

**Pre-Feasibility Study**  
**Office/ Housekeeping local Labor Employment Company**  
**Amman**

April, 2017

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### Amman Governorate



## 1. Executive Summary

This study aims at determining the Pre-Feasibility Study For establishing Office/Housekeeping Local Labor Employment Company, in a practical and professional manner distinguished with the comprehensiveness and trust in the service, with the purpose of rendering distinguished, comprehensive and accessible employment services for the companies/houses willing to benefit from such services in order to avoid the potential hindrances and problems, in case of employing them regularly according to employment contracts. The company targets all economic facilities sectors to meet their needs of the local human staff qualified to occupy the office jobs (messenger/office boy) and to execute all required tasks, an one side, and to serve the household sector in all governorates of the kingdom by employing the human resources from the local labor in order to render the housekeeping services on daily/weekly/monthly basis according to the agreement concluded with the targeted houses, on the other side. The following table shows the initial indicators of the project.

**Table 1: Initial Indicators of the Project**

<b>Project Name</b>	Office/Household Local Labor Employment Company
<b>Sector</b>	Services sector
<b>Governorate</b>	Amman
<b>Region</b>	Head office of the company will be established in Amman and other branches can be opened in the kingdom governorates.
<b>Products / Services</b>	<ul style="list-style-type: none"> <li>• Attracting, Recruiting, and training the office local labor.</li> <li>• Attracting, Recruiting, and training the household local labor.</li> </ul>
<b>Project Description</b>	<p>The project is to incorporate a office/household local labor employment company in a professional and regular manner distinguished with the comprehensiveness and trust in the service. Such a company recruits the Jordanian labor force to work at homes and companies in the areas of population density and rendering these services to the targeted houses and companies.</p> <p>The project develop these services and make them safe and accessible for companies and households to benefit from the same without problems occurred in the case of appointing them according to legal employment contracts. The company will educate and train these persons and provide them with the transport and communication means.</p> <p>The company will passes through the following:</p> <ul style="list-style-type: none"> <li>• Registering the company and issuing the necessary licenses.</li> <li>• Establishing the office and equipping the same with the necessary equipment and devices.</li> <li>• Recruiting the staff according to the operation plan.</li> <li>• Developing a computerized customers care system.</li> <li>• Marketing and customer service.</li> </ul>

	<ul style="list-style-type: none"> <li>Recruiting the employees and providing them for the companies and households.</li> </ul>
<b>Target Market</b>	<ul style="list-style-type: none"> <li>Business and corporate sector.</li> <li>Household sector.</li> </ul>
<b>Investment Cost</b>	The investment cost of the project is JD 1.3 million.
<b>The Average Return On Investment</b>	The average return on investment rate within the upcoming five years is around 10.9%.
<b>Internal Rate Of Return</b>	The internal rate of return (IRR) for the project is around 25%.
<b>Average Added Value Of The Project</b>	The average added value on the project within the upcoming five years is around JD 4.5 million.
<b>Risk Assessment</b>	The Sensitivity Analysis indicates a low risk in case of 10% increase in investment cost, or 10% decrease in the number of the labor expected to be employed in the companies and houses, whereas a high risk is indicated in case of 10% increase in operating costs particularly the labor's salaries, while the service fees are still the same.
<b>The Project Justifications</b>	<ul style="list-style-type: none"> <li>Creating new work opportunities in the local economy and employing the local labor force regularly.</li> <li>Increased demand for housekeeping services and the higher dependence on the expatriate labor to meet the needs of most families within the Kingdom and thus enhancing the process of replacing the expatriate labor by the local labor.</li> <li>There are no standards to render the service, since the housekeeping service is currently rendered in an individual and irregular way.</li> <li>Creating a secure work environment and contracting with the households and business companies.</li> </ul>
<b>Partners/ Stakeholders</b>	<ul style="list-style-type: none"> <li>Ministry of Labor.</li> <li>Ministry of Justice.</li> <li>Ministry of Health.</li> <li>Security Centers.</li> </ul>

## 2. The Macroeconomic Environment

### 2.1 An Overview of the Hashemite Kingdom of Jordan

The Hashemite Kingdom of Jordan is a landlocked country surrounded by land except at its southern extremity at the port of Aqaba, where that area is the only sea exit area in Jordan. The Kingdom is bordered at its west side by Palestine and the Mediterranean Sea, at its south and east by the Kingdom of Saudi Arabia, at north east by Iraq and at north by Syria.

Figure1 : Map of the Hashemite Kingdom of Jordan



Jordan is marked by three climatic zones from west to east including the Jordan Valley, most of which lies below sea level and is considered subtropical, and upland areas to the east of the Jordan Valley, ranging in height from 100 to 1500 meters above sea level and this is one of the areas dominated by Mediterranean climate, and the desert areas stretching to the east of the highlands.

The total area of the Kingdom is approximately 89.3 thousand square kilometers, and the semi-desert conditions prevail in over 80% of this area where there are some wet lands settings like Azraq Basin.

The kingdom is divided administratively into twelve governorates distributed into three regions: the Northern Region (includes the governorates of Irbid, Mafrqa, Jerash and Ajloun) while the Central Region (includes the governorates of the capital, Zarqa, Balqa, Madaba) and the Southern Region (includes the governorates of Karak, Tafila, Ma'an, Aqaba), and the major cities are Amman (the capital), Zarqa and Irbid.

## 2.2 Population

Based on the General Census of Population and Housing in 2015, the population in the kingdom amounted to about 9.5 million people with a population density of 107.3 inhabitants per km<sup>2</sup>, where the Capital City knocked off other governorates by population amounting to about 4 million people and a population density of 538.8 inhabitants per km<sup>2</sup>, mainly because Amman is the most attractive governorate for Jordanians and for those coming to Jordan from other countries, followed by Irbid Governorate with a population of 1.8 million people, and then Zarqa Governorate with a population of 1.4 million. Tafila Governorate which is considered to be the least populous governorate whose population is about 96 thousand people.

**Table 2: Number of population and population density in the Kingdom for 2015**

Governorate	Population (people)	Area (Km <sup>2</sup> )	Population density (people/ km <sup>2</sup> )
<b>Central Region</b>			
Capital	4007526	7,579	528.8
Zarqa	1364878	4761	286.7
Balqa	491709	1120	439.0
Madaba	189192	940	201.3
<b>North Region</b>			
Irbid	1770158	1572	1126.1
Mafraq	549948	26551	20.7
Jerash	237059	410	578.2
Ajloun	176080	420	419.2
<b>Southern Region</b>			
Karak	316629	3495	90.6
Tafeileh	96291	2209	43.6
Maan	144082	32832	4.4
Aqaba	188160	6905	27.2
<b>Total of Kingdom</b>	<b>9531712</b>	<b>88793.5</b>	<b>107.3</b>

Source: Department of Statistics, Jordan General Population and Housing Census, 2015

On the other hand, the population growth rate has reached about 3% in 2010 and increased to 9% during the years 2013 and 2014 and then dropped a little during 2015 to reach about 8%, according to demographic surveys for the Department of Statistics. The reason for the high growth rates is attributed to the influx of large numbers of refugees from Syria to the Kingdom which resulted in a marked decline in per capita real GDP index by 5.4% to JD 1,197.4, based on the Statements of the Central Bank of Jordan.

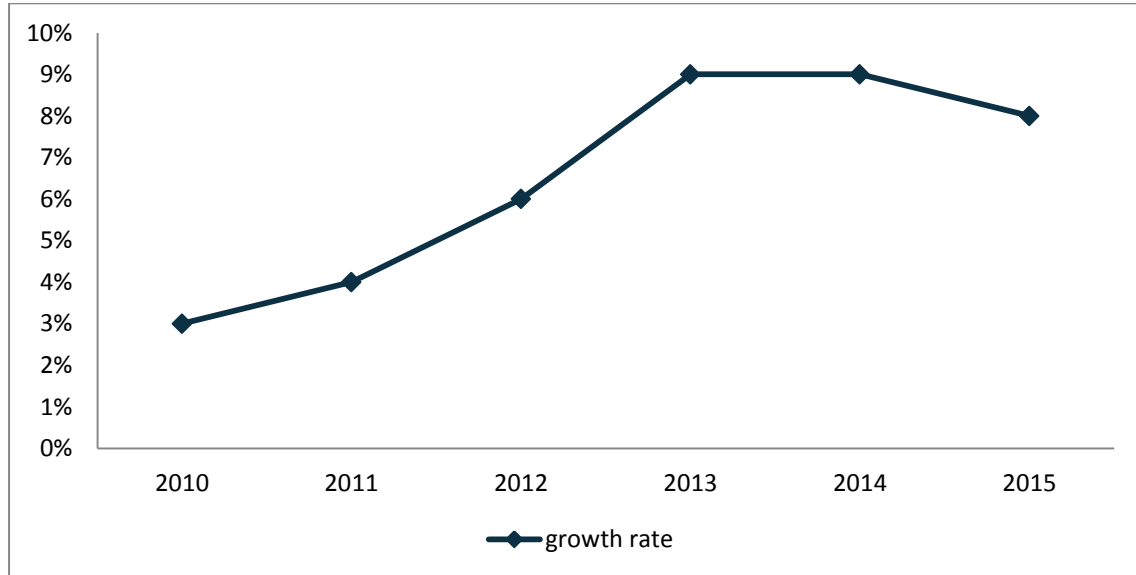
The unemployment rate among Jordanians also witnessed a rise by 1.1 percentage to reach to 13%, due to the structural imbalances that the labor market is suffering from and the acquisition of the low-paid foreign workers on a large number of new jobs in the economy, according to the Central Bank of Jordan.

**Table 3: Number of population and population growth in the Kingdom, thousand**

	2010	2011	2012	2013	2014	2015
population	6698.0	6993.0	7427.0	8114.0	8804.0	9531.7
growth rate	%3	%4	%6	%9	%9	%8

Source: Department of Statistics

**Figure2 : population growth rate in the Kingdom**





### 2.3 Economic Indicators in the Kingdom <sup>1</sup>

Countries across the Middle East are still suffering from instability and closure or partial closure of borders; including the borders of important markets for the Kingdom's products. These factors led to a decline in the performance of many of the economic sectors, including the external sector, national exports, touristic income, and Foreign Direct Investment (FDI), and they contributed to a slowdown in the economic growth to about 2.4% in 2015, compared to 3.1% in 2014. The growth achieved in 2015 came from growth across several economic sectors, especially in the finance, insurance, and real estate services; the transport, storage, and communications services; the mining industry; the manufacturing industry; and the agriculture sector. These sectors contributed a combined 1.8 percentage points (or 75%) of the growth rate achieved during 2015, reflecting the diversity of the economic growth sources in the Kingdom.

Additionally, the general price level registered a decline in the prices of oil, commodities, and other related services in the global markets. Therefore, the general price level, measured by the relative change in the average consumer price index deflated by 0.9% in 2015, compared to the inflation of 2.9% in 2014.

The budget deficit, after aid, increased by 1.2% to a record 3.5% of GDP, compared with 2.3% in the previous year. In addition, the Balance of Payments' Current Account recorded a deficit of 8.9% of GDP, compared with 7.3% in 2014. At the end of 2015, the net public debt amounted to 22,847.5 million Jordanian Dinars (85.8% of the GDP), with an increase of 5.0% of the GDP. However, the total public debt reached 24,876.5 million Jordanian Dinars (93.4% of GDP). This increase resulted from financing both the general budget deficit and the guarantees for loans for the National Electricity Company and the Water Authority, as well as the slowdown of economic growth during 2015. The indebtedness of the National Electricity Company and the Water Authority recorded 6.7 billion Jordanian Dinars at the end of 2015.

On the monetary and banking front, most monetary indicators experienced positive development in performance in 2015, primarily in the Central Bank's foreign reserves, which maintained comfortable levels that amounted to about \$14.2 billion. The dollarisation rate decreased, which reflected positive demand for Jordanian Dinars in comparison to other major foreign currencies. With regards to the activities of licensed banks, the outstanding balance of credit increased by 9.5%, to reach 21,103.5 million Jordanian Dinars at the end of 2015. The total deposits registered with licensed banks increased by 7.7%, to reach 32,598.5 million Jordanian Dinars at the end of 2015. The increase in deposits came as a result of the high dinar deposits, which increased by 2,001.4 million Jordanian Dinars (8.3%), and higher foreign currency deposits, which increased by 336.1 million Jordanian Dinars (5.4%).

Furthermore, many of the external sector indicators registered a drop in performance in 2015 due to the deepening instability in the region and almost full closure of the borders

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<sup>1</sup> The Central Bank of Jordan

with Iraq and Syria. However, the drop in oil prices in the global markets contributed to the decline in the Kingdom's imports bill for energy, as it dropped by 40.6%, which in turn contributed to a decline in total imports and the trade deficit by 11.4% and 14.0%, respectively. Thus, the Current Account, excluding aid, declined to 11.9% of GDP, compared to 12.4% in 2014.

The Current Account deficit increased after aid, to reach 2,365.6 million Jordanian Dinars (8.9% of GDP) in 2015, compared with a deficit of 1,851.7 million Jordanian Dinars (7.3% of GDP) in 2014. This decline is due mainly to the decline in total exports by 6.6% and the decline in surplus in the services account by 27.7%, as touristic income decreased by 7.1%, and the decline in the surplus in the current transfers account decreased as a result of reduced foreign aid.

Capital and financial accounts resulted in a net inflow of 1,593.7 million Jordanian Dinars in 2015, compared to 909.0 million Jordanian Dinars in 2014; this was due to the Kingdom's higher net obligations towards the outside world. Foreign Direct Investment registered a net inflow of 909.4 million Jordanian Dinars, and the reserved investment registered an inflow of 918.4 million Jordanian Dinars due to the Kingdom issuing Eurobonds that are worth \$2.0 billion in the global markets. The withdrawal of bank loans on behalf of the Central Bank increased the use of funds from the International and Arab Monetary Funds by 543.3 million Jordanian Dinars. This led to the registration of a surplus in the overall Balance of Payments of 328.7 million Jordanian Dinars during 2015, compared to a surplus of 1,550.7 million Jordanian Dinars during 2014.

According to the Central Bank of Jordan, the increased international investment at the end of 2015 showed an increase in the external net liabilities of the Kingdom, which reached 24,357.5 million Jordanian Dinars, compared with 22,578.8 million Jordanian Dinars at the end of 2014. This was due to an increase in the external balance of assets and financial liabilities for all of the economic sectors in the Kingdom, which reached to 18,657.9 million Jordanian Dinars and 43,015.5 million Jordanian Dinars, respectively, during 2015.

**Table 4: main economic indicators 2011 to 2015 in millions of dinars**

	2011	2012	2013	2014	2015
<b>Population (millions)</b>	6.993	7.427	8.114	8.804	9.532
<b>Unemployment rate</b>	12.9	12.2	12.6	11.9	13.0
<b>Production and Prices</b>					
GNP at current market prices	20,288.8	21,690.0	23,611.2	25,141.2	26,289.6
GDP at current market prices	20,476.6	21,965.5	23,851.6	25,437.1	26,637.4
The rate of growth in GDP at constant market prices (%)	2.6	2.7	2.8	3.1	2.4
The total national disposable income at current prices	23,743.5	24,774.9	28,424.5	30,302.1	30,234.7
The rate of growth in gross national disposable income at current prices (%)	4.7	-0.2	8.6	3.1	-2.4
Change in the index of consumer prices (%)	4.2	4.5	4.8	2.9	-0.9
The change in the GDP deflator (%)	6.4	4.5	5.6	3.4	2.3
<b>Money and Banking</b>					
Exchange rate of the Jordanian dinar to the US dollar	1.410	1.410	1.410	1.410	1.410
Money supply (P2)	24,118.9	24,945.2	27,363.4	29,240.4	31,605.5
Net foreign assets of the banking system	9,370.1	6,665.5	6,923.4	7,932.3	8,137.3
Net domestic assets of the banking system	14,748.8	18,279.7	20,440.0	21,308.1	23,468.2
Net debt of the government	6,701.4	9,461.3	10,494.8	10,473.9	11,386.4
Private sector debts (Residents)	14,925.0	15,953.6	17,222.5	17,852.8	18,704.5
Other factors <sup>(1)</sup>	-6,877.6	-7,135.2	-7,277.3	-7,018.5	-6,622.7
Deposits in dinars at licensed banks	19,119.1	17,711.1	21,003.0	24,013.1	26,014.5
Foreign currency deposits at licensed banks	5,258.8	7,258.6	6,590.2	6,247.9	6,584.0
Rediscount rate (%)	4.50	5.00	4.50	4.25	3.75
Treasury bills interest rate for 6 months (%)	3.232	3.788	-	-	-
<b>Public Finance</b>					
Total revenue and foreign aid	5,413.9	5,054.2	5,758.9	7,267.6	6,796.4
Ratio to GDP (%)	26.4	23.0	24.1	28.6	25.5
Total spending	6,796	6,878.2	7,077.1	7,851.1	7,722.9
Ratio to GDP (%)	33.2	31.3	29.7	30.9	29.0
Overall deficit/savings (on an accrual basis)	-1,382.7	-1,824.0	-1,318.2	-583.5	-926.5
Ratio to GDP (%)	-6.8	-8.3	-5.5	-2.3	-3.5
Net outstanding balance of the domestic public debt	8,915.0	11,648.0	11,863.0	12,525.0	13,457.0
Ratio to GDP (%)	43.5	53.0	49.7	49.2	50.5
Outstanding external public debt <sup>(2)</sup>	4,486.8	4,932.4	7,234.5	8,030.1	9,390.5
Ratio to GDP (%)	21.9	22.5	30.3	31.6	35.3
<b>Foreign Trade and Balance of Payments</b>					

	2011	2012	2013	2014	2015
Current account	-2,098.8	-3,344.9	-2,487.7	-1,851.7	-2,365.6
Ratio to GDP (%)	-10.2	-15.2	-10.4	-7.3	-8.9
Trade balance (Deficit)	-6,261.7	-7,486.6	-8,270.1	-8,495.6	-7,249.3
Ratio to GDP (%)	-30.6	-34.1	-34.7	-33.4	-27.2
Commodity exports	5,684.5	5,599.5	5,617.9	5,953.6	5,558.3
Imports of goods (FOB) <sup>(3)</sup>	11,946.2	13,086.1	13,888.0	14,449.2	12,807.6
Balance of services (net)	896.0	1,332.3	1,209.5	1,778.9	1,286.4
Income account (net)	-187.8	-275.5	-240.4	-295.9	-347.8
Current transfers (net)	3,454.7	3,084.9	4,813.3	5,160.9	3,945.1
Capital and financial account (net)	2,298.9	3,808.9	1,811.1	908.9	1,593.7
Direct foreign investment in Jordan (net)	1,055.0	1,074.3	1,281.2	1,426.7	905.1

Source: Monthly Statistical Bulletin, Central Bank of Jordan

1. Includes the debts of public and financial institutions and other factors, as shown in the Monetary Survey Agenda.
2. This represents the total balance of drawn loans, minus total repayments.
3. Does not include imports of non-resident entities.

## 2.4 The Jordanian Investment Environment

### Investment Law No. 30 for 2014

Investment Law no. 30 for 2014 is considered an appropriate legislative framework to attract foreign investments and stimulate local investments. It is considered a competitor to other investment laws in the region because it contains many advantages, incentives, and guarantees, and it offers a range of incentives and benefits in and outside the Development and Free Zones. The law includes a series of public provisions, such as foreign investment guarantees (depositing and withdrawal of capital, investment management, and transfers) and the inadmissibility of the disbarment of investment property. The law offers provisions to settle investment disputes, protection, and encouragement of mutual investment agreements between the Kingdom and other countries.

The following shows the major incentives granted by the law:

#### ❖ Incentives and Benefits outside the Development and Free Zones

- The production inputs for the industrial and crafts sectors are exempted from customs duties.
- The return of the general sales tax on the production inputs for the industrial and crafts sectors within 30 days.
- Production inputs and fixed assets of the industrial and crafts sectors are exempted from customs duties and are granted a reduction in general sales tax to 0%.
- Returning to the sales tax on the services needed to practice economic activity within 30 days.
- The goods that are necessary for the economic activities of the following sectors are exempted from customs duties and are subject to 0% general sales tax:
  - Agriculture and livestock, hospitals and specialised medical centres, hotels and touristic facilities, touristic entertainment and recreation centres, call centres, scientific research centres and laboratories, art and media production, convention centres and exhibitions, transfers and/or distributions and/or extraction of water, gas and oil derivatives, air transport, maritime transport, and railways.

#### ❖ Incentives and Benefits inside the Development and Free Zones

- 5% income tax on the income generated from economic activity within the Development Zone.
- 5% income tax on income generated from economic activity in the industrial sector.
- Tax exemptions that are granted in the Kingdom on goods and services exports.
- Reduction of sales tax to 0% on goods and services that are used by the establishment in order to exercise its activity inside the Development Zone.
- 7% sales tax on specific services provided by a registered company in the zone when these services are consumed in the zone.
- Exemptions from customs duties except for a specified number of goods.

❖ **The Reduction of Income Tax in the Least Developed Areas for Regulation No. 44 for 2016**

- The reduction of income tax in the least developed areas for Regulation No. 44 for 2016 was approved. It aims to create an attractive environment for investments that promote economic development through the reduction of income tax outside the Development Zones and in the least developed areas in the Kingdom. The regulation specified the areas that are considered least developed and identified the activities that are excluded from this reduction.
- Under the provisions of Articles 4 and 5 of this regulation, the areas that were categorised as least developed and enjoy the reduction in income tax are divided into four categories; each category enjoys a reduction in income tax on their activities for a period of 20 years.
- Category A includes the Northern Valley District, Deir Alla District, Shouneh Al-Janoubieh District, the Southern Valley District, Rweished District, the Northern Desert District, the North Western Desert District, Al-Azraq Province, Al-Jiza District except for the borders of the new Al-Jiza municipality, Al-Moakar District except for the borders of Al-Moakar municipality, and the Governorate of Aqaba except for the Aqaba Special Economic Zone. The reduction rate for this category is 100%.
- Category B includes the Governorates of Maan, Tafileh, Karak, and Ajloun. The reduction rate for this category is 80%.
- Category C includes the Governorates of Jarash, Mafraq, and Irbid except the borders of the Greater Irbid Municipality. The reduction rate for this category is 60%.
- Category D includes the Governorates of Madaba, Balqa, Amman except for the Greater Amman Municipality, and Zarqa except for the borders of Zarqa Municipality and Russaifeh Municipality. The reduction rate for this category is 40%.

❖ **Trade and Free Trade Agreements**

The most important agreements are:

- Jordan joining the World Trade Organisation in 2000, which led to the opening of the markets of 150 countries for Jordanian exports in goods and services, and provided new opportunities of access to other countries within a clear and transparent environment of laws, regulations, and procedures.
- A series of regional trade agreements, such as the Jordan Partnership Agreement with the European Union, Agadir Agreement, Free Trade Arab Agreement, the free trade agreement between Jordan and the European Free Trade Association, and the adoption of the Euro-Mediterranean simplification of the rules of the Origin System, which includes the decision to simplify the rules of the origins of Jordanian products between Jordan and the European Union came into effect on July 19, 2016, and will remain in effect until December 31, 2026.
- A series of bilateral trade agreements with many countries, such as the free trade agreement between Jordan and the United States of America, the Qualified Industrial

Zones Agreement, the free trade agreement between Jordan and Singapore, the free trade agreement with Turkey, the free trade agreement with Canada, and many other agreements.

- Jordan has signed more than 35 agreements with Arab and foreign countries in order to prevent double taxation between Jordan and these countries, thus protecting investors' rights.
- The Agreement of Promotion and Protection of Investments and the Movement of Capital between the Arab Countries was signed in 2000 with 11 Arab countries who are members of the Arab Economic Unity Council, in order to establish an appropriate environment for investments and economic cooperation between investors in the Arab countries, thus pushing and stimulating investment activities by providing encouragement and mutual protection for Arab investments.

### **Human Development Report for 2015**

The Human Development Report that was issued by the United Nations Development Program in 2015 showed that Jordan fell 3 points to number 80. Please note that Jordan's place on the Human Development Report index value has improved slightly.

### **Global Competitiveness Report**

The Kingdom's rank has improved by one point in the Global Competitiveness Report for the year 2016/2017, at 63 out of 138 countries compared to 64 out of 140 countries in the 2015/2016 report. It is considered an insignificant improvement, especially because of the reduction in the number of countries participating in this year's report. Amongst the Arab countries, Jordan was ranked after the United Arab Emirates, Qatar, the Kingdom of Saudi Arabia, Kuwait, and Bahrain, who were ranked 16, 18, 29, 34, and 39, respectively.

### **Doing Business Report**

In the Doing Business Report that was issued by the World Bank Group, Jordan is still ranked 118, up one rank from the 2016 report, because of the variation in the performance of the different sub-indicators. Jordan ranked ninth among the Arab countries; the United Arab Emirates was ranked first among the Arab countries at 26, followed by Bahrain at 63 and Oman at 66.

## 2.5 The Economic Environment in the Short and Medium Term

Risks analysis implemented by BMI indicates that the Jordan's political and economic risks in the short and medium term are less than the overall average of the world and the Middle East. The state's risks and the operational risk are estimated to be within the acceptable levels. The international institutions' forecasts point out that the economic and foreign trade indicators are expected to achieve acceptable rates of growth with the exception of the continued increase in internal and external indebtedness.

**Table 5: Assessment of short and long-term risks**

	Long term		Short term		Operational risks	State risks
	political	Economic	political	economic		
Jordan	63.1	39.2	66.6	46.2	58.7	55.4
Turkey	60.2	49.4	58.4	56.9	55.9	56.1
Egypt	53.3	45	52.4	48.7	42.9	47.5
Lebanon	45.8	54	55.4	53.5	44.2	49.5
West Bank and Gaza	33.1	38.1	32.2	36.5	32.5	34.3
Syria	22.9	24.4	22.4	23.6	29.3	26.1
Regional average	49.4	46.9	51.2	48.7	46.6	48.3
global average	64.1	50.7	61.3	51.9	49.8	54.6

Source: the economy and state risks, IHS, 15/09/2016

**Table 6: The most important key economic indicators 2016-2020**

Indicator	2016	2017	2018	2019	2020
The growth rate of GDP	2.6	2.7	2.8	3.2	3.1
GDP (in USD billions)	39.6	42.1	44.8	47.8	50.9
Population (In millions)	9.8	10.1	10.4	10.7	11.0
Consumer Price Index (% change)	-0.7	1.8	3.3	4	3.2
Exports (in USD billions)	7.3	7.6	8.2	8.8	9.6
Imports (in USD billions)	18.3	19.2	20.1	21.3	22.8
Foreign direct investment, the net value (in USD billions)	1.5	1.5	1.6	1.6	1.7
Foreign direct investment, the net value (% of GDP)	3.7	3.7	3.6	3.4	3.3
Foreign exchange reserves (in USD billions)	13.9	14.9	15.7	16.8	17.7
Total external debt (in USD billions)	24.4	27.8	30.7	33.7	36
Total external debt (% of GDP)	61.6	66	68.6	70.4	70.6
Total external debt (% of foreign currency earnings)	127.3	138.3	143.6	147.5	147.8

Source: the economy and state risks, IHS, 15/09/2016



### 3. Market Study

#### 3.1 Project Description

The project is to establish a Office/Housekeeping Local Labor Employment Company in a practical and professional manner distinguished with the comprehensiveness and trust in the service with purpose of rendering distinguished, comprehensive and facilitated employment services for the companies/houses willing to benefit from such services in order to avoid the potential hindrances and problems, in case of employing them regularly according to employment contracts. The company targets all economic facilities sectors to meet their needs of the local human staff qualified to occupy the office jobs (messenger/officeboy) and to execute all required tasks, from one side, and to serve the household sector in all governorates of the kingdom by employing the human resources from the local labor in order to render the housekeeping services On daily/weekly/monthly basis according to the agreement concluded with the targeted houses, on the other side.

In addition, the project will work on recruiting, selecting, appointing and training the qualified staff from the office/housekeeping labor force and delivering and transporting this staff to the locations of the targeted company and/or houses and providing them with food meals and communication services... Etc. In addition, the company incurs the responsibility of dealing and coordination with all related official entities regarding all issues and matters related to salaries of the local labor employed by it in terms of the salaries management, the due tax transfers and social security dues on behalf of the targeted companies with purpose of rendering distinguished, comprehensive and facilitated employment services for the companies/houses in order to avoid the expected hindrances and problems, if they are appointed in a regular way according to employment contracts.

#### 3.2 Expected Services Description

The expected project services include the following:

- Recruiting, appointing and training the local labor office.
- Recruiting, appointing and training the local labor housekeeping.

### 3.3 Expect Demand Analysis

#### Jordanian Labor Market

During the last period, the Jordanian economy witnessed a set of the political, economic, social and demographic changes that caused many structural disorders in the sectors and played significant role in reformulating its policies and drawing its future plans and programs.

The Jordanian labor market, considering it an element of this economy, faced many challenges, of which the most prominent ones are accommodating the growing annual flow of the Jordanian workforce, the variety of the labor market requirements of the modern specializations and the continued flow of the expatriate labor coming to the Jordanian market, Representing around 19.6% out of total Jordanian workforce in 2015.

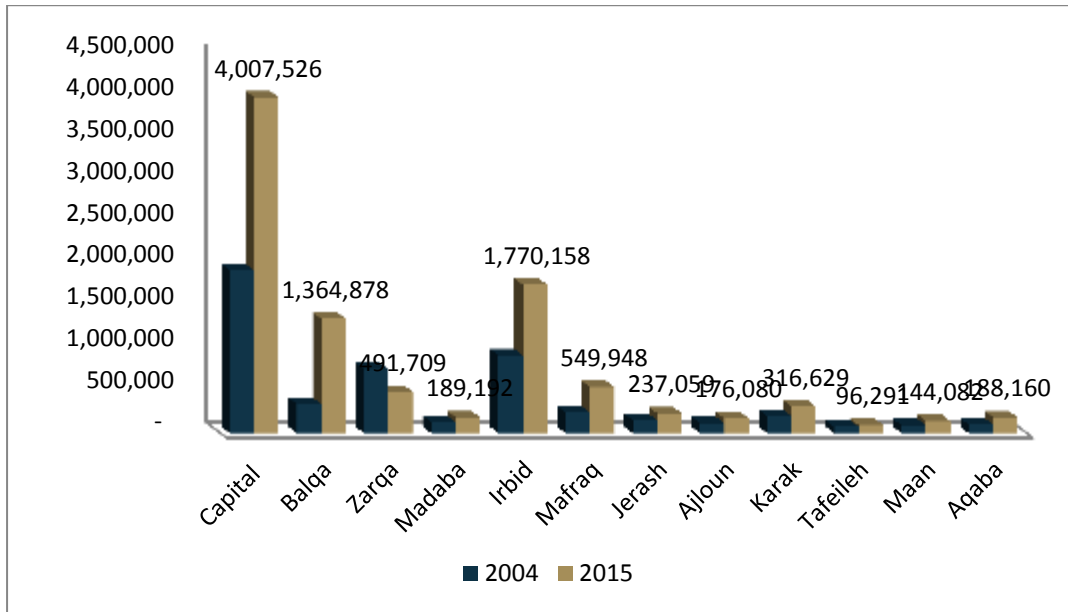
Most features and characteristics of the Jordanian Labor Markets are shown as follows:

- The Jordanian market exports and imports the labor at the same time, because it exports highly educated and qualified labor and imports labor with low qualifications to work in sectors that aren't acceptable by Jordanians.
- The disorder in distribution of the labor at the sectorial, educational and professional levels is one of the most prominent problems encourage the Jordanian labor market.
- The jobs annually created by the public sector are limited for the new labor entering to the labor market; consequently, the private sector is the larger participant in the employment operations.
- The low economic participation of the woman in the Jordanian labor market due to the early withdrawal from the labor market and the high education enrollment rates.
- The suitability of the educational and training system outputs for the actual labor market needs is week leading to increased rates of unemployment.
- Relative stability in the unemployment rates during the last five years.

According to results of General Census of Population and Housing, the number of populations of the Kingdom of Jordan reached 9,531,712 citizens in 2015; whereby, the males represented 53% and the females accounted for 47% out of total number of the Jordanian population. The herein-below shown figure that Amman governorate occupies the highest percentage of the population total, with around 42.04% out of total population resides in, followed by both governorates of Irbid and Zarqa at percentages of 18.75% and 14.32% respectively out of total population. While, the governorates of Tafila and Maan are the lowest governorates that attract the population with the percentage of residents reached around 1.01% and 1.51%, respectively out of total number of population.

The population number during the period from 2004 to 2015 was doubled and the annual population growth rate for total number of population during such period reached 5.3%. this is due to the forced migration and asylum to the kingdom, as the data of population census 2015 showed that the annual population growth rate for non-Jordanians reached 18% compared with 3.1% for Jordanians.

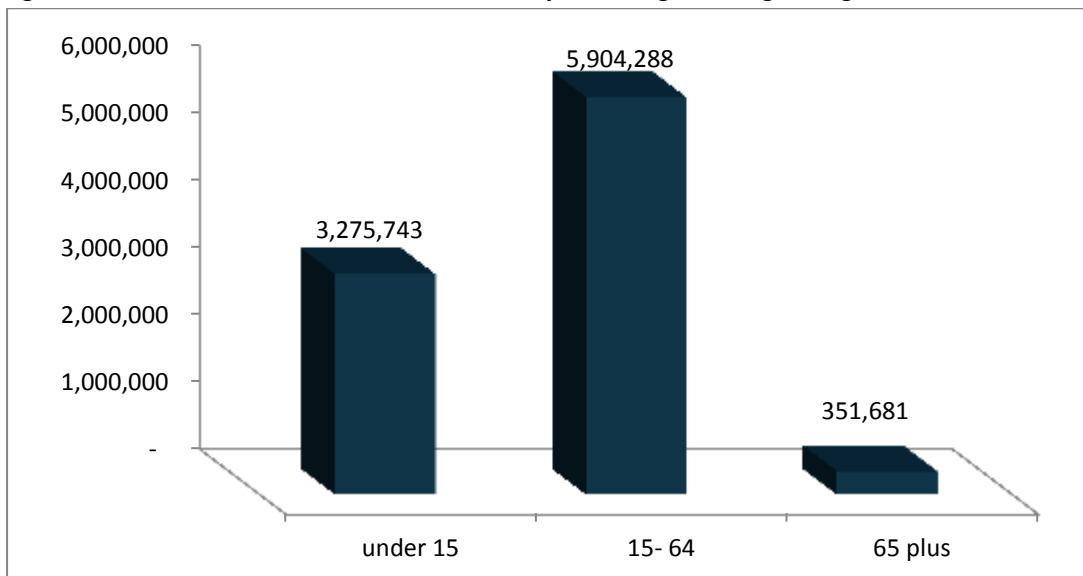
**Figure3 : Number of Publication during 2004-2015**



Source: Department of Statistics / General Census of Population and Housing 2015.

According to the age category, the Jordanian community is shown as categories community featured with the high rate of the young people. The results of General Census of Population and Housing 2015 showed in the following figure shows that around 3,275,743 people of the Kingdom population are less than fifteen years old representing 34.4% out of total population.

**Figure4 : Distribution of the Jordanian community according to the age categories for 2015:**



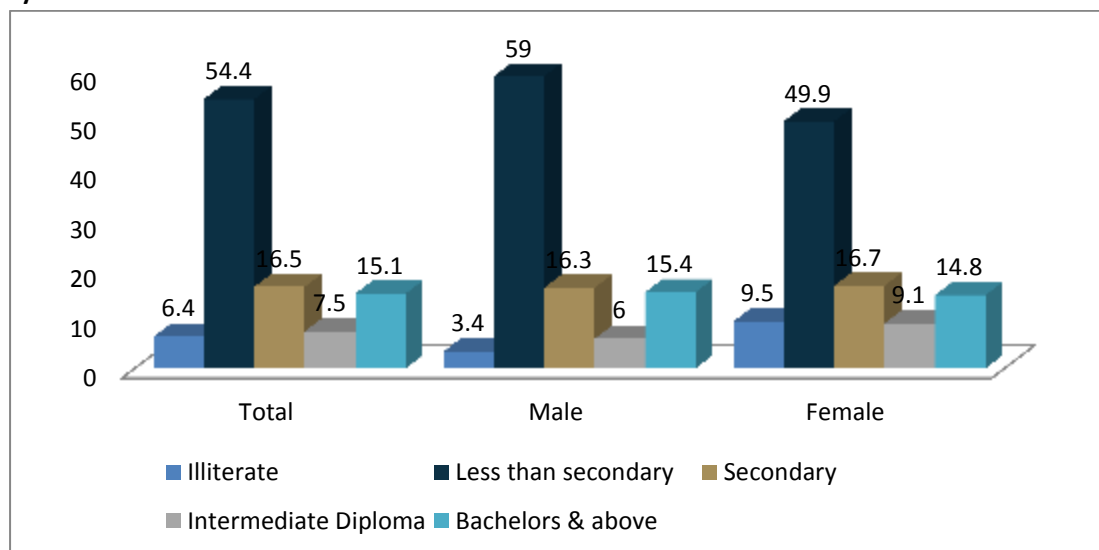
Source: Department of Statistics / General Census of Population and Housing 2015.

Those who have acquired the first university degree and above in the Jordanian community represent 15.1% out of total population whom are 15 years old and above. This percentage is higher for males than the females as shown in the following figure, while the category of secondary school education and below represent more than half of the Jordanian community and as estimated by around 77.3% out of total population from those who are 15 years old and above. This percentage represents 78.7% for the males and 76.1% for the females.

In the Jordanian Community, the people, who acquired the first university degree and above, represent 15.1% out of the total population from those who are 15 years old and above and this percentage is higher among the males compared with the females as shown in the following diagram. The category of the secondary school level and less represent more than half of the Jordanian community estimated by around 77.3% out of total population from those who are 15 years old and above. This percentage represents 78.7% for the males compared with 76.1% for the females.

On the other hand, the illiteracy rate reduced to reach 6.4% out of total number of population, who are 15 years old and above, with percentage of 3.4% for the males compared with 9.5% for the females.

**Figure5 : The relative distribution for the Jordanian population, whom are 15 years old and above, by the educational level for 2015**



Source: Department of Statistics / General Census of Population and Housing 2015.

The population in the work age is distributed into two main categories; namely, the economically active population and the economically inactive population. The economically active population represents the workforce in the community, which includes all employed and unemployed individuals, as the workforce volume for 2015 with around 1,607,599 including 1,398,030 employed and 209,569 unemployed.

The workforce in proportion to the number of working-age population represent the so-called "economic participation revised rate" that reached 36.7% in 2015; 60% for the males and 13.3% for the females. At level of the governorates, the revised rate of economic participation in Amman governorate reached 35.6% and Karak governorate recorded the highest revised rate of economic participation that reached 43.1%, while the lowest rate is achieved by Zarqa Governorate at 34.6%.

It is noted that the population participation rate is low compared with the working-age population rate, the working-age population percentage reached 65.6% out of total population and such reduction is referred to some reasons, where most significant ones thereof are:

- High percentage of the young people (less than fifteen years old), representing percentage of 34.4% out of total population.
- High percentage of the people enrolled in the education.
- Low participation of the woman in the economic activity, as 86.7% out of total women at the working-age are considering inactive economically.
- Gender gap of the economic participation reached 46.7% for the men.
- High rate of the economically inactive people that reached 63.3% out of total population at the working-age is a reason causing the low rate of the economic participation.

Around half of those working in the Jordanian Labor Market are not holding the general secondary school certificate the results of 2015 showed that the education level of around 52.9% out of total Jordanians employed is less than the general secondary. This percentage is significantly different between the males and females, as it is noted that this percentage is high for the males with around 60.1% out of total employed males and low for the females at 15% out of total employed females. In contrast, around 56.8% out of total employed females have the bachelor's degree and above, while 20.3% out of total employed males have the bachelor's degree and above indicating that the educational level of the employed females is higher than the educational level of the employed males.

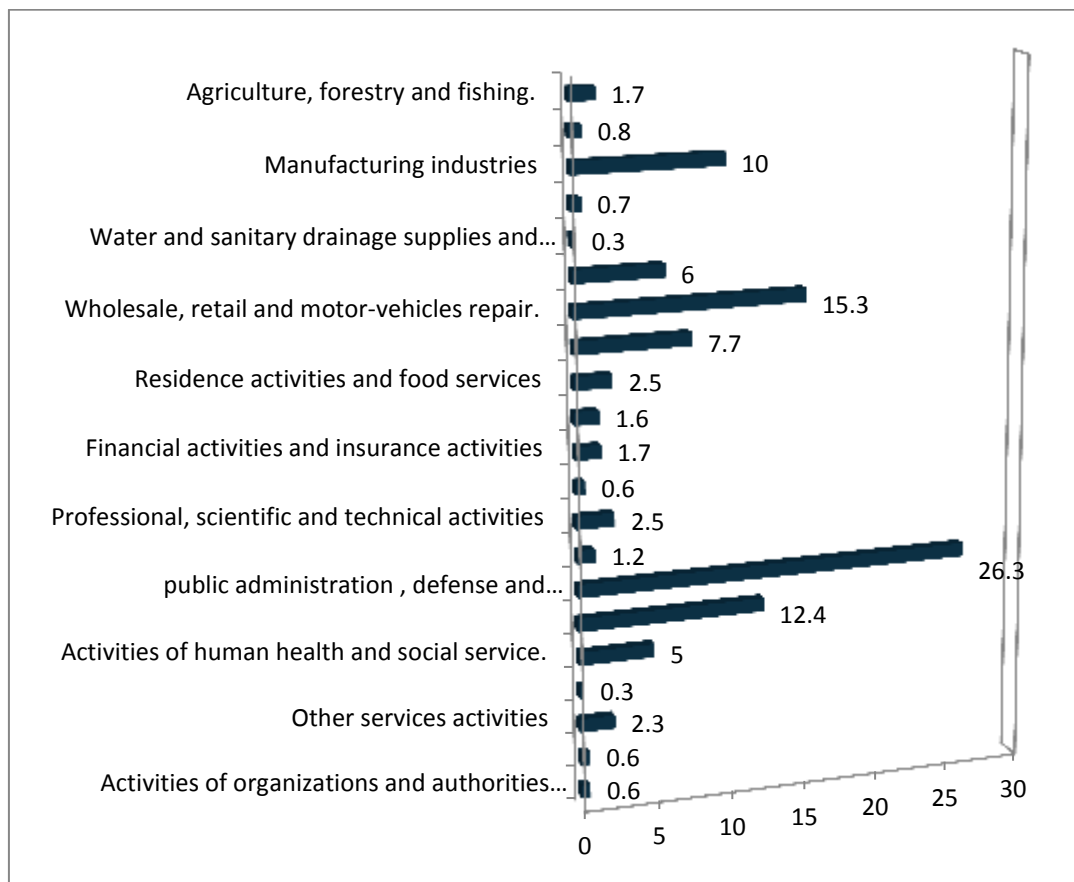
The results of 2015 showed that the employed Jordanians are concentrated on economic activities exclusively, as 26.3% out of total employed people work in sector of " public administration , defense and compulsory social security", 15.3% out of total employed people work in sector of "wholesale, retail trade, motor vehicle repair and motorcycles", 12.4% out of the total employed people work in sector of "education" and 10% out of total employed people work in sector of " manufacturing industry".

There is significant difference in the distribution of the males and female among the economic activities. The statistical results for 2015 showed that 59.8% out of total employed females work in sectors of "education, health, general administration and defense"; the percentage of the employed females working in sector of education is 42.4% out of total employed females, while the percentage of the employed females working in sector of

"human health and social service" reached 14.9% and 12.5% out of total employed females work in sector of " public administration , defense and compulsory social security".

On the other hand, the males are concentrated on the following economic activities; namely, public administration, defense and compulsory social security in percentage of 28.9%, the wholesale, retail trade, motor vehicle repair and motorcycles in percentage of 17.2%, the manufacturing industry in percentage of 10.6% and the transport and storage in percentage of 9%.

**Figure6 : Relative distribution of the Jordanian Population, who are 15 years and above by the educational level for 2015:**



Source: Department of Statistics / Employment and Unemployment Survey 2015.

During the last years, there has been clear fractionation in the unemployment rates, as they increased from 12.5% in 2010 to 12.9% in 2011, reduced in 2012 to 12.2% and then increased to 12.6% in 2013, while they decreased to the lowest level to 11.9% in 2014 and then resumed the increase to the highest level during the period 2010-2015 to reach to 13% in 2015. It is noted that the unemployment rates increase significantly among the females, as they reached to 22.5% compared with the males 11% in 2015.

The results of the employment and unemployment survey for 2015 showed that the unemployed people concentrated on the category with academic achievement lower than general secondary at 43.4% out of total unemployed people, while the unemployed people,

who have acquired the secondary school certificate, represent 65%. The category of the unemployed people, with the bachelor's degree and above occupies the second rank with percentage reached 40.3%. Further, the percentage of the illiterate unemployed people reached 0.5% out of total unemployed people.

It is worth-mentioning that there is significant difference between the educational levels of the unemployed male and females, as 60.8% out of total unemployed males have educational levels less than secondary school, whereas 75.5% out of total unemployed females have the first university degree and above.

Data Department of Statistics shows that the net of jobs number created in the Jordanian labor market during 2014 reached around 49,935 job opportunities, as the number of the new jobs reached 77,396 job opportunities and the number of the departed jobs reached around 27,460 job opportunities. The results showed that the net job opportunities created for the males reached around 38,185 job opportunities out of total number of the created job opportunities, while the net opportunities of the females reached around 11,750 job opportunities with a percentage of around 23.5% out of total job opportunities created in the labor market.

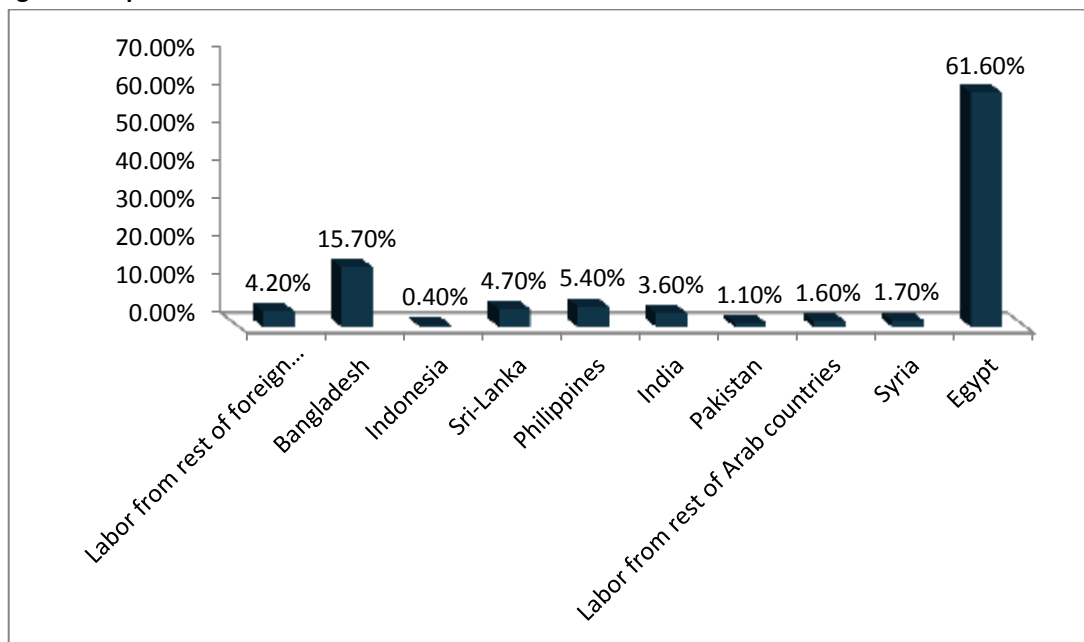
More than half of the created job opportunities were occupied by peoples at educational level of the secondary school and below, as the results of 2014 showed that around 66.4% of total created job opportunities were occupied by people at educational level of the secondary school and less (around 33,176 Job opportunities), followed by individuals at university educational level of bachelor and above, who occupied 28.5% out of total created job opportunities. By comparing the job opportunities occupied by the males and females, it was found that – according to the data of 2014 – 73.9% out of total created job opportunities occupied by males who have the general secondary and less. On contrary, 47.7% out of total created job opportunities occupied by females were for those who are at educational level of bachelor degree and above.

The Jordanian labor market began to receive the expatriate labor in the early seventies of the last century, because the market needs workers in the sectors that the Jordanians do not desire to work in such as the agriculture, activities and services. Therefore, the expatriate labor in Jordan is described as complementary and not replacing labor to fill the shortage in the labor market. Over time, the expatriate labor flowed rapidly to Jordan and the number of the workers, who have procured work permits at end of 2015 reached around 315,045 expatriate worker. Due to the competition between the expatriate labor and the Jordanian labor in some professions and specializations resulted from the difference of the salaries, are the persistent seeking of the government to reduce the unemployment, and the attempt to replace the local labor instead of the expatriate labor as way to achieve such purpose, consequently, the serious seeking began to reduce the number of the expatriates to the labor market.

Data of Ministry of Labor showed that the number of the expatriate workers, who have work permits, is fluctuated during the last years, as this data showed decline in number of the expatriate labor, from 298,342 in 2010 to 280,263 in 2011, then it has decreased to 279,798 in 2012 and then increased in 2013 to 286,197 and 2014 to 324,410. Thereafter, this number was decreased again to 315,045 workers in 2015. The number of the expatriate workers, who have work permits, increased during the last five years with rate of 1.09%.

The Egyptian workers represent the highest percentage among the expatriate workers that have permits to work in the Jordanian Labor Market with percentage of 61.6% out of total expatriate workers, while the Arab workers from the other remaining Arab countries represent 3.3% only out of total expatriate labor. As for the foreign workers in the Jordanian labor market; the Bengali workers occupied the first rank with percentage of 15.7%, followed by the Philippine, Sri Lankan and Indian workers in percentages of 5.4%, 4.7% and 3.6% respectively out of the total expatriate workers.

**Figure7 : Expatriate workers for 2015**

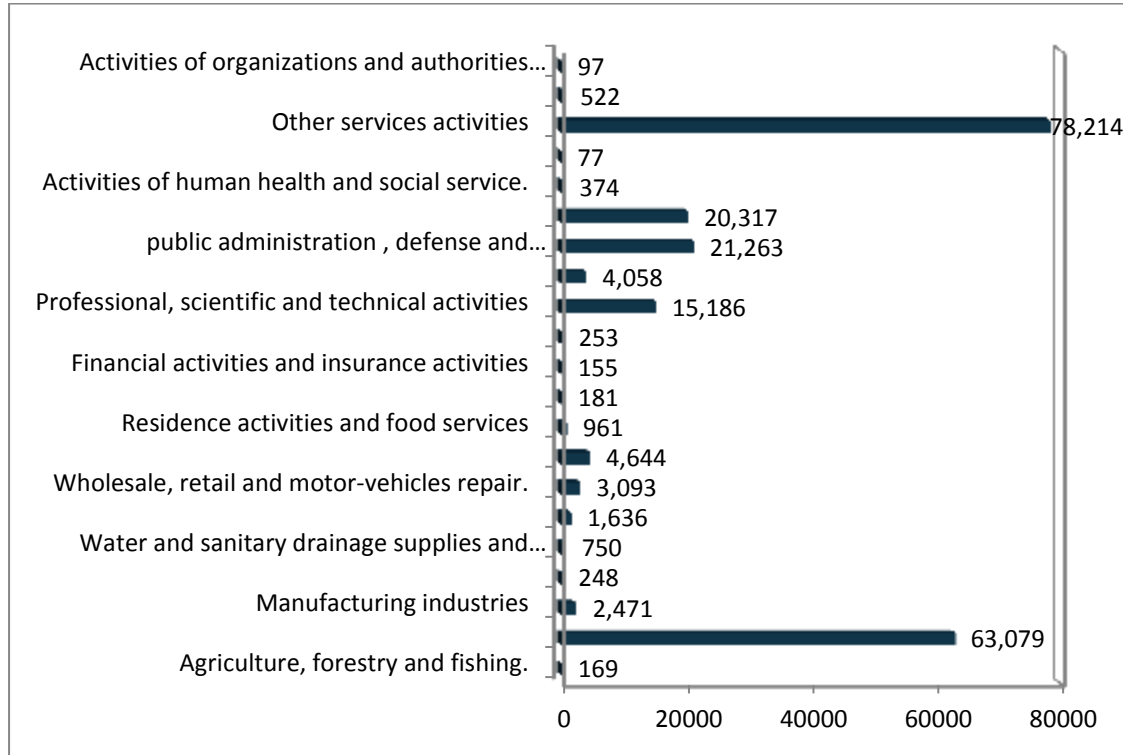


Source: Department of Labor / Department of Information in 2015.

The expatriate workers that procured work permits in 2015 in the Jordanian Labor Market are concentrated on the main activities more than the other activities, as follows; agriculture, forestry and fishing 30.9%, manufacturing industries 24.8%, activities of the household families such as the employer and the activities of the household facilities to produce undistinguished commodities and services for their own use 20%, wholesale, retail, motor-vehicles repair and motor cycles 6.7%, construction 6.4%, activities of residence and food services 4.8%.



**Figure8 : Economic activities according to concentration of the labor for 2015**



Source: Department of Labor / Department of Information in 2015.

### **Office Local Labor Demand Analysis**

The demand for services of the office labor is affected by the following elements:

- Growth rate achieved in numbers of business companies.
- Number of employees appointed in the business companies.
- Government instructions related to the office labor employment.

The following table shows the number of the business companies operating within the kingdom by the economic sector:

**Table 7: Number of the business companies operating within the kingdom by the economic sector and the governorate**

Governorate	Economic sector					Total
	Manufacturing industries	Commercial	Construction	Services	Mining and Extraction industries	
Capital	9,886	37,522	799	21,099	32	69,338
Balqa	1,146	4,929	43	1,981	3	8,102
Zarqa	3,498	14,038	169	5,811	15	23,531
Madaba	507	2,171	10	923	1	3,612
Irbid	4,046	16,334	124	6,175	11	26,690
Mafraq	615	3,019	16	1,009	23	4,682
Jerash	430	2,280	3	791	1	3,505

Governorate	Economic sector					Total
	Manufacturing industries	Commercial	Construction	Services	Mining and Extraction industries	
Ajloun	302	1,756	3	605	-	2,666
Karak	584	3,416	12	1,224	6	5,242
Tafeileh	208	1,122	8	364	-	1,702
Maan	272	1,482	10	651	-	2,415
Aqaba	305	2,123	27	923	2	3,380
<b>The Kingdom</b>	<b>21,789</b>	<b>90,192</b>	<b>1,224</b>	<b>41,556</b>	<b>94</b>	<b>154,855</b>

Source: Department of Statistics, General census of Facilities in 2011.

The work team has performed a field study to survey the opinions of a sample consists of 103 companies operating in various economic sectors within Amman governorate about the services of the office local employment and measuring the demand trends. The most important findings revealed by this study are shown as follows:

- The position of "messenger/officeboy" is available at average of (1) employee at all companies.
- 77% of the companies appoint the expatriate workers to fill the position of " messenger/officeboy " against 23% thereof depends on the local labor.
- 57% out of the expatriate workers who work as " messenger/officeboy " are Egyptians against 14% for the Syrians and 29% for the other nationalities.
- The minimum salary paid for the position of " messenger/officeboy " regardless the nationality of the employee is around 180 JD/month.
- The maximum salary paid for the position of " messenger/officeboy " regardless the nationality of the employee is around 350 JD/month.
- The average salary paid for the job of " messenger/officeboy " regardless the nationality of the employee is around 258 JD/month.
- The most important benefits/incentives granted by the companies for the employees working as " messenger/officeboy " were the subscription in the social security 80%, annual leave allowance 64%, health security 45%, additional salaries allowance 17%, transport allowance 11% and mobile allowance 4%.
- The job tasks assigned to the position of " messenger/officeboy " are represented in preparing and serving the drinks, performing the office cleaning services 99%, executing the cleaning services for the sanitary facilities 95%, receiving and delivering the instruments, and files and executing the office petty cash purchases 49%.
- 76% of the companies incur or participate in the expense of renewing the work permit for their employees from the expatriate workers, who fill the position of " messenger/officeboy " with average financial cost reaches to around 325 JD per annum.
- 16% of the companies cover or participate in incurring the costs of issuing allowance for their employees from the expatriate workers, who fill the position of " messenger/officeboy " with average financial cost reaches around 285 JD per annum.

- 2% of the companies grant the employees from the expatriate workers, who fill the position of " messenger/officeboy " residence allowance in average value of 50 JD per month.
- The idea of establishing company specialized in rendering the services of employing local office labor received high acceptance for around 76% of the companies, while 24% of the companies showed that they accept such idea in lower degree.
- Around 74% of the companies have trend and seriousness in high degree to cooperate with company for rendering the services of employment of local office labor against 26% thereof showed lower possibility to deal with such a company.
- Around 77% of the companies expressed their readiness to provide the recommendation for the others regarding the dealing and cooperation with the companies of employment of local office labor, while the percentage of such companies that expressed lower readiness to recommend this company reached 23%.
- The companies face some challenges upon appointing the local office labor; the most important ones of these challenges are their weak commitment to work, the irregular official working hours and the shame culture that is still prevalent at some of the local workers and their rejection to fill the office support positions.
- The companies expressed certain recommendations to ensure the success of employment of the local office labor in rendering their services for the local market. These recommendations are summarized as follows:
  - Providing the local office labor with training courses in fields of business behaviors, contact and communication.
  - The office labor shall be distinguished with the good appearance, neatness, good conduct, compliance with the work instructions at the companies.

### **Local Housekeeping labors Demand Analysis**

Selected indicators on household and household labor, the demand for services of the housekeeping labor are affected by the following:

- Growth rate occurring in number of households.
- Household income rate and the living conditions.
- Jobs status for the housewives.
- Availability of servant's homes.
- Growth rate in number of births and children in the family.
- Simulation and social tradition.

The following table indicates the number of households with the Kingdom according to a general census 2015.

**Table 8: Number of Household in the kingdom for 2015:**

Governorate	Household	%
Amman	838,939	43%
Balqa	98,889	5%
Zarqa	278,199	14%
Madaba	37,922	2%
Irbid	353,221	18%
Mafraq	105,616	5%
Jerash	46,487	2%
Ajloun	34,823	2%
Karak	63,105	3%
Tafeileh	19,139	1%
Maan	28,204	1%
Aqaba	37,359	2%
<b>Total</b>	<b>1,941,903</b>	<b>100%</b>

Source: Department of Statistics, General Census of Population and Housing for 2015

The results of analyzing the annual reports of Ministry of Labor during 2013-2015 showed that the Bengali female workers at houses have occupied the first rank with average percentage reached 46% out of total household female workers in the kingdom, followed in the second rank by the Philippine female workers with percentage of 32% and then the Sri Lankan female workers 13% and Indonesian and Kenyan female workers 5%.

The following table shows the distribution of the household workers by nationality during 2013-2015.

**Table 9: the distribution of the household workers by nationality during 2013-2015**

Nationality	2013		2014		2015	
	No.	Percentage	No.	Percentage	No.	Percentage
Philippine	12,761	32%	15,752	31%	15,698	32%
Indonesian	3,291	8%	2,243	4%	1,239	3%
Sri-Lankan	7,931	20%	6,255	12%	3,783	8%
Bengali	16,527	41%	23,649	47%	23,728	49%
Kenyan	-	-	2,950	6%	4,179	9%
<b>Total</b>	<b>40,510</b>	<b>100%</b>	<b>50,849</b>	<b>100%</b>	<b>48,627</b>	<b>100%</b>

Source: Annual reports of Ministry of Labor 2013 - 2015

The work team conducted a field study to survey the opinions of a sample consists of 48 households in Amman Governorate about the local household labor employment services and measuring the demand trends. The most important findings of this study are shown as follows:

- 75% of the families have servants, whether for purposes of assistance in the house works or rendering the housekeeping services with percentage of 62%, or because the housewife is an employed woman with percentage of 19% or with purpose of taking care of the elderly members of the family with percentage of 19%.
- The Bengali servants occupied the first rank with a percentage of 36%, followed by the Philippine servants 28% in the second rank and then the Sri-Lankan servants 21% and the servants from other nationalities 15%.

The following table shows the average value of costs and expenses incurred by the household against possessing a servant.

**Table 10: costs and expenses incurred by the household against possessing a servant:**

Item	Value (JD)
Cost of recruitment of the servant for the first time	2.050
Monthly salary paid for the servant	195
Fees of renewing the annual residence for the servant	450
Travel ticket for the servant upon departure of the kingdom	490
Other monthly expenses (communication, clothes, foods, drinks ... etc.)	105

- The most important challenges faced by the household in dealing with the servants are represented in the hindrance of language, difficulty of communication and understanding with them and some servants lack to the main skills in executing the housekeeping services as well as the different traditions and customs.
- 33% of the households deal with housekeeping labor, whether through company specialized in rendering the housekeeping services 19% or the direct communication with the 81%.
- 67% of the households showed that they do not deal with the household labor, because they possess the servant 85% or they do not need such a labor of 15%.
- 58% of the housekeeping labor dealing with the households are local labor against 42% of the other nationalities; especially, Philippine labor 25%, Bengali labor 38% and Sri-Lankan labor 38%.
- As for the contracting frequency; the contracting on daily basis represented the largest percentage around 40% of the methods followed by the households in dealing with the housekeeping labor, while the frequency of contracting for one time, (2) times, (3) times and (4) times per week reached to 18%, 24%, 6% and 12% respectively.
- 93% of the households follow the method of "lump sum wage" upon dealing with the housemaid against 7% of them depend on the method of "working hours" in determining and paying the salary due and payable for the housekeeping labor against the housekeeping services.

- The average daily wage paid for the housekeeping labor reached around 20 JD.
- The average transport allowance paid for the housekeeping labor reached around 5 JD.
- The most important challenges faced by the household in dealing with the housekeeping labor is the failure to commit to the appointments and the fear that the housekeeping labor does not keep the privacy of the homes.
- The idea of establishing company specialized in rendering the services of employment of local housekeeping labor received high acceptance for around 70% of the households, while 30% of the families showed that they accept such an idea in lower degree.
- Around 68% of the households have trend and seriousness in high degree to deal it with such a company for rendering the services of employment of local housekeeping labor against 32% thereof showed lower possibility to react such company.
- Around 68% of the households expressed their readiness to provide the recommendation for the others regarding the dealing and cooperation with the company of employment of local housekeeping labor, while the percentage of such families that expressed lower readiness to recommend this company reached 32%.
- The most important recommendations given by the households to ensure the success of the housekeeping labor company to render its services for the local market are related to the importance of training the housekeeping labor and to ensure that they have the main skills to render the housekeeping labor services and the necessity to provide the option of replacing the housekeeping, if she cannot meet the work requirements.

### 3.4 Expected Supply Analysis

Based on the results of the market analysis, it is shown that there is a direct competing to the project in company that directly compete the local market namely "Rahat Bal for Maintenance and Cleaning Services Co.", which has been incorporated in the late 2016 in Amman Governorate to render services of cleaning, hospitality, custody and maintenance for public and private sectors. The study team analyzed and diagnosed the most important marketing aspects of the company with the purpose of analyzing the following:

- Targeted marketing sectors.
- Services mix.
- Prices for housekeeping solutions.
- Geographic coverage.
- Adopted payment methods.
- Used promotional tools.

The following table shows the analysis of the most important marketing aspects of the competitor's activities:

Marketing aspects	Clarification
Services mix	<ul style="list-style-type: none"> <li>• Housekeeping solutions.</li> <li>• Hospitality solutions.</li> <li>• Maintenance solutions.</li> <li>• Custody solutions.</li> </ul>
Targeted marketing sectors	<ul style="list-style-type: none"> <li>• Household sector.</li> <li>• Sector of private companies and offices.</li> <li>• Sector of government institutions.</li> </ul>
Prices of services for housekeeping solutions	<ul style="list-style-type: none"> <li>• One visit only for 4 hours/ day for 19 JD.</li> <li>• One visit per week for one month, 4 hours/visit for 72 JD.</li> <li>• Two visits per week, 4 hours/visit for 112 JD.</li> </ul> <p>These prices include the provision of the housekeeping labor and the cleaning materials necessary for rendering the service. The discount percentage ranges between 10% to 33% depending upon the required service and the working hours determined and agreed upon with the customer.</p>
Geographic coverage	<ul style="list-style-type: none"> <li>• Amman Governorate.</li> </ul>
Methods of payment	<ul style="list-style-type: none"> <li>• Cash payment against the service in case of dealing for one time.</li> <li>• Cash payment and/or bank transfer in case of monthly dealing. Further, payment through credit card would be available in the future.</li> </ul>
Promotional tools	<ul style="list-style-type: none"> <li>• Mobile application.</li> <li>• Website.</li> <li>• Social media.</li> </ul>

### 3.5 Marketing Strategy

#### Targeted Market

The project targets the following sectors:

- Business and corporate sector.
- Household sector.

#### Expected Services and Products

The combination of the project services consists of the following:

- Employment services of the office local labor.
- Employment services of the housekeeping local labor.

In order to render local office and housekeeping services suitable for all needs of the targeted sectors, it is recommended to render the project services according to the concept of the "service packages" that ensures the provision of the regular solutions within some service packages; such as the bronze package, the silver package, the golden package, and the diamond package including the provision of the local labor within some timetables to meet the needs of the companies/houses from the employment services of local labor. The following table shows proposed service packages that could be delivered by the project:

**Table 11: proposed service packages:**

Service	Bronze Package	Silver Package	Golden Package	Diamond Package
<b>Office labor</b>				
Contracting period	Monthly	Quarterly	Semi-Annually	Annually
<b>Housekeeping labor</b>				
Visits No. (8 hours/visit)	1 time per week	2 times per week	4 times per week	Daily

In order to ensure rendering the employment services of local labor that meet the requirements of targeted sectors, there is a set of recommendations to be taken into account by the project, which are shown as follows:

- Drafting and preparing the services contracts to be concluded with the targeted companies/houses and seeking the advice and opinion of a specialized legal entity to ensure that they are in accordance with the legislations and instructions governing the Jordanian labor market to ensure the protection of rights of all parties participating in the service delivery process.
- Developing work policies and procedures to recruit and select the local labor with the purpose of ensuring the efficiency of the employed human staff their capabilities, thereof, to proceed in the work and render the services required up-to the service standards set forth by the project.



- Providing the human staff from the local labor employed in the project with specialized training courses; especially, dealing with the clients and the communication skills with the purpose of equipping them with the behavioral skills necessary for successful services delivery and giving positive image about the project services for the targeted entities.
- Creating an electronic database for the project that includes all information and data related to the local staff intended to be employed; such as, curriculum vitae, experience certificates, medical clearance certificate, Non-Governance certificate ... etc. in order to benefit from and refer to it whenever required to meet the project's needs from the local labor.
- Developing an organized mechanism to follow up on the performance of the office and housekeeping labor employed by the project by coordinating with the targeted companies/households periodically to obtain their feedback, opinions and the level of satisfaction with the rendered services and the performance of the local labor and remedying any hindrances / complaints could appear during the service delivery with purpose of improving the service.
- Providing the sufficient number of the transport vehicles necessary for transporting the local labor from the project offices to the work locations at the targeted companies/households and vice versa.
- Developing electronic system to manage the relationships with the clients, following up on their requests and ensuring that their needs are met in a comprehensive and regular way.
- Developing electronic application that can be downloaded by the targeted companies/households on the computers/mobiles, so they can review the project services and select the suitable ones electronically.

### **Expected Prices**

In order to achieve the market share of the project taking into account the direct competition in the local market, it is recommended to follow the strategy of rapid penetration in pricing the project services at levels lower than those offered by the competitors along with intensive promotional efforts in order to facilitate the market entry and access to the targeted sectors and to hold a differentiated marketing position.

The following table shows the average selling prices for the project services.

**Table 12: the average selling prices for the project services**

Service	Average Price (JD/Month)
Office labor employment / Annual Contract (12 months)	400/worker
Housekeeping labor employment / Monthly Contract	520/worker

The following table shows the prices of the services packages proposed to be rendered for the targeted sectors.

**Table 13: prices of project's services packages**

Service	Bronze Package	Silver Package	Golden Package	Diamond Package
<b>Office labor</b>				
Contracting Period	Monthly	Quarterly	Semi-Annually	Annually
Price (JD/worker/month)*	415	410	405	400
<b>Housekeeping Labor</b>				
Visits No. (8 hours/visit)	1 time per week	2 times per week	4 times per week	Daily
Price (JD/worker/month)*	24	21	20	15

\* The price includes all other expenses; such as social security contribution, transport costs ... etc.

### **Promotion**

The following are the most important promotional objectives that the project seeks to achieve:

- Increasing the awareness of the targeted sectors (companies/households) about the local office and housekeeping labor employment services.
- Highlighting the features to be gained by the targeted sectors through receiving the services of local office and household labor employment services by the project.
- Building and maintaining distinguished relations with the targeted sectors.

The following table shows the content of the promotional message designed for the targeted sectors and the proposed promotional tools to be used to deliver the marketing message.

**Table 14: Promotional messages for the targeted sectors and the proposed promotional tools:**

Targeted sector	Promotional Message	Promotional Tool
Business and Corporate Sector	<ul style="list-style-type: none"> <li>• The financial and operating savings achieved for the companies by contracting with the project.</li> <li>• Flexibility and rapid response to the company's needs from the office labor and providing the option of replacing the labor to ensure meeting the work requirements at these companies.</li> <li>• Benefiting from the project capability to employ the local labor according to the actual time needs of the companies (monthly, quarterly, semi-annually and annually).</li> </ul>	<ul style="list-style-type: none"> <li>• Direct meetings with the decision makers.</li> <li>• Advertisements in the daily/weekly newspapers.</li> <li>• Website.</li> <li>• Technical and financial services offers.</li> </ul>
Household Sector	<ul style="list-style-type: none"> <li>• Dealing with reliable entity according to employment contracts suitable for the needs of the household sector.</li> <li>• Competitive prices and quality of the housekeeping services rendered by the project.</li> <li>• Punctuality, providing the required local household labor and keeping the work privacy.</li> <li>• Full coverage of all expenses related to transportation, communications, meals and drinks for the housekeeping labor.</li> </ul>	<ul style="list-style-type: none"> <li>• Social media.</li> <li>• Advertisements in the daily/weekly newspapers.</li> <li>• Electronic application on mobiles.</li> <li>• Promotional brochures.</li> <li>• Website.</li> </ul>

### The Expected market share

The project marketing share will be estimated based upon the following assumptions:

- The number of the targeted companies to offer the office local labor employment services for them will be 380 companies in the first operational year, provided that such number should be increased annually with a growth rate of 30% throughout the life-time of the project.
- The number of the households targeted to render the services of housekeeping local labor employment will be 150 houses in the first operational year, provided that such number should be increased annually with a growth rate of 15% during the upcoming operational years over the life time of the project.
- On average, the monthly cost for the employment service of office local labor is 400 JD/Worker with a growth rate of 3% annually.
- On average, the monthly cost for the employment service of housekeeping local labor employment is 520 JD/Worker with a growth rate of 3% annually.
- Annual working days are 350 days.
- Official working hours are 8 hours per day.

**Table 15: Project Market Share**

Statement	Year 1	Year 2	Year 3	Year 4	Year 5
Number of targeted companies	380	494	642	835	1,085
Monthly cost for the employment service of office local labor (JD)	400	412	424	437	450
Number of targeted households	150	165	182	200	220
Monthly cost for the employment service of housekeeping local labor (JD)	520	536	552	568	585

## 4. Technical Study

### 4.1 The Designed Project Capacity

The designed project capacity is estimated on basis of the number of the office and household labor to be employed in order to render the project services as shown in the following table.

**Table 16: Designed Project capacity**

Item	No.
Number of office services employees	1,085
Number of housekeeping services employees	220

In order to achieve the designed capacity proposed for the project, administrative office should be leased with an area of (300 m<sup>2</sup>) as location of the project head - quarter as shown in the following table.

**Table 17: Area required for the project**

Item	Area
Administrative offices	300 m <sup>2</sup>

### 4.2 The Required Fixed Assets

The following table shows the required fixed assets for the project.

**Table 18: Required fixed assets**

Item	Unit	Price (JD)	Value (JD)
Furniture & supplies	1	30,000	30,000
Transport vehicles	10	30,000	300,000
Information technology	–	30,000	30,000
Others	–	50,000	50,000
<b>Total</b>			<b>410,000</b>

\* The figures are estimated based upon the market study.

### 4.3 The Required Human Resources

The following tables shows the human resources required for the project where the number of the administrative employees reached around (9) employees with total salaries of (63,000) JD annually.

**Table 19: Required Human Resources for the Project**

Item	Number of Employees	Monthly Salary (JD)	Total Annual Salary (JD)	Operational Salary Annual (JD)	Administrative Salary Annual (JD)
General Manager	1	1,500	18,000	-	18,000
Operating Manager	1	1,000	12,000	-	12,000
Marketing Officer	1	500	6,000	-	6,000
IT Officer	1	500	6,000	-	6,000
Collector	1	350	4,200	-	4,200
Accountant	1	500	6,000	-	6,000
Administrative Officer	1	300	3,600	-	3,600
Worker	2	300	7,200	-	7,200
<b>Total</b>	<b>9</b>		<b>63,000</b>	<b>-</b>	<b>63,000</b>

Due to the changing needs of the project from the operational staff in rendering its services to the targeted companies and households, the following tables show the details of the human resources during the life time of the project. The number of the operational employees reached around (530) employees with total salaries of (1.974) thousand JD in the first operational year.

**Table 20: Required Operational Resources for the Project**

Position	Year 1	Year 2	Year 3	Year 4	Year 5
Office services employee	380	494	642	835	1,085
Housekeeping services employee	150	165	182	200	220
<b>Total</b>	<b>530</b>	<b>659</b>	<b>824</b>	<b>1,035</b>	<b>1,305</b>

The following table shows the general job description of the jobs required in the project:

**Table 21: General Job Description for Main Jobs in the Project**

Job	Job description
General Manager	The General Manager of the project is required to plan, organize, coordinate and control all matters related to the internal management of the project, participate in determining the business policy and all work-related matters, review and oversee the analysis process of the reports submitted to the management, study and develop solution for the problems that arise, supervise the employees technically and administratively and raise their efficiency and observe the application of the instructions of occupational health and safety.
Operation Manager	Developing the plans, strategies and general objectives for activities of operation, maintenance and supervision on the execution thereof within the available capabilities and means at higher level of effectiveness, and quality; supervising the progress of the maintenance operations; following up the works by all technicians; ensuring the safety and security of the works; and discovering the problems that occurred and working on solving the same in order to ensure the good progress of operations thereof as required.
Marketing Officer	Executing the policies and executive programs of the marketing department, performing the field visits for the targeted companies; meeting their needs and requests from the project services; remedying their complaints; taking the procedures sufficient for solving their problems in the future and raising the periodic reports related to the marketing director.
Office services employee	Executing the office services (preparing and serving the drinks, cleaning the offices, delivering the documents and instruments, performing the paper photocopying works, and executing the petty cash purchase works) for the targeted companies according to the applicable systems at the company.
Housekeeping services employee	Performing the housekeeping services at the clients' locations according to the approved work tables and keeping the privacy of the clients and the work confidentiality as applicable at the company.
IT Officer	Ensuring the safe and secure operation of the website of the project and the progress of the electronic sale operations, determining any operative hindrances could influence the execution of the electronic transactions and performing the periodic and protective maintenance works for the operation systems and website.
Accountant	Recording the accounting entries, preparing the monthly account statements to be sent to the clients and suppliers; reviewing and comparing the bank accounts in the registers with the account statement at the banks.
Administrative Officer	Assisting in all aspects of the administrative organization, coordinating between the departments and units working on solving the administrative and operative problems on a daily basis, scheduling and coordinating the meetings, interviews, events and other similar activities, sending and receiving the mail and posts, preparing the correspondences and keeping and updating the employees' affairs files.

#### 4.4 The Required licenses

The following table shows the necessary licenses to be obtained from the various entities to execute the project

**Table 22: Project Required Licenses**

Statement	Analysis
Company Registration	<ul style="list-style-type: none"> <li>▪ Ministry of Industry and Trade</li> </ul>
Incorporation Of Local Labor Company	<ul style="list-style-type: none"> <li>▪ Greater Amman Municipality</li> <li>▪ Competent municipalities</li> <li>▪ Jordan Engineers Association</li> </ul>
Operation	Social Security, Income and Sales Tax Department, Ministry of Labor, Ministry of Health, Ministry of Justice and competent municipality.

#### 4.5 Project Timetable

The following table shows the timetable designed for executing the project, which is estimated at 10 months as follows.

**Table 23: Project Timetable**

Phase	Year 1 (months)									
	1	2	3	4	5	6	7	8	9	10
Studies	■	■								
Approval Licensing, and Company registration			■	■						
Furnishing					■					
Employment and commissioning						■	■	■	■	■
<b>Total Duration</b>	<b>10 Months</b>									



## 5. Financial Study

### 5.1 Financial Assumptions

The following table illustrates the financial assumptions of the project.

**Table 24: The Financial Assumptions of the Project**

Item	Assumption
Inflation Rate	3%
Financing Structure	Equity constitutes 100% of the investment
Working Capital	4 months of annual cost
Pre-Operating Expenses	2% of total investment
Tax Rate	20%
Staff Benefits	25% of salaries
Annual Salaries Increase	5%
Assets Depreciation Rate	4%-20% of the asset value
Growth Rate Of Expenses	5%
Annual increase in water, electricity, and services	5%
Accounts Receivable	10% of revenues
Accrued expenses	15% of operation costs

## 5.2 Investment Cost

The project's Investment cost is estimated at JD 1.3 million distributed among fixed assets of JD 410 thousand, working capital and pre-operating expenses totaled of JD 935 thousand.

The following table shows the project's Investment cost.

**Table 25: the project's investment cost**

Item	Value (in thousand JD)
Fixed assets	410
Pre-operating expenses	27
Working capital	908
<b>Total</b>	<b>1,345</b>

## 5.3 Financing

The project will be financed with the shareholders by 100% which is estimated at about JD 1.3 million.

**Table 26: Project financing schedule**

Item	Value (in thousand JD)	%
Equity	1,344.6	%100
Loan	-	-
<b>Total</b>	<b>1,345</b>	<b>100%</b>

## 5.4 Revenues

The following table shows the total revenues of the project, where it is noted that the revenues in the first year amounts to about JD 2.7 million, and increased to reach up to JD 7.4 million in the fifth year, due to the growth and increase in number of houses, Offices, and complexes.

**Table 27: The Expected Revenues**

Statement	Year 1	Year 2	Year 3	Year 4	Year 5
Expected Number Of labor employment- offices	380	494	642	835	1,085
Monthly revenues	400	412	424	437	450
Yearly revenues	1,824,000	2,442,336	3,270,288	4,378,916	5,863,368
Expected Number Of labor employment- housekeeping	150	165	182	200	220
Monthly revenues	520	536	552	568	585
Yearly revenues	936,000	1,060,488	1,201,533	1,361,337	1,542,395
<b>Total Revenues – Thousand JD</b>	<b>2,760</b>	<b>3,503</b>	<b>4,472</b>	<b>5,740</b>	<b>7,406</b>

## 5.5 The Projected Costs

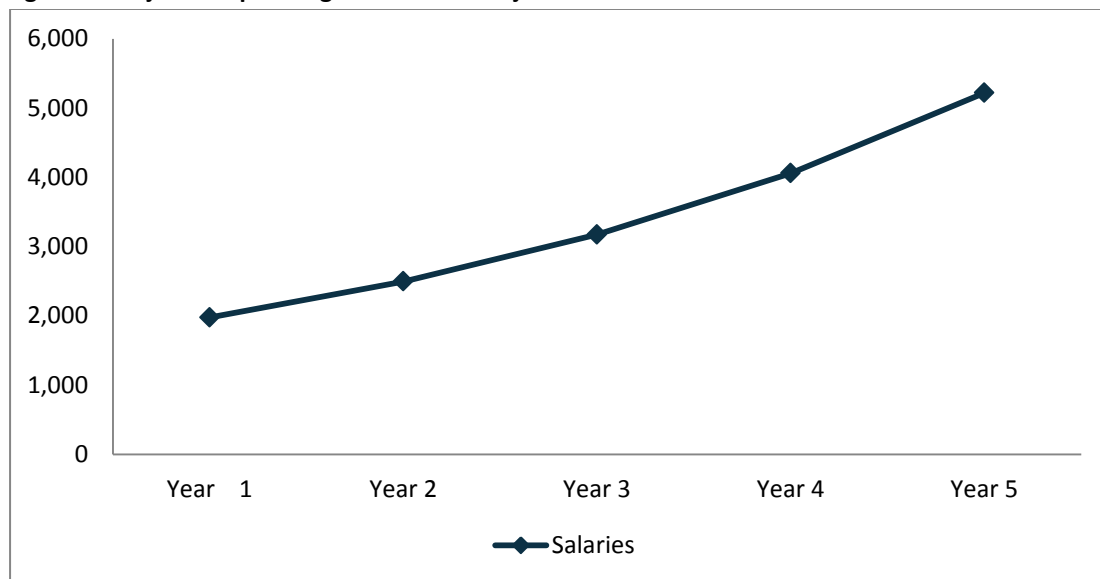
### Operating Costs

The following table shows the project's operating costs according to the previous assumption over five years. Salaries cost in Year 1 amounted to JD 1.9 million which increase to reach JD 5.2 million in Year 5.

**Table 28: Operating Costs**

Operating Costs (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	1,974	2,495	3,173	4,058	5,218
Staff Benefits	494	624	793	1,014	1,304
IT Cost	2	2	2	2	2
Depreciation	82	82	82	82	82
Rents of Branch offices- 12 offices	15	15	15	15	15
Others	5	5	6	6	6
<b>Total</b>	<b>2,572</b>	<b>3,223</b>	<b>4,070</b>	<b>5,177</b>	<b>6,627</b>

**Figure9 : Projected Operating Costs of the Project**



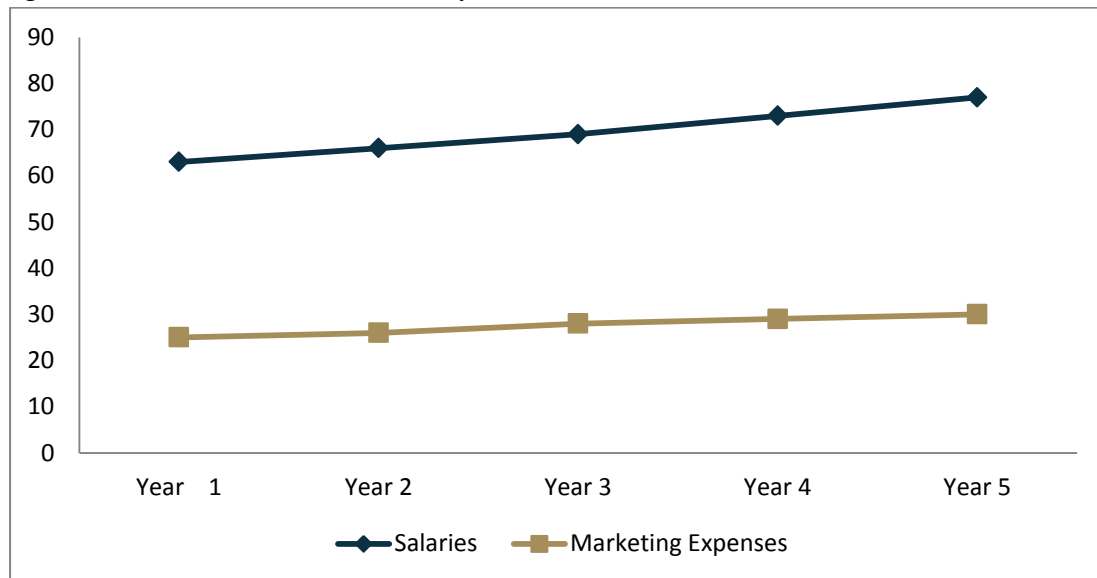
**Administrative Expenses**

The following table shows the projected administrative expenses of the project. Employees' salaries reach JD 63 thousand in the first year and increase to JD 77 thousand in the fifth year. The marketing expenses are about JD 25 thousand in the first year and increase to reach JD 30 thousand in the fifth year.

**Table 29: General and Administrative Expenses**

General and Administrative Expenses (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	63	66	69	73	77
Staff Benefits	16	17	17	18	19
Stationery	5	5	6	6	6
hospitality	5	5	6	6	6
Water, electricity, and services	3	3	3	3	4
Professional Fees	3	3	3	3	4
Marketing Expenses	25	26	28	29	30
Other Expenses	5	5	6	6	6
Amortization	27				
<b>Total</b>	<b>152</b>	<b>131</b>	<b>138</b>	<b>144</b>	<b>152</b>

**Figure10 : General and Administrative Expenses**



## 5.6 Projected Financial Statements

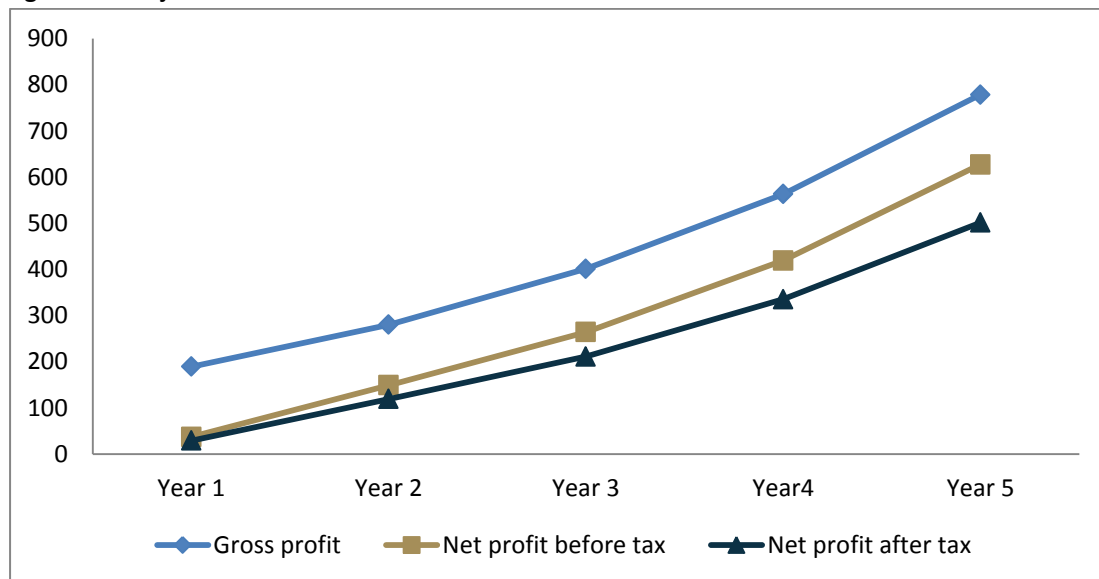
### Income Statement

The following table shows the projected income statement of the project. It indicates that gross profit will increase from JD 189 thousand in the first year to JD 778 thousand in the fifth year. The net profit before tax will also increase from JD 37 thousand in the first year to JD 627 thousand in the fifth year, and the net profit after tax will increase from JD 29 thousand in the first year to JD 501 thousand in the fifth year.

**Table 30: The Projected Income Statement**

Income Statement (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year4	Year 5
Revenues	2,760	3,503	4,472	5,740	7,406
Operating costs (cost of sales)	2,572	3,223	4,070	5,177	6,627
Gross profit	189	280	401	563	778
Administrative expenses	152	131	138	144	152
Net profit	37	149	264	419	627
financial expenses	0	0	0	0	0
Net profit before tax	37	149	264	419	627
Tax	7	30	53	84	125
<b>Net profit after tax</b>	<b>29</b>	<b>119</b>	<b>211</b>	<b>335</b>	<b>501</b>

**Figure11 : Projected Income Statement**



### Projected Balance Sheet

The following table shows the projected balance sheet of the project during the first five years. It indicates that total assets will increase from JD 1.3 million in the year of incorporation to about JD 2.4 million in the fifth year. The Total liabilities will increase from JD 386 thousand in the first year to about JD 994 thousand in the fifth year. Moreover, the Shareholders' Equity will increase from JD 1.3 million in the year of incorporation to reach JD 1.5 million in the fifth year.

**Table 31: Projected Balance Sheet**

Projected Balance Sheet (in thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>						
Cash	908	1,099	1,215	1,347	1,500	1,681
Receivables	-	276	350	447	574	741
Inventory	-	-	-	-	-	-
Pre- Paid Expenses	-	30	32	33	35	36
<b>Total Current Assets</b>	908	1,405	1,597	1,827	2,109	2,458
Fixed Assets	437	437	437	437	437	437
Cumulative Depreciation	-	109	191	273	355	437
Net Fixed Assets	437	328	246	164	82	-
<b>Total Assets</b>	1,345	1,733	1,843	1,991	2,191	2,458
<b>Shareholders Equity and Liabilities</b>						
Accrued Expenses and Payables	-	386	483	611	777	994
Long Term Loans	-	-	-	-	-	-
<b>Total Liabilities</b>	-	386	483	611	777	994
Shareholders Contributions	1,345	1,345	1,345	1,345	1,345	1,345
Retained Earnings	-	3	15	36	69	120
<b>Shareholders' Equity</b>	1,345	1,348	1,359	1,381	1,414	1,464
<b>Shareholders Equity and Liabilities</b>	1,345	1,733	1,843	1,991	2,191	2,458

### Cash Flow Statement

The following table shows the projected cash flow statement of the project during the first five years. It indicates that the cash flow from operation will increase from JD 218 thousand in the first year to JD 633 thousand in the fifth year; while the Cash at the ending period will increase from JD 908 thousand in the year of incorporation to JD 1.7 million in the fifth year.

**Table 32: The Expected Cash Flows Statement**

Cash Flow Statement (in thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Operation Activities</b>						
Net Profit	-	29	119	211	335	501
Depreciation	-	82	82	82	82	82
Change In Working Capital	-	80	22	29	38	49
Cash Flow From Operation	-	218	223	322	454	633
<b>Investing Activities</b>						
Fixed Assets	(437)	-	-	-	-	-
Cash From Investing Activities	(437)	-	-	-	-	-
<b>Financing Activities</b>						
Capital (Equity)	1,345	-				
Loan	-	-	-	-	-	-
Dividends		(27)	(107)	(190)	(301)	(451)
Cash Flow From Financing Activities	1,345	(27)	(107)	(190)	(301)	(451)
Net Cash Flow	908	192	116	132	153	181
Cash At The Beginning Period	0	908	1,099	1,215	1,347	1,500
Cash At The Ending Period	908	1,099	1,215	1,347	1,500	1,681



## 5.7 Financial, Economic and Social Analysis

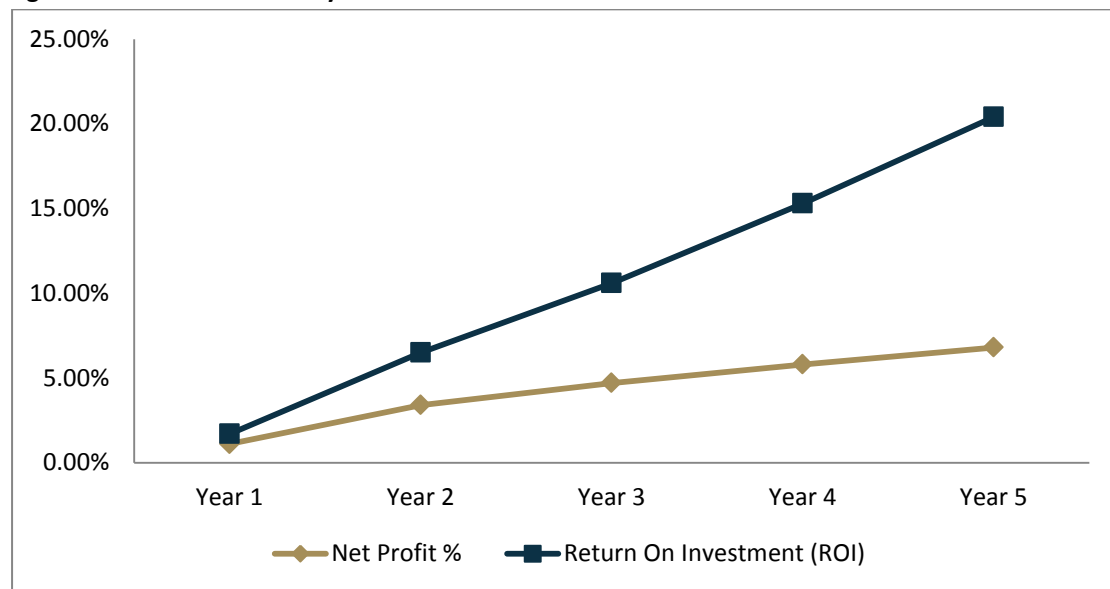
### Financial Analysis

The following table shows the financial analysis of the project. It indicates that the net profit ratio will increase from 1.1% in the first year to 6.8% in the fifth year, and the return on investment will increase from 1.7% in the first year to 20.4% in the fifth year.

**Table 33: Financial Analysis**

Financial Analysis (In Thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Assets	1,733	1,843	1,991	2,191	2,458
Revenues	2,760	3,503	4,472	5,740	7,406
Profits	29	119	211	335	501
Capital (Equity)	1,345	1,345	1,345	1,345	1,345
Net Profit %	1.1%	3.4%	4.7%	5.8%	6.8%
Return On Investment (ROI)	1.7%	6.5%	10.6%	15.3%	20.4%
Return On Capital (ROC)	2.2%	8.9%	15.7%	24.9%	37.3%
Net Profit On Revenues	1.1%	3.4%	4.7%	5.8%	6.8%
Assets Turnover (Time)	1.59	1.90	2.25	2.62	0.11

**Figure12 : The Financial Analysis**



### Economic Analysis

The following table shows the economic analysis of the project during the first five years, we conclude that:

- The Internal rate of return is 25%. It exceeded six times the risk free rate, which means the economic feasibility of the project
- The present value of the project reached about JD 2 million. It exceeds the investment value with JD 1.3 million, which means the economic feasibility of the project.
- The profitability index of the project reached 1.49 times, which means that the expected value of the project will increase by one time and half the investment value, which proves that the project is feasible.
- The project payback period is 4.5 years.

**Table 34: the Economic Analysis**

Economic Analysis (In Thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
Net cash flow from operating and investing activities	(1,345)	218	223	322	454	633
terminal value						1,464
Net Cash flow	(1,345)	218	223	322	454	2,097
Internal Rate of Return (IRR)	25%					
present Value	2,007					
Net present value	663					
Profitability Index (Time)	1.49					
Payback period (Year)	4.5					

### Social Analysis

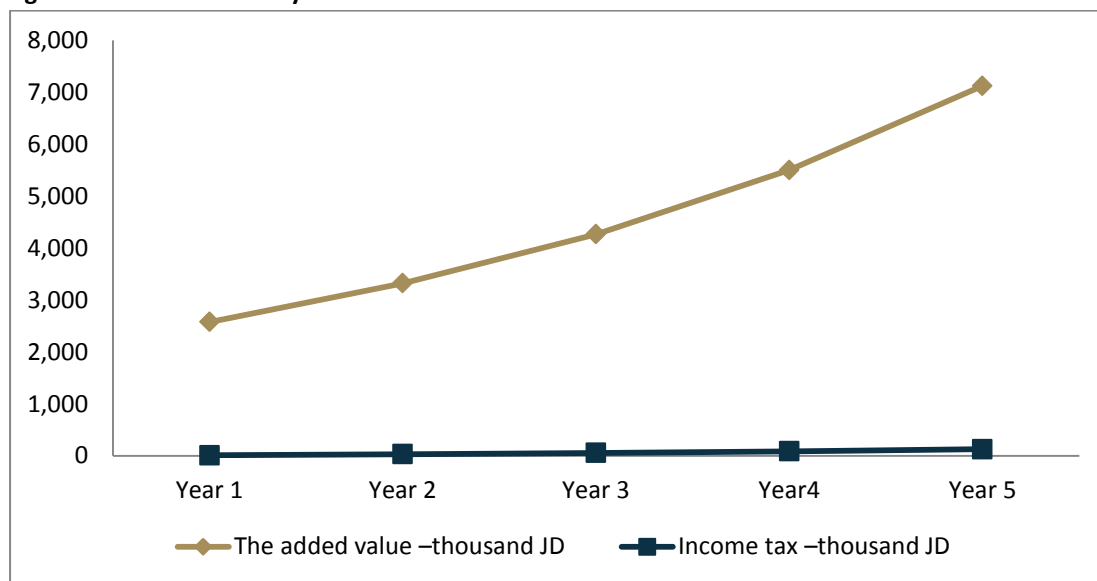
The following table shows the social analysis of the project. It is noticed that the number of staff required for the project will increase from 539 employees in the first year to 1,305 employees in the fifth year.

The added value of the project will also increase from JD 2.5 million in the first year to JD 7.1 million in the fifth year. The income tax will also increase from JD 7 thousand to reach JD 125 thousand in the fifth year.

**Table 35: the Social Analysis of the Project**

Social Analysis					
Statement	Year 1	Year 2	Year 3	Year4	Year 5
Number of Employees	539	659	824	1,035	1,305
Jordanian employees	539	659	824	1,035	1,305
The added value –thousand JD	2,576	3,320	4,264	5,498	7,119
Income tax –thousand JD	7.4	29.8	52.8	83.7	125.3

**Figure13 : The Social Analysis**



## 6. Risk and Sensitivity Analysis

### 6.1 Risk Analysis

The following table shows the risk matrix analysis that may face the project.

**Table 36: Project Risk Matrix**

Risks	Type of Risks	Risk Assessment
<b>Financial Risks</b>	<ul style="list-style-type: none"> <li>▪ <b>Credit Risk</b> Credit risk represents the risk of the company's financial loss as a result of the customer's default of the contractual obligation or that of the party dealing with the company through a financial instrument. These risks are mainly caused by trade receivables and others.</li> <li>▪ <b>Liquidity Risk</b> Liquidity risk is the risk resulting from the company's inability to meet its financial obligations at time. The company's liquidity management is to ensure as much as possible that the company always maintain enough liquidity to meet its obligations as they become due and payable in normal and emergency conditions without incurring unacceptable losses or risks that affect the company's reputation.</li> <li>▪ <b>risk of currency fluctuation</b> Currency risk is the risk of the fluctuation of the value of financial instrument, due to fluctuations in foreign currency exchange rates.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The financial risks that may face the company are low, because the company payment method is cash</li> <li>▪ There is no risk of currency exchange, because the company sales and purchases by local currency</li> <li>▪ There is no risk of inflation because the company's pricing is based on a periodic basis</li> </ul>

Risks	Type of Risks	Risk Assessment
	<ul style="list-style-type: none"> <li>▪ <b>inflation risk</b> It is the risk associated with the possibility that the inflation or the rise in the cost of living might lead to the decrease the real value of the investment.</li> </ul>	
<p><b>Business risk (sector risk)</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Strategic Risk</b> It is the risk resulting from taking bad decisions by the company's management, or implementing the decisions in a wrong way, or not taking the decisions at the right time; which leads to losses or causes loss of alternative opportunities.</li> <li>▪ <b>Legal and Regulatory Risks</b> These risks are reflected as a result of non-compliance with laws, guidelines and instructions governing the work. Legal risks are caused by the company's break of the laws governing the work in the state in which the company operates. While regulatory risks arise from the company's violation of laws and standards issued by the regulatory authorities.</li> <li>▪ <b>Reputation Risk</b> Reputation risk arises from influential negative public views which result in great losses of customers or money. It includes the actions of the company's management or its employees which project a negative image of the</li> </ul>	<ul style="list-style-type: none"> <li>▪ The risks are considered moderate before the company's establishment, because of getting the approval of the official authorities such as Ministry of Industry &amp; Trade</li> <li>▪ Reputational risk is very high, as the company deals with very sensitive issues such as providing maintenance services to companies and houses</li> <li>▪ Market risk in the short term will be high because of the high competition from other companies</li> </ul>

Risks	Type of Risks	Risk Assessment
	<p>company, its performance and its relationships with customers and other stakeholders. Reputation risk also results from circulating rumors about the company and its activities.</p> <p>▪ <b>Competition Risk</b> Competition risk results from domestic and external competitors and reduces sales and profits.</p>	
<p><b>Operational Risk</b></p>	<p>Operational risk involves losses resulting from the failure of internal operations, human resources and systems. It includes:</p> <p>▪ <b>IT Risks</b> They are losses arising from downtime or systems failure due to the infrastructure, information technology, or the lack of systems, and any failure or malfunction in the systems. They include: the crash of computer systems, breakdowns in communication systems, programming errors, computer viruses and opportunities losses due to breakdown.</p> <p>▪ <b>Human Resources Risk</b> Losses caused by employees or related to them (intentionally or unintentionally). It also includes acts that are intended as methods of cheating, abusing property or</p>	<p>▪ Operational risks are very low, for the company will contract with specialized technical bodies to develop the required information systems, in order to manage operations</p> <p>▪ Competitive salaries will be paid</p> <p>▪ Information security plan will be put in place to safely keep the company information</p>

Risks	Type of Risks	Risk Assessment
	circumvent the law, regulations or company policy by officials or employees, as well as losses arising from the relationship with the customer, shareholders, regulators and any third party.	
<b>State Risk</b>	State Risk includes politicians' interference, civil unrest, wars, financial and monetary policies and high level of debts.	<ul style="list-style-type: none"> <li>▪ State Risk is considered to be low, due to security and political stability; international reports indicate that State Risk is low both in medium and long terms</li> </ul>

## 6.2 Sensitivity Analysis

### First: Increase of Investment Cost By 10%

The following table shows the results of the sensitivity analysis when investment cost increases by 10%.

**Table 37: Investment Increase by 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	25.3%	23.2%	2.1%
The Present Value at a discount rate of 13% (in Thousand JD)	2,007	2,083	(76)
Net Present Value at a discount rate of 13% (in Thousand JD)	663	600	63
Profitability Index (Time)	1.5	1.4	0.1
Payback period (Year)	4.5	4.5	-
The Net Profit Ratio – an average of 5 years	4.4%	4.3%	0.0%
Return on Investment - an average of 5 years	10.9%	10.2%	0.7%
Return on Capital – an average of 5 years	17.8%	16.1%	1.7%
Net Profit On Revenues - an average of 5 years	4.4%	4.3%	0.0%
Assets Turnover (Time) – an average of 5 years	1.7	1.6	0.1
The added value - an average of 5 years (in thousand JD)	4555	4555	0
income tax - an average of 5 (in thousand JD)	60	60	0
sales tax - an average of 5 years (in thousand JD)	0	0	0

The above analysis refers to the feasibility of investment in the project, in light of the high cost of the total investment of the project, which increased by 10%. It is noted that:

- The internal rate of return reaches 23.2%, which is considered high for investment purposes
- The new payback period is 4.5 years, and it is reasonable for recovery purposes
- The return on capital is 16.1%, which is suitable for investment purposes



**Second: Reducing Revenues by 10%**

The following table shows the results of the sensitivity analysis when reducing revenues by 10%.

**Table 38: Reducing Revenues 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	25.3%	16.7%	8.6%
The Present Value at a discount rate of 13% (in Thousand JD)	2,007	1,477	531
Net Present Value at a discount rate of 13% (in Thousand JD)	663	186	477
Profitability Index (Time)	1.5	1.1	0.3
Payback period (Year)	4.5	5.3	(1)
The Net Profit Ratio – an average of 5 years	4.4%	1.5%	2.8%
Return on Investment - an average of 5 years	10.9%	4.6%	6.3%
Return on Capital – an average of 5 years	17.8%	7.9%	9.9%
Net Profit On Revenues - an average of 5 years	4.4%	1.5%	2.8%
Assets Turnover (Time) – an average of 5 years	1.7	1.6	0.1
The added value - an average of 5 years (in thousand JD)	4555	4112	443
income tax - an average of 5 (in thousand JD)	60	25	34
sales tax - an average of 5 years (in thousand JD)	0	0	0

The above analysis shows the low sensitivity of the project in case of reducing the revenues or demand by 10%. It indicates that:

- The internal rate of return is 16.7%, which is considered high for investment purposes
- The new payback period is 5.3 years, and it is reasonable for recovery purposes
- The return on capital reaches 7.9%, which is suitable for investment purposes

### Third: Increasing the Operating Costs by 10%

The following table shows the results of the sensitivity analysis when increasing the operating costs by 10%.

**Table 39: Increasing the Operating Costs by 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	25.3%	0.9%	24.3%
The Present Value at a discount rate of 13% (in Thousand JD)	2,007	762	1,246
Net Present Value at a discount rate of 13% (in Thousand JD)	663	(583)	1,246
Profitability Index (Time)	1.5	0.6	0.9
Payback period (Year)	4.5	9.0	(5)
The Net Profit Ratio – an average of 5 years	4.4%	-2.9%	7.3%
Return on Investment - an average of 5 years	10.9%	-5.8%	16.7%
Return on Capital – an average of 5 years	17.8%	-8.0%	25.8%
Net Profit On Revenues - an average of 5 years	4.4%	-2.9%	7.3%
Assets Turnover (Time) – an average of 5 years	1.7	1.7	0.0
The added value - an average of 5 years (in thousand JD)	4555	4209	347
income tax - an average of 5 (in thousand JD)	60	-27	87
sales tax - an average of 5 years (in thousand JD)	0	0	0

The above analysis shows the feasibility of the project in light of increasing the operating costs of the project by 10%. It indicates that:

- The internal rate of return is 0.9%
- The new payback period is 9 years
- The return on capital is -8%