break Even Point (JD)	146,060

- **SENSITIVITY ANALYSIS**

The results of the Sensitivity Analysis were as follows:

SCENARIO	IRR	NPV	BREAK EVEN POINT (PROJECTS)	BREAK EVEN POINT / JD
Base Scenario	**19 %**	**5,347**	**45**	**146,060**
Sc1: 100% National Farms	**-25%**	**(115,141)**	**(149)**	**(293,327)**
Sc2: Discount Rate 20%	**19%**	**(753)**	**45**	**146,060**

SECTION II:

MARKET STUDY

CHAPTER I: JORDAN OVERVIEW

COUNTRY OVERVIEW

Jordan, or the Hashemite Kingdom of Jordan, is bounded on the north by Syria, on the east by Iraq and Saudi Arabia, on the south by Saudi Arabia and the Gulf of Aqaba, and on the west by the West Bank. The area of Jordan is 89,556 sq km (34,578 sq mi).

ABOUT JORDAN

Table below illustrates Jordan's main indicators for the year 2005:

TABLE: JORDAN INDICATORS, 2005

Jordan in Facts (2005)	
Population	5,759,732 people
GDP	JD 9000 Million
GDP per Capita	JD 1,562
Economy Growth	5.5%
Population growth rate	2.56%
Literacy	90%
Exports	$4.226 billion
Export Partners	US 28.9%, Iraq 17.6%, India 7.1%, Saudi Arabia 5.6%
Imports	$8.681 billion
Import Partners	Saudi Arabia 19.8%, China 8.4%, Germany 6.8%, US 6.8%

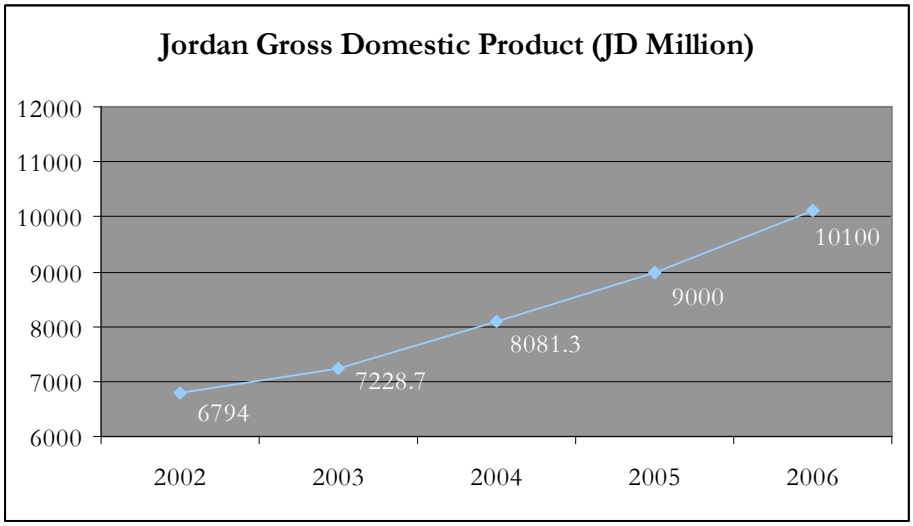
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Source: Department of Statistics, 2007

Since assuming the throne in 1999, H.M. King Abdullah II has undertaken some broad economic reforms in a long-term effort to improve living standards. Amman in the past

three years has worked closely with the IMF, practiced careful monetary policy, and made substantial headway with privatization. The government also has liberalized the trade regime sufficiently to secure Jordan's membership in the WTO (2000), a free trade accord with the US (2001), and an association agreement with the EU (2001). These measures have helped improve productivity and have put Jordan on the foreign investment map. As a result, the Jordanian economy witnessed a substantial growth during the past 5 years, which can be illustrated by the 49% growth in the Gross Domestic Product in current prices during the period (2002 - 2006).

CHART NO.1: GROSS DOMESTIC PRODUCT (2002-2006)



Source: Central Bank of Jordan

This substantial economical growth was supported by the continuous developments in various sectors, contributing together in sustaining Jordan's economy and setting Jordan as an economical model for the region. Such sectors include:

INDUSTRY: Supported by the formation of Qualified Industrial Zones in different areas in the Kingdom, as well as the Industrial and Trade agreements signed between Jordan and key players in the international industrial sectors. Industry in Jordan was able to achieve 10% growth in the period 2004 – 2005, contributing in more than 20% of the Gross Domestic Product of the Kingdom in 2005, and generating job opportunities for more than 48% of the total workforce in Jordan.

CONSTRUCTION: Driven by the Real Estate boom taking place in the region, construction sector in Jordan continued its positive progress, achieving more than 70% percent growth between the years 2004 – 2005. Sustained by the foreign investments, the increasing demand and the political stability that sets Jordan as one of the most secured investment destinations in the region.

TOURISM: Tourism plays an essential role in Jordan; it is the 2nd largest private sector employer, and the 2nd source for foreign exchange in the Kingdom. Supported by the unique sight seeing destinations, the wonderful natural scenes and the convenient weather, tourism showed outstanding performance in 2006, which was reflected in 13% growth in 2006 compared with 2005. Moreover, tourism contribution to the Gross Domestic Product in 2006 reached more than 10%.

TRANSPORT AND COMMUNICATION: Transportation and Communication sector in Jordan proved to be one of the leading sectors in the Kingdom; aided by the international business relationships Jordan is developing with other countries, as well as the continuous investments targeting this sector, Transport and Communication sector sustained its position as a major contributor in the Gross Domestic Product in Jordan by holding 18.5% share in the national GDP for 2005.

AGRICULTURAL OVERVIEW

Agriculture is considered a cornerstone of many economies worldwide, especially in developing countries. Agricultural production and processing are activities which allow many poor countries the possibility to trade their way out of poverty. However, one fundamental requirement is that agricultural *products are safe*, and do not pose risks to human, animal and plant health. Recent trends in global food production, processing, distribution and preparation are creating an increasing demand for food safety research in order to ensure a safer global food supply. Sanitary and Phytosanitary (SPS) agreement is one of the principal agreements that forms the World Trade Organization (WTO) treaty. The agreement was designed to ensure the safety of imported food items which is always raised by many of the developed countries. The main focus of the agreement is on how governments can apply food safety and animal and plant health measures (sanitary and phytosanitary measures) including, but limited to, calling for products to come from a disease-free area, strict inspection of products, particular treatment or processing of products, determining allowable maximum levels of pesticide residues or permitted use of only certain additives in food.

In its Fifty-third World Health Assembly (May, 2000), adopted a resolution calling upon the World Health Organization (WHO) and its Member States to recognize food safety as an essential public health function. The resolution also called on WHO to develop a Global Strategy for reducing the burden of food borne disease.

Additionally, other systems ensuring food safety are the EurepGAP, HACCP (Hazard Analysis Critical Control Points) and the BRC (British Retail Consortium). The EurepGAP started in 1997 as an initiative of retailers belonging to the Euro-Retailer Produce Working Group (EUREP). It has subsequently evolved into an equal partnership of agricultural producers and their retail customers. Their mission is to develop widely accepted standards and procedures for the global certification of Good Agricultural Practices (GAP). The EurepGAP Protocol for Fresh Fruit and Vegetables was developed by a group of well-known large retail chain stores across Europe to ensure the human food safety is what is known by (Europe Good Agricultural Practices). As in

the case of SPS, the EurepGAP was emerged as a result of rising consumer concerns, global sourcing and EU regulatory system.

This protocol force exporters of fresh produce to the EU to take into consideration the new requirements that will surpass food safety issues into new areas of concerns such as social aspects of worker welfare and environmental principle.

The final act of the Uruguay Round of Multilateral Trade Negotiations, signed in Marrakesh on 15 April 1994 that established the World Trade Organization (WTO) contains among many other agreements, the Sanitary and Phytosanitary Measures or what is known as the "SPS Agreement". The SPS Agreement is part of the treaty which established the World Trade Organization (WTO).

The main concern of the SPS Agreement is the application of food safety and animal and plant health regulations. The SPS measures became functional with the establishment of the World Trade Organization on 1 January 1995. The agreement was designed to tackle the "always raised problem" by many food importing countries, especially developed countries, on how to ensure that consumers are being supplied with food that is safe to eat. Simultaneously, how can the country ensure that strict health and safety regulations are not being used as an excuse for protecting domestic producers?

The agreement is mainly focused on how governments can apply food safety and animal and plant health measures (sanitary and phytosanitary or SPS measures) sets out the basic rules in the WTO.

The secretariat of the WTO encourages member countries to adopt international standards, guidelines and recommendations where they exist. However, the use of higher measures must not be arbitrary but justified on scientific grounds. Some of the most popular sanitary and phytosanitary measures adopted by many countries include: call for products to come from a disease-free area, strict inspection of products, particular treatment or processing of products, determining allowable maximum levels of pesticide residues or permitted use of only certain additives in food. These measures should be applied to domestically produced food or local animal and plant diseases, as well as to products coming from other countries.

The European on farm Good Agricultural Practice (GAP) defines essential elements for the development of best-practice for the global production of horticultural products (e.g. fruits, vegetables, potatoes, salads, cut flowers and nursery stock). Although, the Protocol defines the minimum standard acceptable to the major retail groups in Europe, however, standards for some individual retailers and those adopted by some growers may exceed those included in the protocol. EurepGAP supports the principles of and encourages the use of HACCP. EurepGAP is consisted of a long checklist that contains required and encouraged actions by the producers.

Farmers must be able to demonstrate that they follow the Required and Encouraged actions included in the checklist such as product traceability, record keeping, varieties and rootstocks used, pest and disease resistance varieties, seed treatments and dressings, genetically modified organisms, site management, irrigation methods and requirement, crop protection, choice of chemicals, post-harvest treatments, waste and pollution management, recycling and re-use, worker health, safety and welfare, environmental issues, and internal auditing procedures.

Food safety and security issues are gaining more attention worldwide as a result of new emerging apprehensions by the majority of consumers especially in Europe. These newly emerging concerns include: 1) the use of biotechnology in food production to improve crop production and 2) the very recently emergence of Mad cow disease in the United States and few years ago in Great Britain causing huge amounts of financial losses to meat and livestock producers and harming the meat supply industry as a result of lost consumer confidence. Obviously, these measures included in the SPS agreement and the EurepGAP may result in additional restrictions of trade of agricultural and food products. Although, governments in the EU and Mediterranean partners countries (MP) do agree that some trade restrictions may be essential to guarantee food safety and animal and plant health protection.

Nevertheless, these restrictions may go beyond what is needed for health protection and may be used as protective measures to shield domestic producers from international economic competition. The level of enforcing these measures is expected to escalate as other trade barriers are reduced as a result of bilateral and unilateral freeing trade agreements. This research provides an evidence on that the abiding with the sanitary and phytosanitary and EurepGAP measures will result in additional cost that will be incurred by exporting countries in terms of new inspection and testing facilities and laboratories, certification of inputs and outputs, losses, and delays in shipping products to its' final destinations. The increase in additional cost is expected to hinder exports to the EU region and may negatively impact the employment in agricultural and export sectors in the MP countries.

The BRC has actively been involved with the development and implementation of Standards since 1996.

Standards currently available are:

- The BRC Technical Standard and Protocol for Companies Supplying Retailer Branded Food Products (BRC Food Technical Standard)
- The BRC Global Standard - Consumer Products
- The BRC/IOP Technical Standard and Protocol for Companies Manufacturing and Supplying Food Packaging Materials for Retailer Branded Products (BRC/IOP Packaging Standard)

- The BRC/FDF Technical Standard for the Supply of Identity Preserved Non-Genetically Modified Food Ingredients and Product (BRC/FDF IP Standard)

The development of such Standards was initially driven by the need to meet legislative requirements, but was quickly seen as having significant benefits to the suppliers of product to the UK Retailers and there has been considerable interest internationally as these Standards have been implemented.

As mentioned previously, work on the BRC Food Technical Standard began in 1996, which culminated in the publication of the first issue of the Standard in October 1998. For the first time UK Retailers, working within a highly competitive market place, had realized that food safety is a non-competitive issue and that by sharing experience and developing robust systems together, there were distinct advantages legally, technically and financially.

AGRICULTURAL SECTOR IN JORDAN

Jordan is divided into three main geographic areas with different climate: the Jordan Valley, the Highlands and the Eastern Desert. The cultivated area is equivalent to 3.4% of the total land, mostly in the Jordan Valley. Although intensive irrigation and modernization processes are available, the local agriculture is facing serious challenges due to the limited water resources in the Kingdom.

As result of the challenging agricultural sector in the Kingdom, Jordan started moving towards food processing industries which proved to be with higher potential.

From the mid-seventies to the mid-eighties, the agricultural sector witnessed a remarkable development in irrigated agriculture. Irrigated areas and agricultural production increased in both the JV and the Highlands. A remarkable improvement was also observed in the productivity of agricultural resources due to the use of modern technologies and improved production methods in irrigated agriculture. Exports of fruit and vegetables, and live animals increased substantially as well. However, during the late eighties, the Jordan economy started to suffer from setbacks that prompted a structural adjustment program in 1989. The decelerating economic growth, combined with the negative impact of the second Gulf War, the introduction and implementation of trade liberalization policies and canceling of most of the subsidies previously provided for the agricultural sector, resulted in a progressive decline of the Sector's performance and its contribution to the GDP, as well as a loss of growth dynamics.

Factors contributing to these developments resulted from local and external causes.

Locally an increased competition on agricultural resources (land and water) between the different economic sectors, which was coupled with a decline in interest in the Agricultural Sector compared to other sectors, a failure in linking production with market demand, which caused congestions through out the marketing channels; the weakness of agriculture research and extension programs, which were not enough to improve productivity and the near absence of effective farmers organizations were all contributing factors to decline. However, the two most important domestic changes were the implementation of a structural adjustment program, which started in 1989, and of an agricultural sector adjustment program, which started in 1994. These programs resulted in the liberalization of trade in agricultural commodities, opened the local market for imported agricultural commodities and eliminated most of agricultural subsidies.

Internationally, measures undertaken to liberalize the economy. Among such measures included accession to the WTO, signing of the Arab Free Trade Agreement and of the European-Jordanian Partnership Agreement. Although these agreements provide new opportunities to Jordan, they create challenges to local production that will require intensive efforts and substantial changes in the current policies, to overcome them.

Moreover and according to Jordan's Investment Promotion Law, agricultural projects enjoy income, social services and customs tax exemptions. Projects in this sector are fully exempted from income and social services taxes, and the inputs imported for these projects are exempted from customs duties. Specialized credit institutions also provide soft- term loans for projects in this sector.

The food packaging and food processing industries will present growth opportunities as regional developments and trade agreements foster closer economic ties and open markets for Jordanian agricultural production. There is also an existing market in Jordan for the latest technology in water conservation and irrigation systems.

So by applying the good agricultural practices producers reduce the risks in agricultural production. Orienting Jordanian farmers, exporters and stakeholders for applying the EurepGAP, HACCP and BRC provides the tools to objectively verify best practice in a systematic and consistent way throughout the world which is achieved through the protocol and compliance criteria. EurepGAP, HACCP and BRC's scope is concerned with practices on the farm, after which they come under the control of other Codes of Conduct and certification schemes relevant to food packing and processing, assuring the whole chain right through to the final consumer. Another key goal is to provide a forum for continuous improvement. The technical and standards committee, consisting of producer and retail members, has a formal agenda to review emerging issues and carry-out risk assessments. This is a rigorous process, following the principles of HACCP, EurepGAP and BRC, and involves experts in their field leading to revised versions of the protocol.

AGRICULTURAL PRODUCTION IN JORDAN

TABLE: AREA, AVERAGE YIELD AND PRODUCTION OF VEGETABLES IN 2005 IN JORDAN

Crop	Total			Winter			Summer		
	Area (Dunum)	Average Yield	Production (MT)	Area (Dunum)	Average Yield	Production (MT)	Area (Dunum)	Average Yield	Production (MT)
Tomatoes	112,380.2	5.33	598,933.2	60,610.1	5.56	336,974.9	51,770.1	5.06	261,958.40
Squash	30,485.5	2.37	72,323.7	13,061.0	2.40	31,330.7	17,424.5	2.35	40,992.90
Eggplants	29,380.5	3.38	99,244.2	15,874.8	3.96	62,893.1	13,505.7	2.69	36,351.00
Cucumber	15,894.8	10.46	166,219.9	9,707.8	10.56	102,528.9	6,187.0	10.29	63,691.00
Potato	48,475.4	3.55	172,076.9	35,754.9	3.55	126,823.8	12,720.5	3.56	45,253.10
Cabbage	9,014.5	3.39	30,589.5	4,019.6	3.22	12,924.2	4,994.9	3.54	17,665.40
Cauliflower	30,650.6	2.48	75,998.2	15,376.3	2.53	38,931.1	15,274.3	2.43	37,067.00
Hot pepper	6,441.8	2.71	17,471.7	2,933.4	3.00	8,805.7	3,508.4	2.47	8,666.00
Sweet pepper	6,305.5	3.32	20,928.3	3,234.2	3.20	10,356.1	3,071.3	3.44	10,572.10
Broad beans	13,701.8	1.14	15,595.3	13,224.5	1.16	15,304.4	477.3	0.61	291.00
String beans	9,183.4	1.09	9,976.3	4,269.2	1.33	5,663.0	4,914.2	0.88	4,313.20
Peas	4,262.8	0.74	3,144.9	2,402.0	0.74	1,765.6	1,860.8	0.74	1,379.30
Cow-peas	917.8	2.15	1,973.7	107.2	0.83	89.1	810.6	2.32	1,884.60
Jew's mallow	8,141.5	3.97	32,353.0	630.0	2.81	1,771.9	7,511.5	4.07	30,580.90
Okra	8,786.9	0.82	7,163.3	1,096.8	0.63	695.6	7,690.1	0.84	6,467.70
Lettuce	9,427.4	2.99	28,161.1	4,863.7	3.01	14,632.1	4,563.7	2.96	13,529.00
Sweet melon	8,542.0	3.78	32,302.5	253.3	3.44	871.6	8,288.7	3.79	31,430.90
Water melon	13,917.6	6.11	84,998.1	1,255.5	5.16	6,479.0	12,662.1	6.20	78,519.10
Spinach	1,172.7	2.06	2,414.4	926.4	2.15	1,988.9	246.3	1.73	425.50

Onion green	2,946.4	2.52	7,422.4	2,860.3	2.52	7,216.3	86.1	2.39	206.00
Onion dry	11,879.9	3.33	39,597.9	8,366.3	3.28	27,431.6	3,513.6	3.46	12,166.30
Snake cucumber	3,098.6	0.97	2,991.5	110.6	1.86	205.8	2,988.0	0.93	2,785.70
Turnip	1,048.8	1.97	2,065.4	992.8	1.96	1,949.2	56.0	2.08	116.20

Average Yield: M.T. (Metric Tons)/Dunum

Source: Department of statistics, 2007

TABLE: AREA, NUMBER AND PRODUCTION OF FRUIT TREES IN 2005 IN JORDAN

Crop	Area (Dunum)	Number of Trees	Number of Bearing Trees	Production (MT)
Lemons	16,886.4	486,149	459,383	35,747.0
Oranges, local	3,935.8	120,144	112,757	6,146.3
Oranges, navel	9,397.1	289,721	267,418	19,499.8
Oranges, red	2,106.5	65,049	59,129	5,000.2
Oranges, valencia	2,221.5	68,630	66,444	4,785.9
Oranges, french	1,491.0	45,576	41,980	2,110.7
Oranges, shamouti	3,849.5	117,896	107,409	6,403.1
Clementines	14,863.9	457,810	451,111	34,628.6
Mandarins	6,091.6	186,256	183,615	11,138.2
Grapefruits	2,266.0	53,898	52,460	4,070.3
Medn. mandarins	132.0	4,017	3,927	214.3
Pummelors	3,654.8	96,986	93,476	6,537.3
Sour oranges	145.5	6,350	0	0.0
Olives	645,226.0	8,596,458	5,152,180	113,069.7
Grapes	36,352.2	2,032,778	1,629,091	34,452.4
Figs	5,420.8	159,845	150,207	3,370.6
Almonds	4,804.4	175,876	165,095	2,391.3
Peaches	15,796.2	664,162	640,640	12,953.3
Plums, prunes	6,501.2	271,239	252,334	4,685.8
Apricots	7,751.6	336,149	309,275	6,605.9
Apples	38,562.3	2,699,381	2,157,738	45,562.7
Pomegrantes	3,562.6	138,689	132,339	4,238.5

Pears	2,684.5	124,205	114,005	2,484.2
Guava	1,159.2	42,107	40,634	1,154.5
Dates	6,148.0	93,184	65,566	3,114.9
Bananas	12,865.4	1,310,877	1,193,196	32,176.4
Others	6,707.3	325,684	295,527	6,181.1

Source: Department of Statistics, 2007

INTERNATIONAL TRADE:

- **EXPORTS**

Jordan exports of fruits and vegetables for the last years witnessed different growth rates; table below illustrates these exports in terms of value and quantity for the years 2002 – 2006:

TABLE: JORDANIAN EXPORTS OF EDIBLE FRUITS & VEGETABLES- GLOBAL (2002-2006)

Code	Commodity Description	Year	Value F.O.B. (JD)	Quantity (kg)
07	Edible vegetables and certain roots and tubers	2002	92,302,242	394,650,529
		2003	96,070,379	381,059,480
		2004	124,740,802	481,369,690
		2005	151,789,992	507,424,496
		2006	154,373,561	537,771,037
08	Edible fruit and nuts; peel of citrus fruit or melons	2002	11,262,040	40,160,916
		2003	10,676,965	37,554,463
		2004	12,504,863	36,879,835
		2005	22,818,346	51,207,570
		2006	22,580,942	40,063,361

Source: Department of Statistics, 2007

Moreover, Jordan exports to Europe (east and west) for the years 2002-2006 were as follows:

TABLE: JORDANIAN EXPORTS OF EDIBLE FRUITS & VEGETABLES- EASTERN EUROPE (2002-2006)

Code	Commodity Description	Year	Value F.O.B. (JD)	Quantity (kg)
07	Edible vegetables and certain roots and tubers	2002	1,022,762	5,320,936
		2003	410,714	2,370,681
		2004	309,135	1,872,636
		2005	3,062,270	3,118,705
		2006	6,163,960	6,136,758
08	Edible fruit and nuts; peel of citrus fruit or melons	2002	20,300	210,245
		2003	116,657	981,222
		2004	405,368	1,554,987
		2005	3,180,266	3,810,677
		2006	3,463,058	3,460,484

Source: Department of Statistics, 2007

TABLE: JORDANIAN EXPORTS OF EDIBLE FRUITS & VEGETABLES- WESTERN EUROPE (2002-2006)

Code	Commodity Description	Year	Value F.O.B. (JD)	Quantity (kg)
07	Edible vegetables and certain roots and tubers	2002	1,295,176	2,660,129
		2003	2,170,638	3,617,211
		2004	2,166,698	2,567,942
		2005	4,932,830	4,544,433
		2006	5,210,965	4,847,094
08	Edible fruit and nuts; peel of citrus fruit or melons	2002	289,339	252,251
		2003	237,460	108,791
		2004	856,973	358,505
		2005	986,611	368,226
		2006	1,938,977	437,778

Source: Department of Statistics, 2007

CHAPTER II: MARKET ANALYSIS

Market Analysis is an essential input for the decision making process in any organization, it identifies market demand, competition and SWOT Analysis. Market analysis is the guideline that guides the formulation of the organization's most important strategic decisions and strategies; it predicts the direction of the market and the success of the organization.

MARKET DEMAND

According to Jordan Exporters and Producers Association for Fruits & Vegetables (JEPA), estimated number of potential botanical farms in the Jordan Valley is 8350 farms, in the Southern area is 150 farms, and in the Artesian Well, number of farms is 600. In addition that total number of farm holders and holdings is 112,000 *(Source: JEPA, 2007).*

According to the Ministry of Agriculture, number of botanical farms in Jordan was approximately 80,000 farms in the year 1997. Taking this into consideration, 80,000 potential farms represent a great opportunity with an extensive market.

Nevertheless, number of farms in Jordan holding the HACCP, EurepGAP and BRC certificates for the years 2005-2007 was as illustrated in the Table below:

TABLE: NUMBER OF CERTIFICATE HOLDERS IN JORDAN (2005-2007)

	2005	2006	2007	Total
HACCP	3	2	0	5
EurepGAP	2	5	15	22
BRC	1	0	0	1

SOURCE: JEPA, 2007

Number of certificate holders for the coming 5 years was estimated based on the historical data (2005-2007) and the growth rates. Table below demonstrates the expected market demand for the years 2008-2012:

TABLE: EXPECTED DEMAND (2008-2012)

	2008	2009	2010	2011	2012
Growth Rate	-	14%	16%	16%	14%
HACCP	2	2	3	3	3
EurepGAP	26	30	35	40	46
BRC	1	1	1	2	2

COMPETITION ENVIRONMENT

There is only one competitor who renders consultancy services and provides orientation to all certificates -HACCP, EurepGAP and BRC- in Jordan; namely the *National Center for Agricultural Research and Technology Transfer (NCARTT).*

The establishment of NCARTT goes back to the late 1950's, when the Department of Research and Extension was created. In the mid 1980's, it was reformulated to become the "National Center for Agricultural Research and Technology Transfer".

It was in charge of conducting applied research at the national level. In (1993), NCARTT became a semi-autonomous institution.

NCARTT has good relations with many regional and international institution Internet Intranet such as the World Bank, the European Commission, United Nation Development Project, FAO, USAID, German Technical Corporation (GTZ), International Development and Research Center (IDRC), ICARDA, ACSAD, AARINNA, Arab Fund for Economic and Social Development (FESD) , Arab Organization for Agricultural Development , and many others.

NCARTT main responsibilities include:

- ✓ Orientation for the HACCP, EurepGAP and BRC certificates.
- ✓ Organize agricultural research plans for to achieve agricultural development.
- ✓ Adopt the latest agricultural techniques suitable for local conditions.
- ✓ Disseminate such technologies to farmers through extension personnel.
- ✓ Increase knowledge, improve skills of researchers and enhance abilities of extension staff through education and training activities.
- ✓ Conduct economic studies for the purpose of improving farmers' organization.
- ✓ Evaluate the effect of various and economic factors on agricultural production.
- ✓ Coordinate and support national agricultural research and technology transfer activities for sustainable agriculture.

The following consulting firms render consulting services in applying the <u>Hazard Analysis Critical Control Point (HACCP) certificate only:</u>

- **TALAL ABU- GHAZALEH**

Talal Abu-Ghazaleh(TAGITI) aim is to become a leading ICT firm for technical and professional excellence in ICT consulting, audit, software, and training – while maintaining a culture of "innovative and high performance" service delivery focused on client's business needs, wants and values.

Talal Abu-Ghazaleh has a team of more than 850 professionals offers all business services including, but not limited to TQM, ISO, **HACCP**, OHSAS, Work Management, CE Marking, Business Restructuring, Mergers and Acquisitions, Business Projects, Strategic Planning, Organizational Design, Job Descriptions, Benefits and Compensations, Demographic Studies and Trends Analysis, Consumer Behavior, Psychology and Distribution, Business Planning, Feasibility Studies, Market Research, Automation Planning and Analysis, IT Strategy and Policy, Project Management, Business Process Analysis, IT Security, IT Audit, Human Resources Management Strategy, Training Needs Analysis, Career Planning, Employee Relations, Performance Evaluation Systems, Recruitment, Management Development Training, Skill Development Training, Privatization, Franchising, Legal Review, Company Establishment and Formation, Diagnostic Reviews, Translation, Accounting, Auditing, Legal, Taxation, Intellectual Property and all that is related to one or more fields.

- **MMIS MANAGEMENT CONSULTANTS:**

MMIS Management Consultants is a Jordanian private shareholding consulting firm established in 1988 as a USAID funded project under the umbrella of the Industrial Development Bank of Jordan, for the purpose of providing local manufacturers with management and industrial consulting and training services that enable them to strengthen their positions locally, regionally and internationally, it provides consulting services to government, non-profit and private organizations throughout its various consulting practices, MMIS Management Consultants is considered the leader in Consulting Services in Jordan ,MMIS today has a staff of over 80 professionals and administrative personnel who are supported with over 100 associated highly experienced local and international consultants. Projects and clients cover local, regional as well as international markets including Saudi Arabia, UAE, Kuwait, Bahrain, Lebanon, Syria, Jordan, Egypt, Tunisia, Morocco, Libya, Sudan, Iran, Iraq, Yemen, Palestine (West Bank and Gaza), USA, Canada, Hong Kong, Indonesia, Turkey, Greece, and former USSR.

MMIS Management Consultants' mission is to help clients' competitive strengths to achieve the highest return on their strategic decision areas that are critical for success including marketing, finance, management, operations and organizational effectiveness.

MMIS Management Consultants' provides full capitalize on their scope management consulting services in various areas including Project Management, Strategic and Business Planning, Policy Support and Institutional Development, Sectoral Studies, Socio-Economic Development, Monitoring and Evaluation, Market Research and Analysis, Market Studies and Marketing Strategies, Financial Feasibility Analysis, Business Valuation and Assessment of Worth, Feasibility Studies, Work and Performance Management, Business Process Re-Engineering, Operations Management, Prospectus, Total Quality Management, Organization and Human Resource Management, Recruitment, and Training.

- **DAR AL OMRAN**

DAR AL OMRAN Company located in Jordan Amman Hussein Bin Ali street, it is a multidisciplinary planning, architecture and engineering consulting firm serving international markets with a focus on the Middle East .DAR AL OMRAN is professionally and ethically committed to design inspiring built environments and creative solutions that stem from their time.

This company used to provide the assessment for companies to acquire the HACCP Certificate but it has quit this kind of business since five years.

- **PHILADELPHIA**

PCG's Established in 1996, Philadelphia Consulting Group founders had a vision; to provide professional and innovative consulting services that suit the Middle East business climate. Embracing its Roman name "Philadelphia" as a token of the deep heritage of Jordan, Philadelphia Consulting Group branched off from Amman, Jordan as an urban nucleus of the region. Philadelphia Consulting Group has within a short time proven its presence as a consulting powerhouse, providing advice and consulting services to business leaders in Jordan, Saudi Arabia, Egypt, Qatar, Syria, Libya and the UAE.

They serve their clients with tangible results throughout their engagements with them; PCG's methodology is to pay high attention to the successful implementations of proposed solutions. This is brought out through the focus on two main pillars in the projects: implementation supervision and change management.

PCG's focus on implementation supervision and change management to provide their clients with a helping hand that will facilitate a smooth hand over of the projects and increase acceptance to change throughout the organization.

PCG's Vision is to achieve international acknowledgment as the preferred management consulting firm through providing globalized solutions in partnership with their clients, and their mission is to enhance corporate competency and performance through result-based solutions, effectively combining processes, people and systems, designed to match clients individual requirements.

- **TECHNICAL ARAB COMPANY FOR SCIENTIFIC MEDICAL SUPPLIES AND**

The Technical Arab Company was established in January 1980, by the merge of the scientific branch of Jordan Drug Store (founded 1952) and the Technical Bureau (founded 1977). TECHARAB started independently since its establishment under the management of Engineer M. EL- Haris.

The Technical Arab Company For the Scientific and Medical Supplies (Techarab) is one of the leading and most recognized companies in Jordan and the Middle East in the field of medical and analytical equipments such as: supplying Weighing Systems, Analytical, Medical Lab Instruments, Pharmaceutical Equipments, and Glassware, In addition Techarab sells quality solutions this can be accomplished with deep knowledge and reliable support. Knowledge and support are the primary keys in promoting their Instruments; they are the customers' true profit regardless of the price paid for the instrument

Moreover Techarab developed a unique philosophy based on Promoting high quality instruments and professional solutions. Working with well known established manufacturers of lab instruments ensures always provision of high quality products in addition to continuous after sales support from the mother companies. A quick look on its partners companies, will easily show that many companies represented by Techarab are pioneers in their field, and that all of them produce high quality products.

- **TEAM ENGINEERING AND MANAGEMENT CONSULTANTS**

Team International, Engineering and Management Consultants, a multidisciplinary, independent, privately-owned business consulting firm, was incorporated as a limited liability partnership located in Beirut, Lebanon, in February 1975, and since then it has undergone phenomenal growth during the past thirty years and is now well established in most-countries of the Arab Middle East and Africa having offices in Beirut, Cairo, Amman, Gaza Strip, Rabat, Riyadh, Dubai, Kuwait, Qatar, Yemen and Sudan, Team International, Engineering and Management Consultants Provides services such as: Total Quality and International Standards, Diagnostic Studies, Training**,** Accreditation, Evaluation and supervision of the application of quality management system and Choice of reference authority. Arab consultants helps clients and provide many services such as:

The Choice of appropriate registration authority to get ISO 9001, HACCP and ISO 14001 certificate.

Arab consultants is the first organization to acquire two certificates simultaneously namely ISO 2000: 9001 and ISO 14001 in 1996.

With the advent of globalization, traditional systems for quality supervision in the industrial sector and in the services sector became incapable of providing exports and competition requirement on the international and the local arenas. As a result, "team" international prepared a team of consultants to help companies acquire ISO 9001 of global quality and ISO 14001 for environmental systems, management certificate and **HACCP** certificate for safety and food hygiene.

The Diagnostic Studies includes analysis of companies and institutions status with regard to organizational climate, and work systems and regulations, especially those relating to quality, the flow of information and channels of communication, Specification of the appropriate model of the international series of qualifications namely ISO 14001, ISO 9001, and **HACCP**, in addition to what ever conditions it incurs. The formation of a committee to lead on the application of international standards, and on the assigning of executive management representativeness, based on these qualifications requirements.

The Training services include listing of training needs (those related to quality systems, the environment, and HACCP) for all management jobs in the organization, and implementation of basic training programs.

- ✓ The Accreditation services include accreditation pyramid related to international qualifications series ISO 9000, Design and accreditation of quality guide, Design and accreditation of quality regulations, Design and accreditation of work instructions and models, Supervising the application of quality management system.

- ✓ Arab consultants provide the evaluation and supervision service of the application of quality management system such as: Auditors, international auditor and lead auditors of team keep evaluating and auditing quality systems ISO 9000 during the whole application period, They also runs gap analysis to evaluate the gap between what is applied and what is sought in the evaluation system, and draws quick plans and defined tasks to support and refine the applied quality system.

SWOT ANALYSIS

STRENGTHS	WEAKNESSES
• Well known association (in Jordan and worldwide); • Extensive knowledge and experience in the Horticultural Sector in Jordan; • Good relations with farmers.	• The constant need for international trainers; • High marketing and promotion costs;
OPPORTUNITIES	**THREATS**
• Good relations between Jordan and neighboring countries; • Increased investment in R&D; • Jordan commitments with WTO (lowering its consolidated customs duties to 25% in 2005; • Agreement protocol between Jordan and the European Union; An agreement of the agricultural produces exchange was presented on February 28th, 2006. This agreement takes effect from January 1st 2006 and should lead to the near-free trade of the agricultural produces between Jordan and the EU in 2014; • Jordan signed with 17 Arab countries a free trade agreement, called GAFTA (Great Arab Free Trade Agreement). This agreement plans for the real total liberalization (0 customs duties and 0 quotas) on 01/01/2005 for the products originating from the Member Countries (certificate of origin GAFTA) which supplants FTA more restrictive concluded between some Arab countries.	• New standards to be obtained; • Farmers abandoning the agricultural sector; • To depend on the country's imports in order to Re-export; • Financial Status as NGO; • Other governmental entities rendering the consultancy services for free.

POTENTIAL MARKET SHARE

Due to the slight competition in the Jordanian market in terms of orienting the Jordanian farms to obtain HACCP, EurepGAP and BRC Certificates, JEPA is expected to grasp a superior market share from the market demand.

ProGroup estimated JEPA's market share to be 30 % for the first.

The table below shows the market share for JEPA for the coming five years:

TABLE: EXPECTED MARKET SHARE (2008-2012)

	2008	2009	2010	2011	2012
Growth Rate	-	30%	50%	40%	30%
HACCP	1	1	2	3	3
EurepGAP	11	14	21	29	38
BRC	0	1	1	2	2

CHAPTER III: MARKETING STRATEGIES

Marketing Strategy is the process of developing the marketing elements, as well as the product, price, promotion and distribution in a way that guarantees that the business is going in the right intended direction.

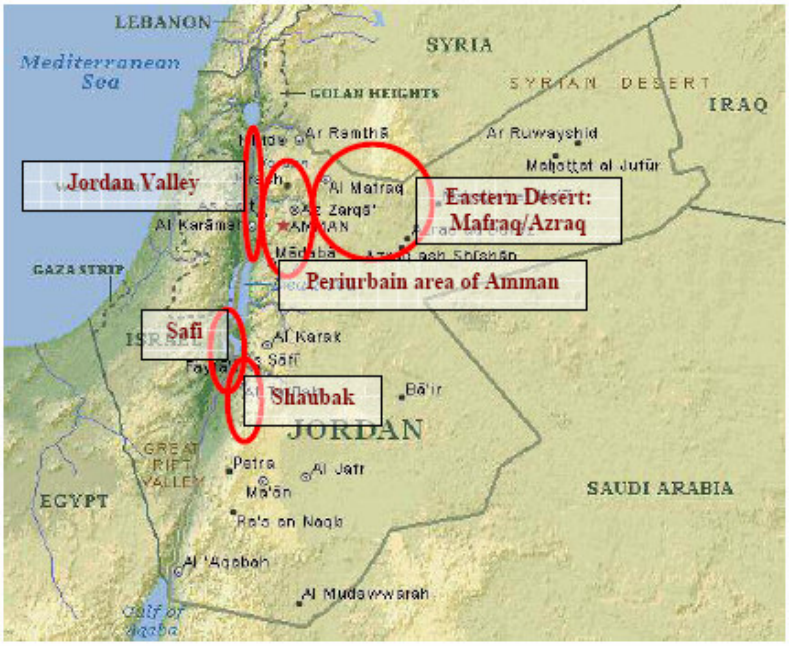
Moreover, a well established marketing strategy is the one that enables the brand to occupy a distinguishable position in the market, and differentiates it than other competitors' brands.

SEGMENTATION

Segmentation is a marketing technique which involves grouping audiences into segments, and treating each segment separately for promotional purposes. Segmentation is extremely important in order to reach target audience more efficiently and effectively, it also enables the marketer to better identify the needs of its target and develop offerings that meet that needs. Therefore and in order for JEPA to compete successfully in the Jordanian market, a well planned segmentation strategy is to be set.

The target market for JEPA to render consultancy services for orienting farmers to get the HACCP, EurepGAP and BRC certificates; basically resides in Jordan mainly the *Upland and Jordan Valley*, focusing at vegetables and fruits farms.

MAP: THE AGRICULTURAL REGIONS IN JORDAN



DEVELOPING GROWTH STRATEGIES

For JEPA to maintain its success, increase its share and fulfill farmers' expectations in an ever changing market, it is extremely important for any organization to adopt a growth strategy that can lead the JEPA's future direction and meet its long term objectives. The following matrix illustrates growth alternatives available through entering new markets or marketing new products/services.

	Existing Products	**New Products**
Existing Market	Market Penetration	Product Development
New Markets	Market Development	Diversifications

Definitions of these strategies in general are:

- Market Penetration: Is a growth strategy that implements selling existing products to existing markets, through intensifying promotional and sales efforts. Companies adopt such strategy to increase their market share, driving competitors out or changing usage habits for current users.

- Product Development: Product development occurs when the company introduces new products in its existing markets.

Market Development: This growth strategy requires the company to target new markets for its existing products, new markets may include: geographical diversification, new product uses and different product dimensions "sizes".

- Diversification: Diversification indicates the company's attempt to enter new markets with other products.

Product Development and Market Development are considered to be the most suitable growth strategies for JEPA. This consideration was based on the fact that agricultural market is a growing market that needs constant development in various fields.

Product Development: Product development may include orienting Jordanian farms for new international certificates related to agricultural resources (flora and fauna).

Market Development: Market development indicates targeting new markets with the current products/services. Therefore, market development should focus on attracting new markets in Jordan; this can be performed by emphasizing distribution efforts to reach different governorates in Jordan, as well as targeting different kinds of farms (other than botanical) such as livestock farms.

CHAPTER IV: MARKETING MIX

Marketing Mix is the combination of product offerings used to reach a target market for the organization. The marketing mix comprises the Product (what the actual offering comprises), Price (the value exchanged for that offering), Promotion (the means of communicating that offering to the target audience, promotional mix) and Place (also known as Distribution, the means of having the product offering available to the target audience). The marketing mix is also known as the four Ps.

Marketing is the process of blending marketing mix elements together, in a way that differentiate one product that the others.

The main product of JEPA (for the feasibility study scope) will rotate around *rendering consulting services* to farmers, exporters and other stakeholders in applying the Euro-Retailer Produce Critical Control Point

1. PRODUCT / SERVICE

The main product of JEPA (for the feasibility study scope) will rotate around *rendering consulting services* to farmers, exporters and other stakeholders in applying the Euro-Retailer Produce good agricultural practice (EUREPGAP), Hazard Analysis Critical Control Point (HACCP), and the British Retail Consortium Food.

HACCP, EurepGAP and BRC certificates have become a necessary component of doing business in the food industry. JEPA will render said consultancy services and will work with clients using a train-based approach. JEPA staff will provide the training and the tools that would orient the clients to the best practice for obtaining said certificates in a systematic and consistent way throughout the world which is achieved through the protocol and compliance criteria and through the following:

Assess the readiness and requirements of the farm to get the required certificate;

Provide customized in-house training for executives and line personnel;

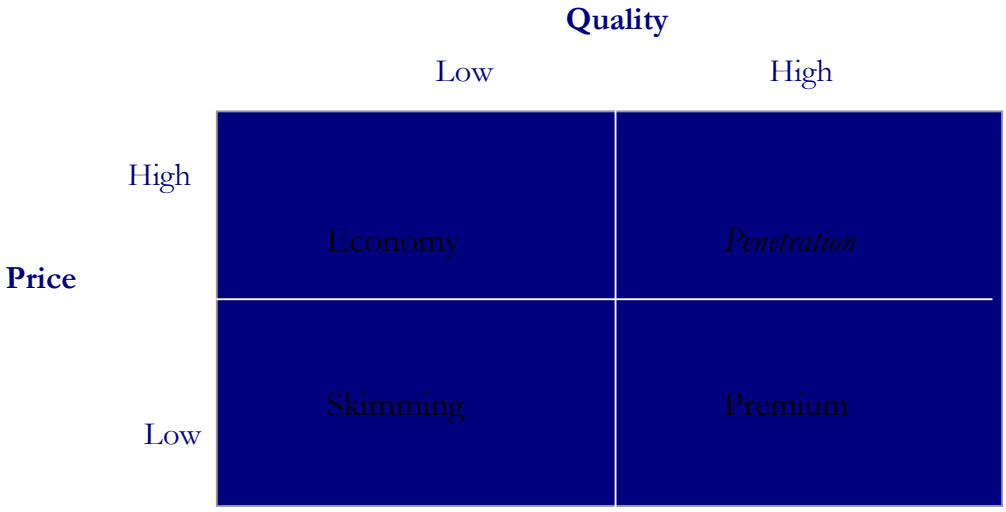
Conduct training audits to ensure consistent adherence to the certificate program.

Assist in the development of the appropriate risk management strategies and programs.

2. PRICE

Pricing is a very important decision due to its sensitivity being the tool that would enable JEPA to accomplish its objectives; pricing should be realistic to attract customers while ensuring profitability at the same time. Moreover, pricing is the tool that guarantees achieving the organization's objectives and growth plans. Various pricing strategies can be utilized by companies to enter different markets; the following matrix "Pricing Strategies Matrix" suggests 4 different strategies: Economy, Penetration, Skimming and Premium Pricing.

CHART: PRICING STRATEGY MATRIX



Since JEPA is in its early stage of rendering the consulting services, the most suitable pricing strategy will be the *penetration pricing*. This implements that the introductory price will be equal or less to the average market price for similar services.

3. PLACE

JEPA would render the consultancy services and provide orientation for applying the certificates directly in the farms which allows for practical and on job training. This "coaching" approach puts the emphasis of preparing the farm holders in order to be ready to get any /all certificates.

The foregoing is accomplished through several visits that will arranged by JEPA staff to the farm as per the preliminary visit and assessment that would assess the number of visits for training and orientation.

Moreover, training courses for JEPA staff will be held at JEPA offices for rendering the consultancy services; in order to improve JEPA self-sustainability and build its capacity to deliver services that generate income

4. PROMOTION

To make the target audience (farmers, exporters, stakeholders…) aware of the association's consulting services for applying the certificates, promotion needs to be carefully planned, and it is usual to decide on a new promotional plan each year. There should be one main objective to the promotion campaign and particular emphasis should be projected during a certain time to a certain market segment.

There are a number of promotion methods that are available to JEPA which may include the following:

ADVERTISING

Agricultural and other journal advertising, brushers, direct mailing of printed material and information on the consulting services rendered by JEPA to be contained on the World Wide Web; are considered efficient and effective way to approach clients and make them aware of JEPA consulting services.

PUBLIC RELATIONS

Throughout conducting seminars that seek to influence the attitudes and opinions of farmers toward the importance of the certificates and the training required to obtain them. In addition to agricultural trade fairs and exhibitions.

CHAPTER V: CONCLUSION AND RECOMMENDATION

As mentioned before; the main objective of this study is to evaluate the viability and feasibility of building the capacity of JEPA to provide consultancy services to farmers, exporters and other stakeholders in applying the Euro-Retailer Produce good agricultural practice (EUREGAP), Hazard Analysis Critical Control Point (HACCP), and the British Retail Consortium Food

JEPA is expected to grasp a market share of **30%** from the Jordanian farms for the first year of implementation and rendering the consulting services.

ProGroup estimated JEPA's market share to be 30% for the first year and due to the following reasons:

- Only one competitor is available in the market for the foregoing purpose;
- JEPA's reputation in the Jordanian market and among farmers.

TABLE: EXPECTED MARKET SHARE (2008-2012)

	2008	2009	2010	2011	2012
Growth Rate	-	30%	50%	40%	30%
HACCP	1	1	2	3	3
EurepGAP	11	14	21	29	38
BRC	0	1	1	2	2

SECTION III:

FINANCIAL STUDY

KEY DEFINITIONS IN FINANCIAL STUDY

TERM	DEFINITION
EDITDA	Earnings before interest, tax, depreciation, and amortization.
NET PRESENT VALUE (NPV)	Net Present Value is a standard method for the financial appraisal of long-term projects. NPV is used for capital budgeting, and widely throughout economics, it measures the excess or shortfall of cash flows, in present value (PV) terms, once financing charges are met. NPV = -PV of initial cost + PV of incremental after-tax benefits. = if greater than 0 – accept = if equal to 0 – indifferent = if less than 0 – reject
INTERNAL RATE OF RETURN (IRR)	The Internal Rate of Return (IRR) is that discount rate that causes the NPV of the project to equal zero.
BREAK EVEN POINT	The break even point for the project is the point where total revenue received equals total costs associated with the sale of the product / service (TR=TC).

The financial analysis for the project demonstrates that the project is *feasible* and **taking into consideration that JEAP has to exert extra efforts to achieve the targeted number of projects to render consultancy service to ensure profitability and feasibility.**

The main findings of the financial study are as follows:

Following are the details upon which the Financial Study was conducted:

DESCRIPTION	VALUE
Discount Rate	14.8 %
NPV	JD 5,347
IRR	19 %
Break Even Point "# Projects"	45
Break Even Point (JD)	146,060

- **SENSITIVITY ANALYSIS**

The results of the Sensitivity Analysis were as follows:

SCENARIO	IRR	NPV	BREAK EVEN POINT (PROJECTS)	BREAK EVEN POINT / JD
Base Scenario	**19 %**	**5,347**	**45**	**146,060**
Sc1: 100% National Farms	**-25%**	**(115,141)**	**(149)**	**(293,327)**
Sc2: Discount Rate 20%	**19%**	**(753)**	**45**	**146,060**

Assumptions

Important Note:	
All amounts are in Jordanian Dinars	
Period of Financial Study (years)	**5**
First Year of Operation	**2008**

Discount Rate	
Risk free rate (%)*	7.80%
Equity risk premium (%)**	7.00%
Discount Rate	**14.8%**

*Source: 5-Years Government of Jordan Treasury Issues
**Source: As per UBS investment Bank for MENA region

ANNUAL INCREASE RATES*	ANNUAL RATE
Telecommunication prices increase annually at	3%
All other expenses rising annually at	5%
Fees rate increase annually at	6%
Salaries increase annually at**	7%
Annual Salaries are multiplied by # Months	13

"Depreciation is not subject to this condition"

* Source: Central Bank of Jordan
** Source: Social Security Corporation

SALARIES	NUMBER	MONTHLY SALARIES	YEARLY SALARIES
Drivers	2	200	5,200
Inspectors	5	500	32,500
Admin Staff	2	250	6,500

Forested Salaries Expenses	2008	2009	2010	2011	2012
Drivers	5,200	5,564	5,953	6,370	6,816
Inspectors	32,500	34,775	37,209	39,814	42,601
Admin Staff	6,500	6,955	7,442	7,963	8,520
Total	**44,200**	**47,294**	**50,605**	**54,147**	**57,937**

TRANSPORTATION	# OF VISITS	COST/VISIT	TOTAL
Car's Expenses per Project "Cars Rental"	30	30	900

EXPENSES / PROJECT	2008	2009	2010	2011	2012
Car's Expenses per Project "Cars Rental"	900	945	992	1,042	1,094
Stationary, Telecommunications , consumables …..etc	300	315	331	347	365

FORECASTED EXPENSES	2008	2009	2010	2011	2012
Car's Expenses per Project "Cars Rental"	11,700	15,120	23,814	35,423	47,040
Stationary, Telecommunications , consumables …..etc	3,900	5,040	7,938	11,808	15,680
Training Expenses for JEPA Staff	9,000	2,000	2,000	2,000	2,000
Promotion Expenses	4,800	3,600	2,400	2,400	2,400
Total	**29,400**	**25,760**	**36,152**	**51,631**	**67,120**

SERVICE MIX TRAINING	%
Hazard Analysis Critical Control Point (HACCP)	8%
European Good Agricultural Practice (EurepGap)	85%
British Retail Consortium (BRC)	8%

AVERAGE SERVICE PRICE	FEES/DAY	PERCENTAGE
International farms	100	35%
National Farms	35	65%

FORECASTED NUMBER OF CERTIFICATES AWARDED	2008	2009	2010	2011	2012
Hazard Analysis Critical Control Point (HACCP)	1	1	2	3	3
European Good Agricultural Practice (EurepGap)	11	14	21	29	38
British Retail Consortium (BRC)	1	1	1	2	2
Total	**13**	**16**	**24**	**34**	**43**

FEES / TAINING	MAN DAYS	FEES/ DAY	TOTAL
Hazard Analysis Critical Control Point (HACCP)	40	58	2,310
European Good Agricultural Practice (EurepGap)	60	58	3,465
British Retail Consortium (BRC)	30	58	1,733

FORECASTED FEES	2008	2009	2010	2011	2012
Hazard Analysis Critical Control Point (HACCP)	2,310	2,456	2,610	2,775	2,949
European Good Agricultural Practice (EurepGap)	3,465	3,683	3,915	4,162	4,424
British Retail Consortium (BRC)	1,733	1,842	1,958	2,081	2,212

EXPECTED REVENUE	2008	2009	2010	2011	2012
Hazard Analysis Critical Control Point (HACCP)	2,310	2,456	5,220	8,324	8,848
European Good Agricultural Practice (EurepGap)	38,115	51,566	82,222	120,698	168,12 0
British Retail Consortium (BRC)	1,733	1,842	1,958	4,162	4,424
Total	42,158	55,863	89,400	133,184	181,393

Working Capital	% of First Year	Months	Estimated Cost
Operational Expenses	50%	6	14,700
Salaries and Wages	25%	3	11,050
Total	-	-	25,750

FORECASTED INCOME STATEMENT

DESCRIPTION	2008	2009	2010	2011	2012
Revenues					
Total Fess	42,158	55,863	89,400	133,184	181,393
Salaries and Wages	(44,200)	(47,294)	(50,605)	(54,147)	(57,937)
Operational Expenses	(29,400)	(25,760)	(36,152)	(51,631)	(67,120)
Net Profits (Loss)	**(31,443)**	**(17,191)**	**2,644**	**27,406**	**56,336**
EBITDA Margin	*-75%*	*-31%*	*3%*	*21%*	*31%*

*EBITDA: Earnings before interest, tax, depreciation, and amortization

PROJECTED CASH FLOW STATEMENT

DESCRIPTION	2008	2009	2010	2011	2012
Cash at Beginning of Period	25,750	(5,693)	(22,883)	(20,239)	7,167
Cash In					
From Fees	42,158	55,863	89,400	133,184	181,393
Total Cash In	***42,158***	***55,863***	***89,400***	***133,184***	***181,393***
Salaries & Compensations	44,200	47,294	50,605	54,147	57,937
Operating Expenses	29,400	25,760	36,152	51,631	67,120
Total Cash Out	***73,600***	***73,054***	***86,757***	***105,778***	***125,057***
Net Cash Flow	**(5,693)**	**(22,883)**	**(20,239)**	**7,167**	**63,502**
Short Term Financing (Repayment)	0	0	0	0	0
Ending Cash Balance	***(5,693)***	***(22,883)***	***(20,239)***	***7,167***	***63,502***

PROFITABILITY RATIOS

DESCRIPTION	2008	2009	2010	2011	2012
NPV Calculation					
EBITDA*	-31,443	-17,191	2,644	27,406	56,336
Net Cash Flow	-31,443	-17,191	2,644	27,406	56,336

RESULTS	
Discount Rate	14.80%
NPV**	5,347
IRR	19%
Break Even Point "Projects"****	45
Break Even Point (JD)	146,060

COST ANALYSIS	
Total Fixed Costs	44,200
Variable Cost / Project	2,262
Average Fees / Project	3,243
Contribution Margin	981

*EBITDA: Earnings before interest, tax, depreciation, and amortization

Net present value (NPV**) is a standard method for the financial appraisal of long-term projects.
Used for capital budgeting, and widely throughout economics, it measures the excess or shortfall of cash flows, in present value (PV) terms, once financing charges are met.

NPV = -PV of initial cost + PV of incremental after-tax benefits
= if greater than 0 - accept
= if equal to 0 - indifferent
= if less than 0 - reject

***The internal rate of return **(IRR)** is that discount rate that causes the NPV of the project to equal zero.

****The **break even point** for a product is the point where total revenue received equals total

costs associated with the sale of the product (TR=TC).

SENSITIVITY ANALYSIS *

		IRR	NPV	Break Even Point (Projects)	Break Even Point (JD)
	Base Scenario	19%	5,347	45	146,060
Scenario					
Sc 1	A 100% National Farms	-25%	(115,141)	(149)	(293,327)
Sc2	Discount Rate 20%	19%	(753)	45	146,060

* **Sensitivity analysis** is the study of how the variation in the output of a model can be apportioned, qualitatively or quantitatively, to different sources of variation

SECTION IV: DOCUMENTED PROCEDURES FOR APPLYING CONSULTANCY PROCEDURES

I. Consulting Procedures Manual for applying the Hazard Analysis Critical Control Point (HACCP)

October 7th, 2007

JORDAN EXPORTERS AND PRODUCERS ASSOCIATION FOR FRUITS & VEGETABLES

Amman - Jordan

SUBJECT: CONSULTING PROCEDURES MANUAL FOR APPLYING THE HAZARD ANALYSIS CRITICAL CONTROL POINT (HACCP)

Dear Sirs,

With reference to the terms of our engagement; we have completed the assignment of developing documented procedures and workflows manual for applying the Hazard Analysis Critical Control Point (HACCP).

These documented procedures are designed to guide JEPA instructors through the process of rendering orientation and consulting services to the best practice for obtaining HACCP certificate in a systematic and consistent way throughout the world which is achieved through the protocol and compliance criteria.

We would like to express our sincere appreciation for the opportunity you are offering us to provide our services and cooperate with you in this matter. We believe that our experience and background in addition to our caliber of professional staff will positively contribute to your operations and the successful achievement of your mission, goals and objectives.

We thank you for the confidence you have in us, and we believe our work will be up to your highest professional expectations.

Please do not hesitate to contact us if you require further information, or would like to arrange for a meeting at your convenience to discuss the contents of the manual attached.

Thank you;

Sincerely Yours;

Rashad Bibars

Business Development Center

MAIN OBJECTIVE

The main objective of this manual is to provide documented steps and procedures required to guide JEPA instructors through the process of rendering the orientation and consulting services to its clients for applying the Hazard Analysis Critical Control Point (HACCP).

SCOPE

The enclosed documented procedures and guidelines apply to all orientation sessions and consulting services rendered by JEPA Instructors and intended to assist farmers, exporters, stakeholders…etc. effectively incorporate the internationally recognized *seven principles* of HACCP and their application to the Food and Drug administration (FDA) HACCP regulatory requirements. The main purpose of these training sessions is to outline all critical stages in the preparation of food and identify preventive and corrective measures that need to be instituted at each stage of the production process; identify hazards and develop solutions to deal with them.

WHAT IS HACCP ?

Hazard Analysis Critical Control Points (HACCP) is a system which provides the framework for monitoring the total food system, from harvesting to consumption, to reduce the risk of food borne illness. The system is designed to identify and control potential problems before they occur.

HACCP Terminologies are:

- *Critical Control Point (CCP)*- A procedure/practice (control) in food handling/preparation that will reduce, eliminate or prevent hazards. It is a "kill" step that kills microorganisms or a control step that prevents or slows their growth.
- *Hazard* - Unacceptable contamination, microbial growth, persistence of toxins or survival of microorganisms that are of a concern to food safety.
- *Monitoring* - Checking to determine if the criteria established by the critical control point(s) (CCP) have been achieved.
- *Risk* - Probability that a condition(s) will lead to a hazard.
- *Severity* - Seriousness of the consequences of the results of a hazard.

HACCP consists of seven steps used to monitor food as it flows through the establishment, whether it is a food processing plant or foodservice operation. The seven steps of the HACCP system address the analysis and control of biological, chemical and physical hazards. These seven principles are as follows:



1- Conduct a Hazard Analysis

You must determine the food safety hazards and then identify the preventive measures the plant can then apply to control these hazards. Potential hazards associated with a food could be biological, such as microbe, or chemical, or they could be physical.



2. Identify Critical Control Points

Critical control point (CCP) is a step, or procedure in a food process (from its raw state through processing) at which control can be applied and as a result a food safety hazard can be prevented, eliminated or reduced to an acceptable level. A CCP is any biological, chemical or physical property that may cause food to be unsafe.



3. Establish Critical Limits

A critical limit is the maximum or minimum value to which a physical, biological, or chemical hazard must be controlled at a critical control point to prevent, eliminate, or reduce it to an acceptable level.



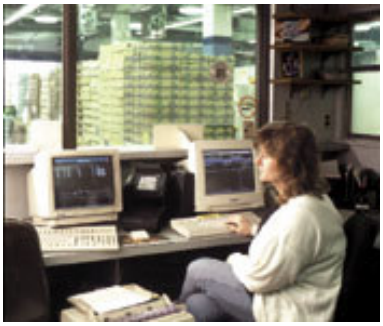
4. Establish Monitoring Procedures

You must establish a procedure to monitor the control points. Monitoring activities are necessary to ensure that the process is under control at each critical control point.



5. Establish Corrective Actions

Corrective actions are to be taken when monitoring indicates a deviation from a critical limit has not been met. Corrective actions are intended to ensure that no produce injurious to health or otherwise adulterated as a result of the deviation, enters commerce.



6. Establish Verification Procedures

Verification ensures that the HACCP plan is adequate. Verification procedures may include reviews of HACCP plans, CCP records, critical limits and microbial sampling and analysis.



7. Record Keeping Procedures

Regulation requires that all plants maintain certain documents, including its hazard analysis and written HACCP plan, records, documenting and monitoring of critical control points, critical limits, verification activities and handling of processing deviations.

CONSULTANCY PROCEDURE:

- HACCP orientation courses provided by JEPA Instructors are designed to address all aspects of HACCP plan development and Implementation, in addition to in-depth understanding of the requirements associated with compliance with the applicable HACCP regulations and principles. JEPA staff will provide the training and the tools that would orient the clients to the best practice for obtaining HACCP certificate in a systematic and consistent way throughout the world which is achieved through the protocol and compliance criteria.

- It is JEPA Staff responsibility to approach the targeted audience (farmers, exporters, stakeholders…) and make them aware of the association's consulting services for applying the HACCP certificate, promotion needs to be carefully planned, and it is usual to decide on a new promotional plan each year. There should be one main objective to the promotion campaign and particular emphasis should be projected during a certain time to a certain market segment. JEPA Staff will be responsible for promoting said services through the following:

  - **ADVERTISING**

    Agricultural and other journal advertising, brushers, direct mailing of printed material and information on the consulting services rendered by JEPA to be contained on the World Wide Web; are considered efficient and effective way to approach clients and make them aware of JEPA consulting services.

  - **PUBLIC RELATIONS**

    Throughout conducting seminars that seek to influence the attitudes and opinions of farmers toward the importance of the certificates and the training required to obtain them. In addition to agricultural trade fairs and exhibitions.

- JEPA staff will be responsible for approaching clients or receiving clients' request that are in need of consultancy services or orientation for applying the HACCP.

- An *"Application Form"* will be delivered to the client in order to fill in all details in regard of its farm or business requiring the orientation. The Application Form once filled from the client, has to be handed over to JEPA *Executive Manager*; who in return is required to review all details in the form and approving its contents.

- Accordingly, the Executive Manager will assign JEPA Instructors' Team who will be responsible for conducting the preliminary visit to the client's farm.

- JEPA Instructors Team will visit the client farm and performs preliminary on-site assessment for identifying the following:
    1. Farm's readiness and requirements;
    2. Training period;
    3. Number of visits required.

- Once JEPA Instructors completes the preliminary assessment and identifies the client farm requirements; a comprehensive proposal will be developed with all details concerning on-site training, action plan and number of visits needed. JEPA fees for rendering the consultancy services will be determined by the *Executive Manager* as per man days approved rates.

- The full proposal duly approved by JEPA *Executive Manager and Board of Directors* will be submitted to the concerned client for review and approval.

- Once approval on the action plan and proposal with all incorporated terms and details is obtained from the client; JEPA in coordination with the Legal Advisor will be responsible for preparing the contract that has to be duly endorsed by both parties: the client and JEPA.

- Copies of the contract will be distributed as follows:
    1. The Client;
    2. JEPA Accountant – for following up revenue collection procedures;
    3. Copy to be retained for filing.

- JEPA Instructors would start the training agreed upon through periodic on-site visits for the client as per the approved action plan. JEPA Instructors will apply train-based approach and provide customized in-house training for executives and line personnel through the following:
    - ✓ Assisting in the development of the appropriate risk management strategies and programs.
    - ✓ Supervising the development of a well-established infrastructure;
    - ✓ Training the concerned personnel on the development of the agricultural recordkeeping requirements;
    - ✓ Performing ongoing verification to ensure that HACCP plan is working effectively on a day-to-day basis; such as calibrating monitoring instruments, observing monitoring activities and corrective actions, and reviewing HACCP records to see that they are being made and kept according to the plan.
    - ✓ Training the concerned personnel on self-auditing and assessment compliance with standards.

- JEPA Instructors are required to prepare reports after each visit conducted to be kept as references in the concerned client file and with copies duly delivered to the client to ensure proper monitoring and adherence to the plan.

- Once in- depth understanding of the requirements associated with compliance with the applicable HACCP regulations is obtained; and all training steps as per the approved action plan are completed; JEPA would be responsible for contacting the concerned Certificate Body who will be responsible for conducting full site evaluation and auditing for deciding on awarding the HACCP Certificate to the client as per the results of the audit performed.

- During the time of contacting and coordinating with the certificate body; JEPA Instructors will be responsible for conducting final assessment and auditing for the farm to ensure its readiness before the certificate body conducts its audit and final evaluation.

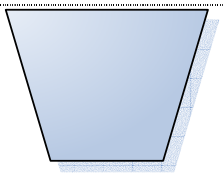
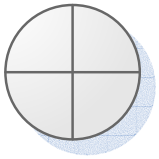
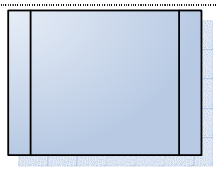
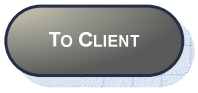
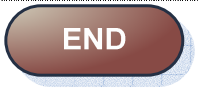
- Moreover; for JEPA to maintain and retain its clients; a follow up visit should be conducted after the client is awarded the HACCP certificate to ensure continuous compliance with the applicable HACCP regulations and principles.

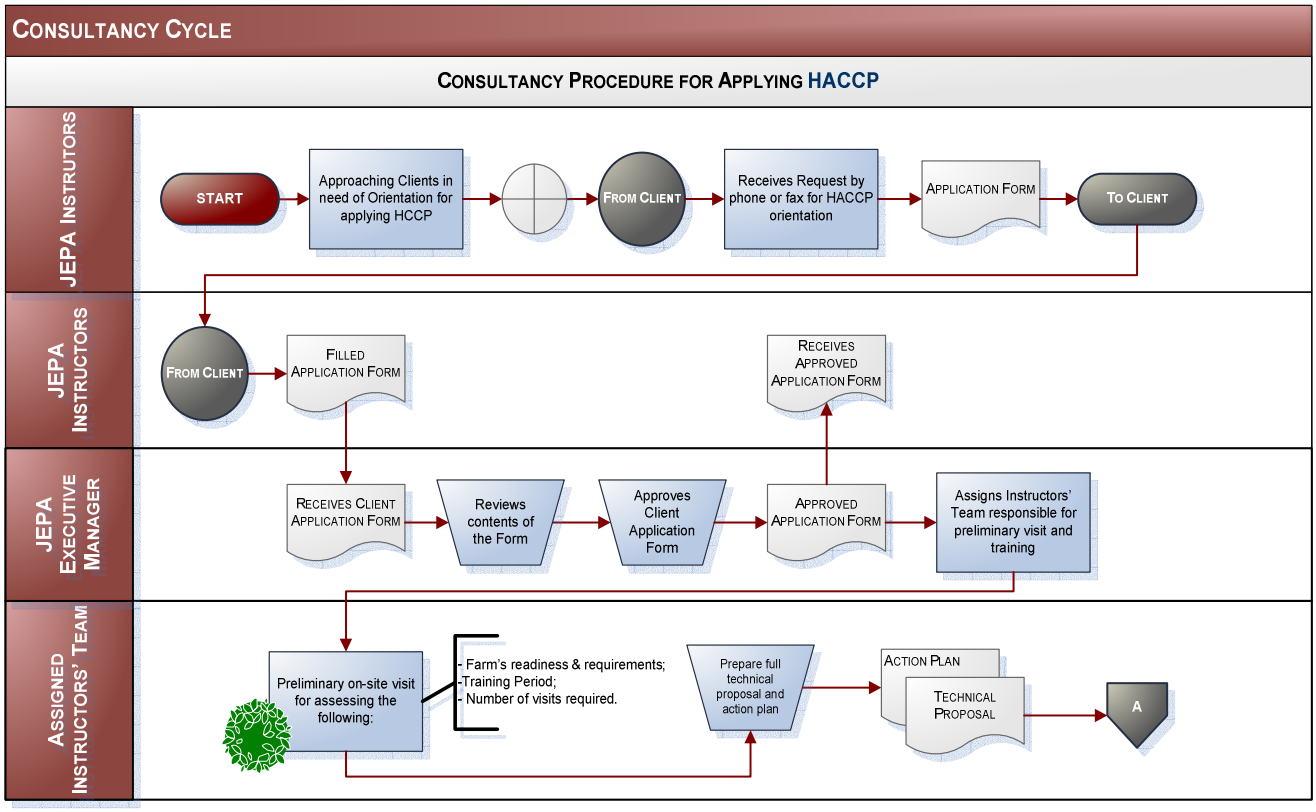
- *It is recommended that JEPA Staff would maintain a database for all the projects undertaken and the proposals submitted but were not carried out by JEPA, to ensure proper monitoring and performance evaluation.*

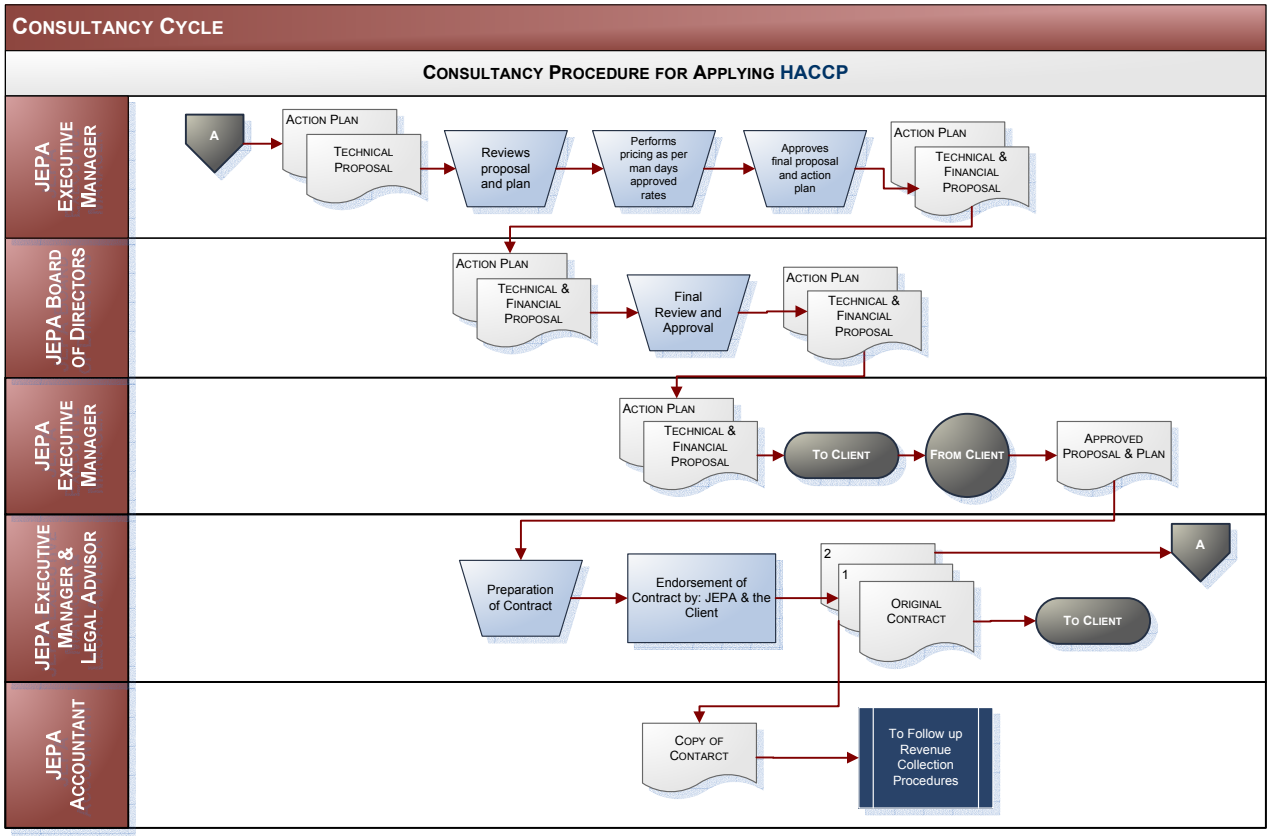


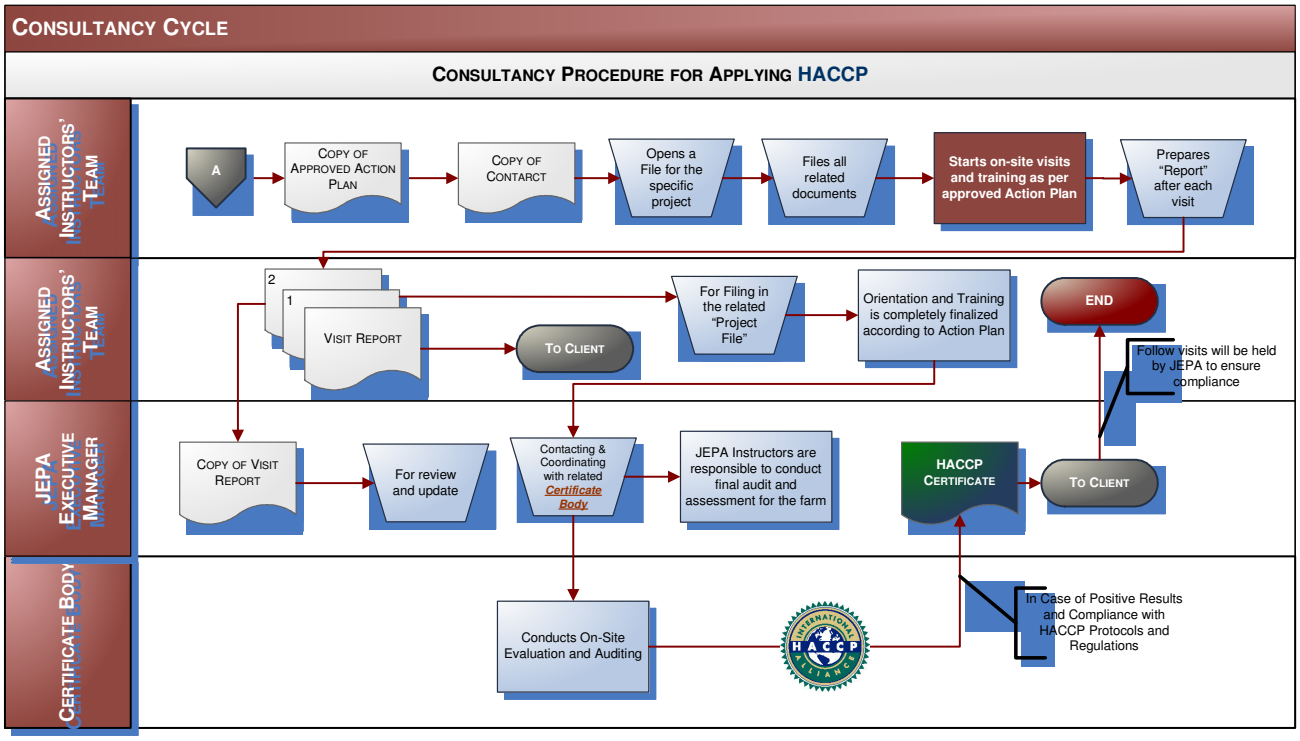
CONSULTING PROCEDURE FLOWCHART

KEY FOR SHAPES USED:

SHAPE	MEANING
	START OF CONSULTANCY PROCESS
	MANUAL OPERATION
	DOCUMENT
	OR
	SUBFLOW
	TO EXTERNAL PARTY
	FROM EXTERNAL PARTY
	END OF CONSULTANCY PROCESS


CONSULTANCY CYCLE
CONSULTANCY PROCEDURE FOR APPLYING HACCP
JEPA INSTRUTORS
JEPA INSTRUCTORS
JEPA EXECUTIVE MANAGER
ASSIGNED INSTRUCTORS' TEAM
START
Approaching Clients in need of Orientation for applying HCCP
FROM CLIENT
Receives Request by phone or fax for HACCP orientation
APPLICATION FORM
TO CLIENT
FROM CLIENT
FILLED APPLICATION FORM
RECEIVES APPROVED APPLICATION FORM
RECEIVES CLIENT APPLICATION FORM
Reviews contents of the Form
Approves Client Application Form
APPROVED APPLICATION FORM
Assigns Instructors' Team responsible for preliminary visit and training
Preliminary on-site visit for assessing the following:
- Farm's readiness & requirements;
-Training Period;
- Number of visits required.
Prepare full technical proposal and action plan
ACTION PLAN
TECHNICAL PROPOSAL
A


CONSULTANCY CYCLE
CONSULTANCY PROCEDURE FOR APPLYING HACCP
JEPA EXECUTIVE MANAGER
JEPA BOARD OF DIRECTORS
JEPA EXECUTIVE MANAGER
JEPA EXECUTIVE MANAGER & LEGAL ADVISOR
JEPA ACCOUNTANT
A
ACTION PLAN
TECHNICAL PROPOSAL
Reviews proposal and plan
Performs pricing as per man days approved rates
Approves final proposal and action plan
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
Final Review and Approval
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
TO CLIENT
FROM CLIENT
APPROVED PROPOSAL & PLAN
Preparation of Contract
Endorsement of Contract by: JEPA & the Client
2
1
ORIGINAL CONTRACT
TO CLIENT
A
COPY OF CONTARCT
To Follow up Revenue Collection Procedures


CONSULTANCY CYCLE
CONSULTANCY PROCEDURE FOR APPLYING HACCP
ASSIGNED INSTRUCTORS' TEAM
ASSIGNED INSTRUCTORS' TEAM
JEPA EXECUTIVE MANAGER
CERTIFICATE BODY
A
COPY OF APPROVED ACTION PLAN
COPY OF CONTARCT
Opens a File for the specific project
Files all related documents
Starts on-site visits and training as per approved Action Plan
Prepares "Report" after each visit
2
1
VISIT REPORT
TO CLIENT
For Filing in the related "Project File"
Orientation and Training is completely finalized according to Action Plan
END
Follow visits will be held by JEPA to ensure compliance
COPY OF VISIT REPORT
For review and update
Contacting & Coordinating with related Certificate Body
JEPA Instructors are responsible to conduct final audit and assessment for the farm
HACCP CERTIFICATE
TO CLIENT
Conducts On-Site Evaluation and Auditing
In Case of Positive Results and Compliance with HACCP Protocols and Regulations

II. Consulting Procedures Manual for applying the Euro-Retailer Produce Good Agricultural Practice (EUREPGAP)

October 7th, 2007

JORDAN EXPORTERS AND PRODUCERS ASSOCIATION FOR FRUITS & VEGETABLES

Amman - Jordan

SUBJECT: CONSULTING PROCEDURES MANUAL FOR APPLYING THE EURO-RETAILER PRODUCE GOOD AGRICULTURAL PRACTICE (EUREPGAP)

Dear Sirs,

With reference to the terms of our engagement; we have completed the assignment of developing documented procedures and workflows manual for applying the Euro-Retailer Produce Good Agricultural Practice (EUREPGAP)

These documented procedures are designed to guide JEPA instructors through the process of rendering orientation and consulting services to the best practice for obtaining EurepGAP certificate in a systematic and consistent way throughout the world which is achieved through the protocol and compliance criteria.

We would like to express our sincere appreciation for the opportunity you are offering us to provide our services and cooperate with you in this matter. We believe that our experience and background in addition to our caliber of professional staff will positively contribute to your operations and the successful achievement of your mission, goals and objectives.

We thank you for the confidence you have in us, and we believe our work will be up to your highest professional expectations.

Please do not hesitate to contact us if you require further information, or would like to arrange for a meeting at your convenience to discuss the contents of the manual attached.

Thank you;

Rashad Bibars

Business Development Center

MAIN OBJECTIVE

The main objective of this manual is to provide documented steps and procedures required to guide JEPA instructors through the process of rendering the orientation and consulting services to its clients for applying the Euro-Retailer Produce Good Agricultural Practice (EUREPGAP)

SCOPE

The enclosed documented procedures and guidelines apply to all orientation sessions and consulting services rendered by JEPA Instructors and intended to assist farmers, exporters, stakeholders…etc. effectively incorporate the internationally recognized *fourteen control points* of EurepGAP and their application to the Euro-Retailer Produce Working Group regulatory requirements. The main purpose of these training sessions is to outline all critical stages directed on risk analysis and risk prevention for the purpose of food safety, traceability, workers health and welfare, environmental pollution and conservation management.

WHAT IS EUREPGAP ?

EurepGAP represents a set of standards and procedures which has been developed by the "Euro-Retailer Produce Working Group" (EUREP) and farmer representatives for the certification of Good Agricultural Practices (GAP) worldwide.

It covers exclusively the on farm production and handling facilities. Food processing or even external packing operations are not included in the standard's scope.

EurepGAP certification is a means to demonstrate your commitment to produce safe food in a sustainable manner, even before your customers require it from you. By being proactive in this way you may raise your customers' confidence in your products in a business environment, which is constantly growing more and more competitive.

In the following a brief summary of the main *fourteen technical requirements* and control points of the EurepGAP Protocol for the production of fresh fruit and vegetables is presented:

1. **Traceability**: Products have to be traceable back to and from the farm.

2. **Internal Self-Inspection:** The farmer has to undertake at least one self-inspection per year against the EurepGAP standard.

3. **Varieties and Rootstocks:** Seeds and rootstock treatments have to be recorded and quality control systems must have been applied to internally produced or externally purchased propagation material.

4. **Site History and Site Management:** The suitability of new production sites has to be verified and an identification system for each field or greenhouse must be implemented.

5. **Soil and Substrate Management:** Soil and substrate fumigation has to be justified and recorded. Erosion control techniques have to be in place.

6. **Fertiliser use:** Fertiliser application has to be recorded. Fertiliser storage and machinery have to be kept in good conditions and no human sewage sludge must be used.

7. **Irrigation:** No untreated sewage water may be used for irrigation. Irrigation methods should take into consideration sustainability of the water sources and the quality of the water.

8. **Crop Protection:**

   - Integrated pest management has to be used.
   - Chemicals have to be selected by trained personnel and meet the legal requirements of the country of production as well as the country of destination.
   - Application records have to cover many details, such as location, date, product name and active ingredient, preharvest interval, etc.
   - Application equipment and pesticide storage have to be kept in good condition.
     Awareness about the Maximum Residue Levels in the countries of destination has to be proven and yearly residue testing is compulsory.
   - Safe disposal of empty pesticide containers and obsolete pesticides must be assured.

9. **Harvesting:** Hygiene risks must be assessed, and basic hygiene measures have to be implemented (including access to clean hand washing equipment).

10. **Produce handling:**

- Workers must have received basic instructions about hygiene management.
- Washing water must be suitable (potable).
- Post harvest treatments must meet the legal requirements of the country of destination. Application records have to be kept.
- Handling facilities and storage must be kept in clean and safe conditions.

11. **Waste and pollution management:** Sources of pollution should be identified and appropriate actions have to be taken in case of necessity.

12. **Worker health, safety and welfare:** Workers, who handle dangerous equipment or chemicals, have to be trained properly for this purpose. First aid equipment and suitable protective clothing must be provided.
On farm housing must be appropriate and provide basic services.

13. **Environmental issues:** The environmental impact of the farming activities should be assessed and appropriate actions have to be taken in case of necessity.

14. **Complaint form:** A complaint form and procedure must be implemented in order to assure that EurepGAP related complaints are adequately recorded, studied and followed up.



CONSULTANCY PROCEDURE:

- EurepGAP orientation courses provided by JEPA Instructors are designed to address all aspects of EurepGAP plan development and Implementation, in addition to in-depth understanding of the requirements associated with compliance with the applicable EurepGAP regulations and principles. JEPA staff will provide the training and the tools that would orient the clients to the best practice for obtaining EurepGAP Certificate in a systematic and consistent way throughout the world which is achieved through the protocol and compliance criteria.

- It is JEPA Staff responsibility to approach the targeted audience (farmers, exporters, stakeholders…) and make them aware of the association's consulting services for applying the EurepGAP certificate, promotion needs to be carefully planned, and it is usual to decide on a new promotional plan each year. There should be one main objective to the promotion campaign and particular emphasis should be projected during a certain time to a certain market segment. JEPA Staff will be responsible for promoting said services through the following:

  - **ADVERTISING**

  Agricultural and other journal advertising, brushers, direct mailing of printed material and information on the consulting services rendered by JEPA to be contained on the World Wide Web; are considered efficient and effective way to approach clients and make them aware of JEPA consulting services.

  - **PUBLIC RELATIONS**

  Throughout conducting seminars that seek to influence the attitudes and opinions of farmers toward the importance of the certificates and the training required to obtain them. In addition to agricultural trade fairs and exhibitions.

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    4. Farm's readiness and requirements;
    5. Training period;
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    - ✓ Training the concerned personnel on the development of the agricultural recordkeeping requirements;
    - ✓ Performing ongoing verification to ensure that EurepGAP plan is working effectively on a day-to-day basis; such as calibrating monitoring instruments, observing monitoring activities and corrective actions, and reviewing EurepGAP records to see that they are being made and kept according to the plan.

- ✓ Training the concerned personnel on self-auditing and assessment compliance with standards.
- ✓ Ensuring the completeness of the technical requirements and the control points mentioned above.

- JEPA Instructors are required to prepare reports after each visit conducted to be kept as references in the concerned client file and with copies duly delivered to the client to ensure proper monitoring and adherence to the plan.

- Once in- depth understanding of the requirements associated with compliance with the applicable EurepGAP regulations is obtained; and all training steps as per the approved action plan are completed; JEPA would be responsible for contacting the concerned Certificate Body who will be responsible for conducting full site evaluation and auditing for deciding on awarding the EurepGAP Certificate to the client as per the results of the audit performed.

- For JEPA to maintain and retain its clients; a follow up visit should be conducted after the client is awarded the EurepGAP certificate to ensure continuous compliance with the applicable EurepGAP regulations and principles.

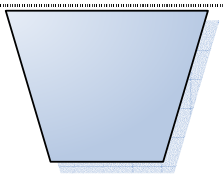
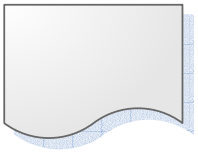
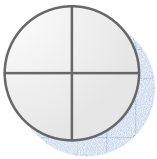
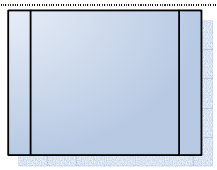
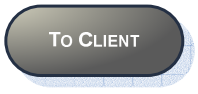
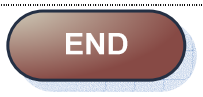
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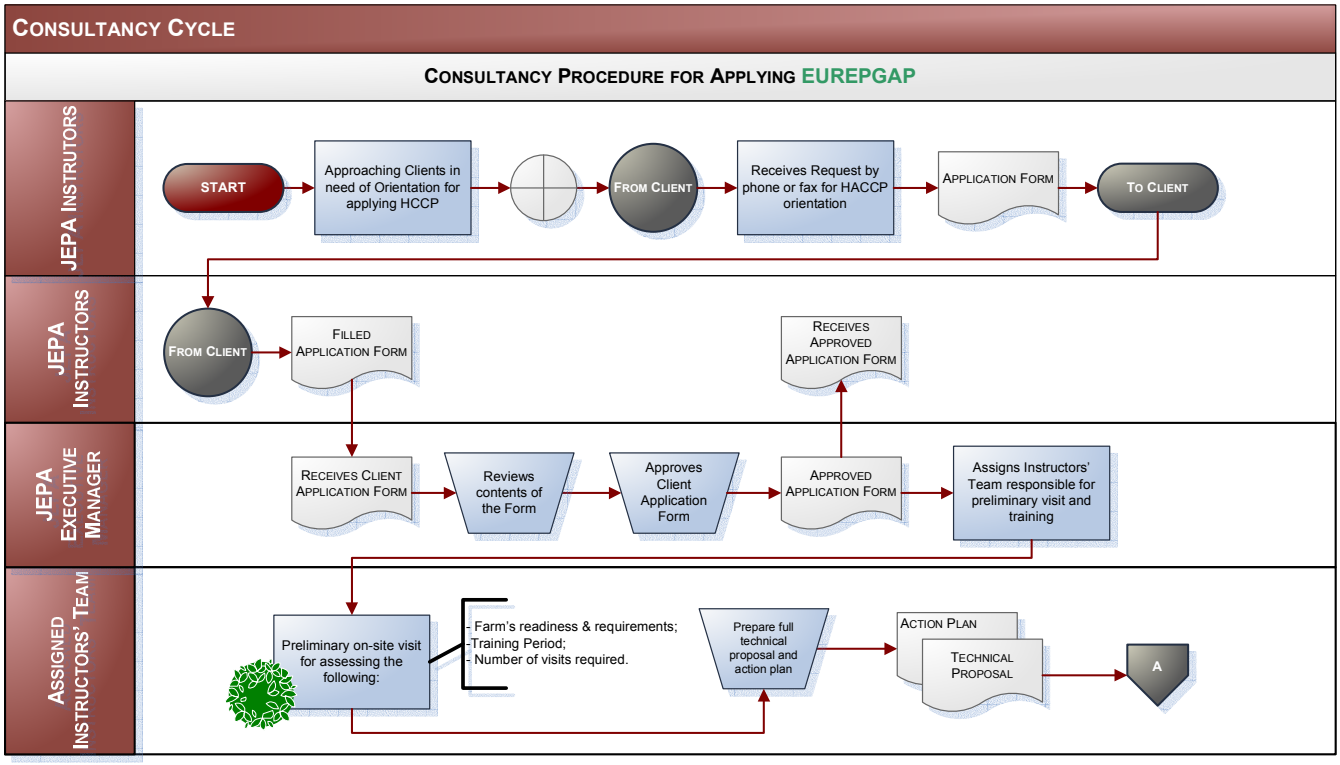
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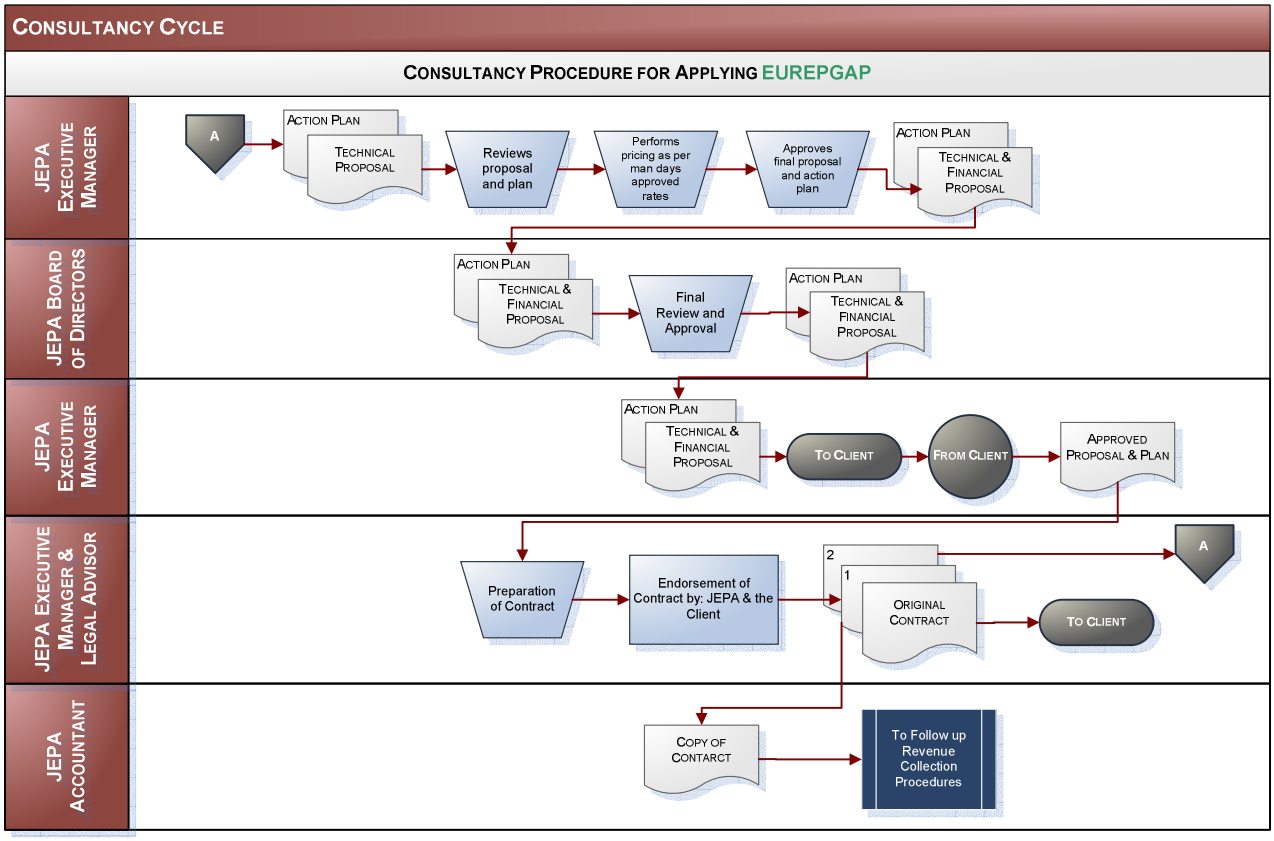


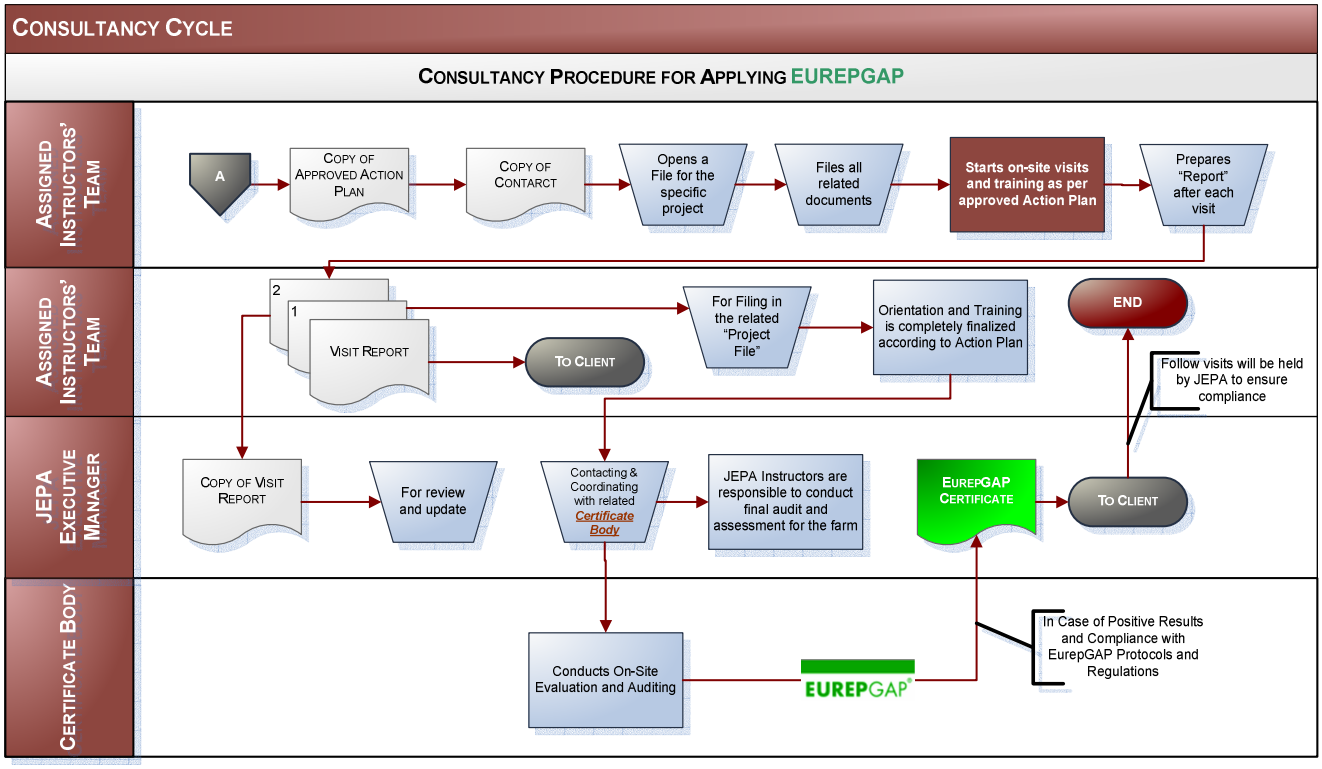
CONSULTING PROCEDURE FLOWCHART

KEY FOR SHAPES USED:

SHAPE	MEANING
	START OF CONSULTANCY PROCESS
	MANUAL OPERATION
	DOCUMENT
	OR
	SUBFLOW
	TO EXTERNAL PARTY
	FROM EXTERNAL PARTY
	END OF CONSULTANCY PROCESS


CONSULTANCY CYCLE
CONSULTANCY PROCEDURE FOR APPLYING EUREPGAP
JEPA INSTRUTORS
JEPA INSTRUCTORS
JEPA EXECUTIVE MANAGER
ASSIGNED INSTRUCTORS' TEAM
START
Approaching Clients in need of Orientation for applying HCCP
FROM CLIENT
Receives Request by phone or fax for HACCP orientation
APPLICATION FORM
TO CLIENT
FROM CLIENT
FILLED APPLICATION FORM
RECEIVES APPROVED APPLICATION FORM
RECEIVES CLIENT APPLICATION FORM
Reviews contents of the Form
Approves Client Application Form
APPROVED APPLICATION FORM
Assigns Instructors' Team responsible for preliminary visit and training
Preliminary on-site visit for assessing the following:
- Farm's readiness & requirements;
- Training Period;
- Number of visits required.
Prepare full technical proposal and action plan
ACTION PLAN
TECHNICAL PROPOSAL
A


CONSULTANCY CYCLE
CONSULTANCY PROCEDURE FOR APPLYING EUREPGAP
JEPA EXECUTIVE MANAGER
JEPA BOARD OF DIRECTORS
JEPA EXECUTIVE MANAGER
JEPA EXECUTIVE MANAGER & LEGAL ADVISOR
JEPA ACCOUNTANT
A
ACTION PLAN
TECHNICAL PROPOSAL
Reviews proposal and plan
Performs pricing as per man days approved rates
Approves final proposal and action plan
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
Final Review and Approval
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
TO CLIENT
FROM CLIENT
APPROVED PROPOSAL & PLAN
Preparation of Contract
Endorsement of Contract by: JEPA & the Client
2
1
ORIGINAL CONTRACT
TO CLIENT
A
COPY OF CONTARCT
To Follow up Revenue Collection Procedures


CONSULTANCY CYCLE
CONSULTANCY PROCEDURE FOR APPLYING EUREPGAP
ASSIGNED INSTRUCTORS' TEAM
ASSIGNED INSTRUCTORS' TEAM
JEPA EXECUTIVE MANAGER
CERTIFICATE BODY
A
COPY OF APPROVED ACTION PLAN
COPY OF CONTARCT
Opens a File for the specific project
Files all related documents
Starts on-site visits and training as per approved Action Plan
Prepares "Report" after each visit
2
1
VISIT REPORT
TO CLIENT
For Filing in the related "Project File"
Orientation and Training is completely finalized according to Action Plan
END
Follow visits will be held by JEPA to ensure compliance
COPY OF VISIT REPORT
For review and update
Contacting & Coordinating with related Certificate Body
JEPA Instructors are responsible to conduct final audit and assessment for the farm
EUREPGAP CERTIFICATE
TO CLIENT
Conducts On-Site Evaluation and Auditing
EUREPGAP
In Case of Positive Results and Compliance with EurepGAP Protocols and Regulations

III. Consulting Procedures Manual for applying the British Retail Consortium Food Product Quality Scheme (BRC)

October 7th, 2007

JORDAN EXPORTERS AND PRODUCERS ASSOCIATION FOR FRUITS & VEGETABLES

Amman - Jordan

SUBJECT: CONSULTING PROCEDURES MANUAL FOR APPLYING THE BRITISH RETAIL CONSORTIUM FOOD PRODUCT QUALITY SCHEME (BRC)

Dear Sirs,

With reference to the terms of our engagement; we have completed the assignment of developing documented procedures and workflows manual for applying the British Retail Consortium Food Product Quality Scheme (BRC).

These documented procedures are designed to guide JEPA instructors through the process of rendering orientation and consulting services to the best practice for obtaining BRC certificate in a systematic and consistent way throughout the world which is achieved through the protocol and compliance criteria.

We would like to express our sincere appreciation for the opportunity you are offering us to provide our services and cooperate with you in this matter. We believe that our experience and background in addition to our caliber of professional staff will positively contribute to your operations and the successful achievement of your mission, goals and objectives.

We thank you for the confidence you have in us, and we believe our work will be up to your highest professional expectations.

Please do not hesitate to contact us if you require further information, or would like to arrange for a meeting at your convenience to discuss the contents of the manual attached.

Thank you;

Sincerely Yours;

USAID

MAIN OBJECTIVE

The main objective of this manual is to provide documented steps and procedures required to guide JEPA instructors through the process of rendering the orientation and consulting services to its clients for applying the British Retail Consortium Food Product Quality Scheme (BRC).

SCOPE

The enclosed documented procedures and guidelines apply to all orientation sessions and consulting services rendered by JEPA Instructors and intended to assist farmers, exporters, stakeholders…etc. effectively incorporate the internationally recognized standards of BRC and their application to the British Retail Consortium regulatory requirements. The main purpose of these training sessions is to outline all critical stages and protocols required in the Food Packaging, Consumer Products and Storage and Distribution.

WHAT IS BRC ?

BRC is a trade association that represents 90% of the retail trade in the UK.

BRC has developed a technical standard covering areas of quality, hygiene and product safety for companies manufacturing and supplying food packaging materials for retailer branded products. The technical standard was first published in 2001. The BRC is directly involved in a number of issues affecting retailers and consumers which include:

- Food Safety
- All Forms of Legislation
- E-Commerce
- The Environment
- Retail Crime

BRC certification helps in the protection of the consumer by providing a common basis for auditing companies supplying or manufacturing packaging for food products to retailers.

It will also help suppliers show "due diligence" by assisting them in putting appropriate systems and controls in place to ensure the suitability of their packaging for safe food use. This assists retailers and food manufactures to ensure that their premises and practices are safe for the production of packaging materials that come in contact with food.

The BRC has actively been involved with the development and implementation of Standards since 1996.

Standards currently available are:

- The BRC Technical Standard and Protocol for Companies Supplying Retailer Branded Food Products (BRC Food Technical Standard)
- The BRC Global Standard - Consumer Products
- The BRC/IOP Technical Standard and Protocol for Companies Manufacturing and Supplying Food Packaging Materials for Retailer Branded Products (BRC/IOP Packaging Standard)
- The BRC/FDF Technical Standard for the Supply of Identity Preserved Non-Genetically Modified Food Ingredients and Product (BRC/FDF IP Standard)

The development of such Standards was initially driven by the need to meet legislative requirements, but was quickly seen as having significant benefits to the suppliers of product to the UK Retailers and there has been considerable interest internationally as these Standards have been implemented.

The work on the BRC Food Technical Standard began in 1996, which culminated in the publication of the first issue of the Standard in October 1998. For the first time UK Retailers, working within a highly competitive market place, had realized that food safety is a non-competitive issue and that by sharing experience and developing robust systems together, there were distinct advantages legally, technically and financially.



CONSULTANCY PROCEDURE:

- BRC orientation courses provided by JEPA Instructors are designed to address all aspects of BRC plan development and Implementation, in addition to in- depth understanding of the requirements associated with compliance with the applicable BRC regulations and principles. JEPA staff will provide the training and the tools that would orient the clients to the best practice for obtaining BRC Certificate in a systematic and consistent way throughout the world which is achieved through the protocol and compliance criteria.

- It is JEPA Staff responsibility to approach the targeted audience (farmers, exporters, stakeholders…) and make them aware of the association's consulting services for applying the BRC certificate, promotion needs to be carefully planned, and it is usual to decide on a new promotional plan each year. There should be one main objective to the promotion campaign and particular emphasis should be projected during a certain time to a certain market segment. JEPA Staff will be responsible for promoting said services through the following:

  - **ADVERTISING**

  Agricultural and other journal advertising, brushers, direct mailing of printed material and information on the consulting services rendered by JEPA to be contained on the World Wide Web; are considered efficient and effective way to approach clients and make them aware of JEPA consulting services.

  - **PUBLIC RELATIONS**

  Throughout conducting seminars that seek to influence the attitudes and opinions of farmers toward the importance of the certificates and the training required to obtain them. In addition to agricultural trade fairs and exhibitions.

- JEPA staff will be responsible for approaching clients or receiving clients' request that are in need of consultancy services or orientation for applying the BRC.

- An *"Application Form"* will be delivered to the client in order to fill in all details in regard of its farm or business requiring the orientation. The Application Form once filled from the client, has to be handed over to JEPA *Executive Manager*; who in return is required to review all details in the form and approving its contents.

- Accordingly, the Executive Manager will assign JEPA Instructors' Team who will be responsible for conducting the preliminary visit to the client's farm.

- JEPA Instructors Team will visit the client farm and performs preliminary on-site assessment for identifying the following:
    7. Farm's readiness and requirements;
    8. Training period;
    9. Number of visits required.

- Once JEPA Instructors completes the preliminary assessment and identifies the client farm requirements; a comprehensive proposal will be developed with all details concerning on-site training, action plan and number of visits needed. JEPA fees for rendering the consultancy services will be determined by the Executive Manager as per man days approved rates.

- The full proposal duly approved by JEPA *Executive Manager and Board of Directors* will be submitted to the concerned client for review and approval.

- Once approval on the action plan and proposal with all incorporated terms and details is obtained from the client; JEPA in coordination with the Legal Advisor will be responsible for preparing the contract that has to be duly endorsed by both parties: the client and JEPA.

- Copies of the contract will be distributed as follows:
    7. The Client;
    8. JEPA Accountant – for following up revenue collection procedures;
    9. Copy to be retained for filing.

- JEPA Instructors would start the training agreed upon through periodic on-site visits for the client as per the approved action plan. JEPA Instructors will apply train-based approach and provide customized in-house training for executives and line personnel through the following:
    - ✓ Assisting in the development of the appropriate risk management strategies and programs.
    - ✓ Supervising the development of a well-established infrastructure;
    - ✓ Training the concerned personnel on the development of the agricultural recordkeeping requirements;
    - ✓ Performing ongoing verification to ensure that BRC plan is working effectively on a day-to-day basis; such as calibrating monitoring instruments, observing monitoring activities and corrective actions, and reviewing BRC records to see that they are being made and kept according to the plan.
    - ✓ Training the concerned personnel on self-auditing and assessment compliance with standards.

- ✓ Ensuring the completeness of the technical requirements and the control points mentioned above.

- JEPA Instructors are required to prepare reports after each visit conducted to be kept as references in the concerned client file and with copies duly delivered to the client to ensure proper monitoring and adherence to the plan.

- Once in- depth understanding of the requirements associated with compliance with the applicable BRC regulations is obtained; and all training steps as per the approved action plan are completed; JEPA would be responsible for contacting the concerned Certificate Body who will be responsible for conducting full site evaluation and auditing for deciding on awarding the BRC Certificate to the client as per the results of the audit performed.

- For JEPA to maintain and retain its clients; a follow up visit should be conducted after the client is awarded the BRC certificate to ensure continuous compliance with the applicable BRC regulations and principles.

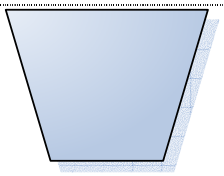
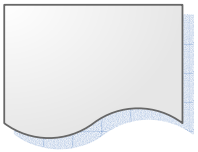
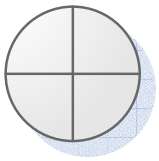
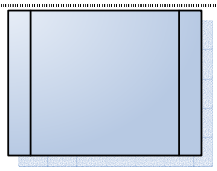
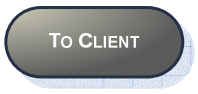
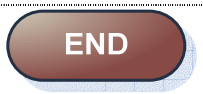
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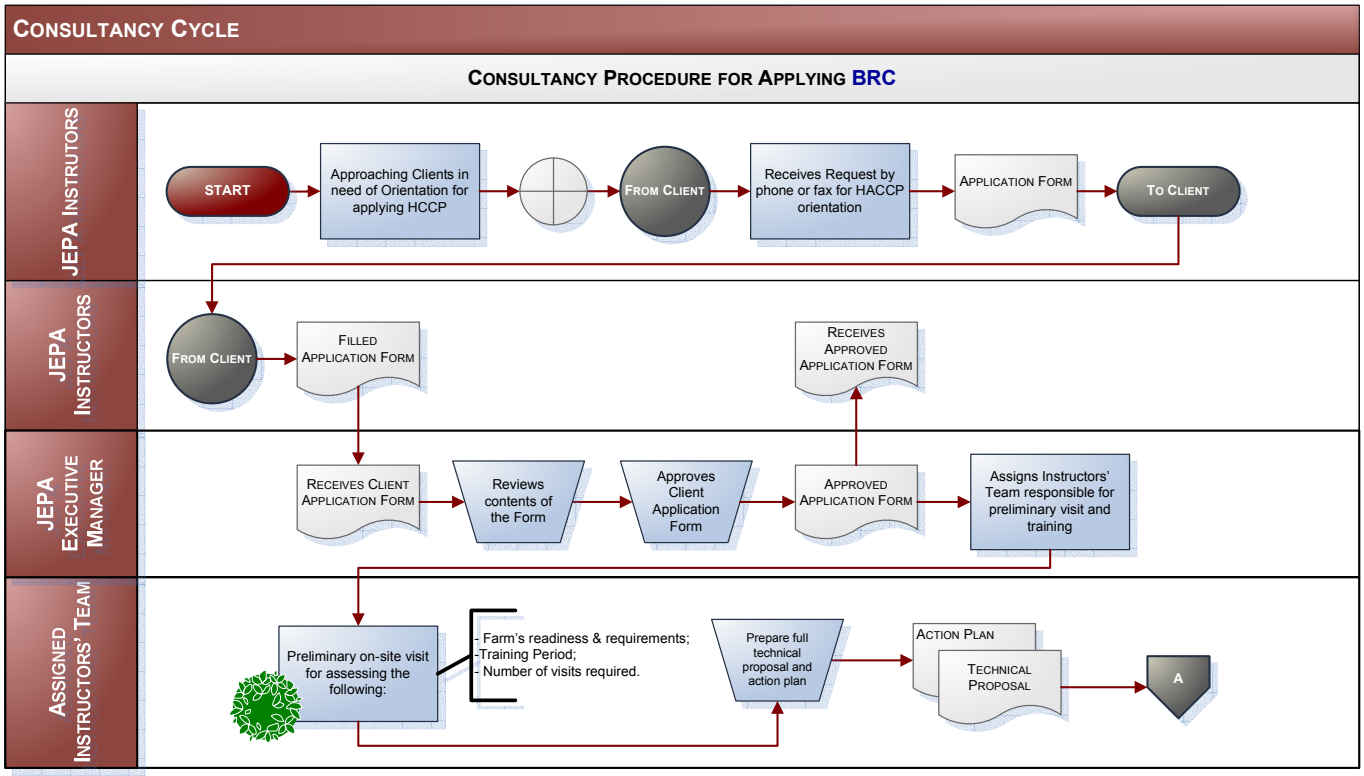
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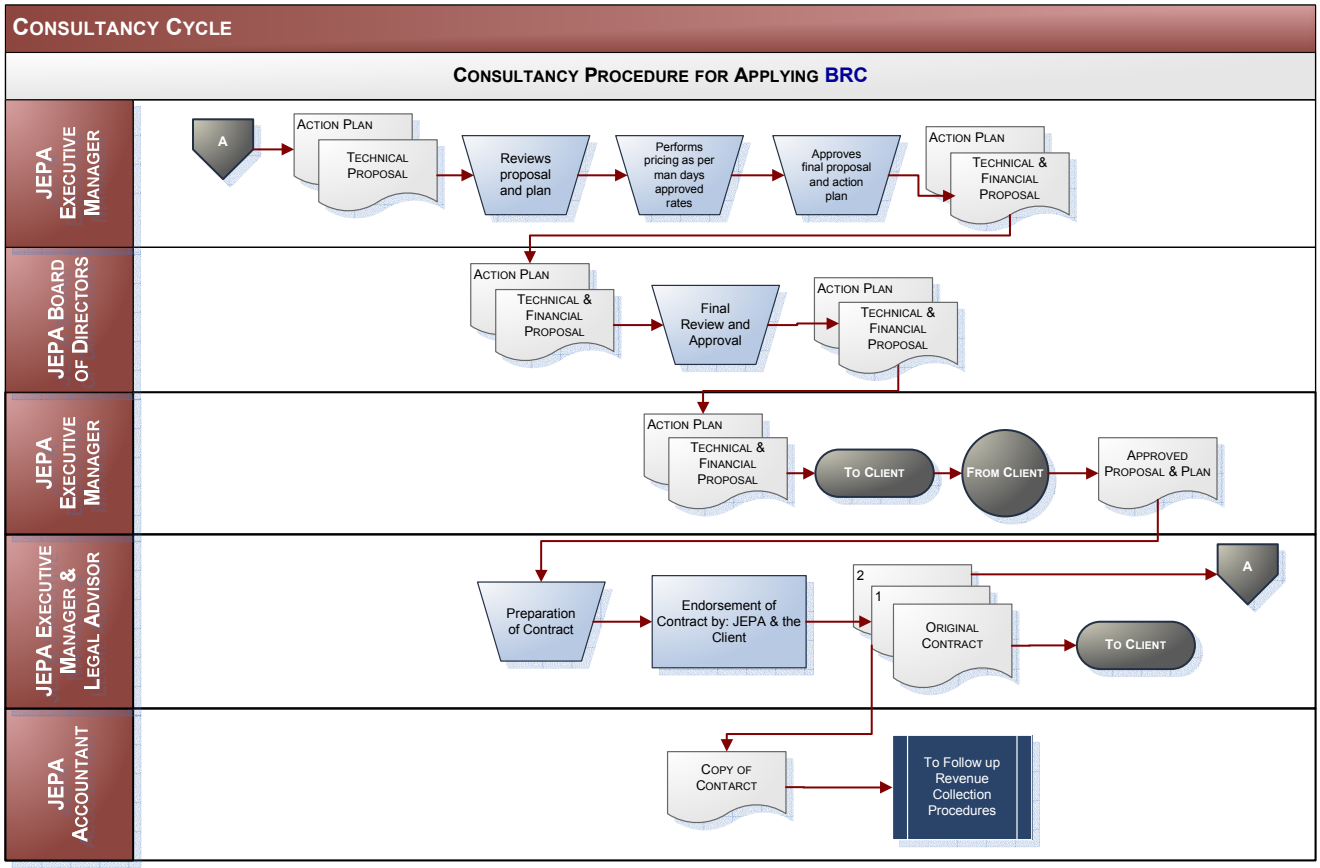
BRITISH RETAIL CONSORTIUM

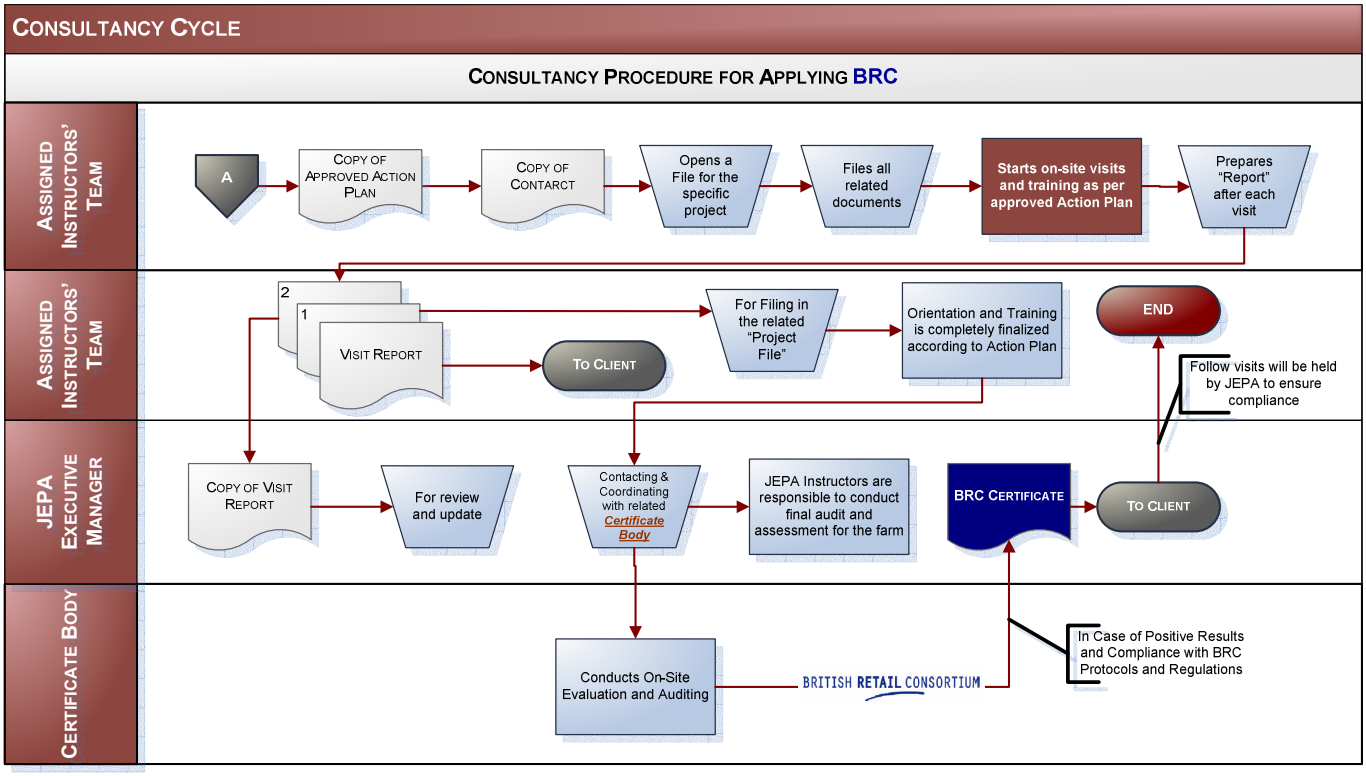
CONSULTING PROCEDURE FLOWCHART

KEY FOR SHAPES USED:

SHAPE	MEANING
	START OF CONSULTANCY PROCESS
	MANUAL OPERATION
	DOCUMENT
	OR
	SUBFLOW
	TO EXTERNAL PARTY
	FROM EXTERNAL PARTY
	END OF CONSULTANCY PROCESS


CONSULTANCY CYCLE
CONSULTANCY PROCEDURE FOR APPLYING BRC
JEPA INSTRUTORS
START
Approaching Clients in need of Orientation for applying HCCP
FROM CLIENT
Receives Request by phone or fax for HACCP orientation
APPLICATION FORM
TO CLIENT
JEPA INSTRUCTORS
FROM CLIENT
FILLED APPLICATION FORM
RECEIVES APPROVED APPLICATION FORM
JEPA EXECUTIVE MANAGER
RECEIVES CLIENT APPLICATION FORM
Reviews contents of the Form
Approves Client Application Form
APPROVED APPLICATION FORM
Assigns Instructors' Team responsible for preliminary visit and training
ASSIGNED INSTRUCTORS' TEAM
Preliminary on-site visit for assessing the following:
- Farm's readiness & requirements;
-Training Period;
- Number of visits required.
Prepare full technical proposal and action plan
ACTION PLAN
TECHNICAL PROPOSAL
A


CONSULTANCY CYCLE
CONSULTANCY PROCEDURE FOR APPLYING BRC
JEPA EXECUTIVE MANAGER
A
ACTION PLAN
TECHNICAL PROPOSAL
Reviews proposal and plan
Performs pricing as per man days approved rates
Approves final proposal and action plan
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
JEPA BOARD OF DIRECTORS
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
Final Review and Approval
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
JEPA EXECUTIVE MANAGER
ACTION PLAN
TECHNICAL & FINANCIAL PROPOSAL
TO CLIENT
FROM CLIENT
APPROVED PROPOSAL & PLAN
JEPA EXECUTIVE MANAGER & LEGAL ADVISOR
Preparation of Contract
Endorsement of Contract by: JEPA & the Client
2
1
ORIGINAL CONTRACT
TO CLIENT
A
JEPA ACCOUNTANT
COPY OF CONTARCT
To Follow up Revenue Collection Procedures


CONSULTANCY CYCLE
CONSULTANCY PROCEDURE FOR APPLYING BRC
ASSIGNED INSTRUCTORS' TEAM
A
COPY OF APPROVED ACTION PLAN
COPY OF CONTARCT
Opens a File for the specific project
Files all related documents
Starts on-site visits and training as per approved Action Plan
Prepares "Report" after each visit
ASSIGNED INSTRUCTORS' TEAM
2
1
VISIT REPORT
TO CLIENT
For Filing in the related "Project File"
Orientation and Training is completely finalized according to Action Plan
END
Follow visits will be held by JEPA to ensure compliance
JEPA EXECUTIVE MANAGER
COPY OF VISIT REPORT
For review and update
Contacting & Coordinating with related Certificate Body
JEPA Instructors are responsible to conduct final audit and assessment for the farm
BRC CERTIFICATE
TO CLIENT
CERTIFICATE BODY
Conducts On-Site Evaluation and Auditing
BRITISH RETAIL CONSORTIUM
In Case of Positive Results and Compliance with BRC Protocols and Regulations

SECTION V:
TRAINING SESSIONS

Training Session was conducted to JEPA Instructors upon completion of the development of the Documented Procedures Manuals.

The main objective of the Training Session held was to guide and orient JEPA Instructors through using the documented procedures and workflows pertaining to rendering the consultancy process for the applying the HACCP, EurepGAP and BRC Certificates .

Clarifications and inquiries were raised by JEPA Instructors upon which these documented procedures were clearly understood by JEPA Staff to ensure the quality of the service rendered to clients in a systematic and consistent way to ensure client satisfaction, thus achieve the self-sustainability and income generating for JEPA.

Sustainable Achievement of Business Expansion and Quality (SABEQ)
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