THE STATE OF PALESTINE NATIONAL EXPORT STRATEGY
FUNCTIONAL STRATEGIES
QUALITY MANAGEMENT 2014-2018
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The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations

Street address: ITC 54-56, rue de Montbrillant 1202 Geneva, Switzerland
Postal address: ITC Palais des Nations 1211 Geneva 10, Switzerland
Telephone: +41-22 730 0111
Fax: +41-22 733 4439
E-mail: itcreg@intracen.org
Internet: http://www.intracen.org

Ministry of National Economy (MONE)
Address: Ramallah – Im Al-Sharayet
Tel: + 970 2 2981218
Fax: + 970 2 2981207
P.O.Box: Ramallah 1629
Email: info@met.gov.ps

Palestine Trade Center (PalTrade)
Head Quarters (Ramallah Office): Alwatanieh Towers Bldg | 5th floor, Albireh
P.O. Box: 883 | Ramallah | Palestine
Tel: + 970 2 240 8383
Fax: + 970 2 240 8370
Email: info@paltrade.org
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This document represents the ambitions of the private and public stakeholders who dedicated long hours to define the enhancements and future orientations for the sector to increase its export performance and growth (full list of stakeholders in Appendix 1).

Guidance and support were provided to the project by the following key personnel:

Sector Strategy Team:
- Ayman Abu Zarour  
  M.A.K Int.
- Faheem Alzubaidy  
  Birzeit Pharmaceuticals Co.
- Issa Beitouni  
  BESCO
- Yasmeen Abu Bakr  
  M.A.K Int.
- Ali Ghanem  
  Anabtawi Group
- Mohammed Abu Rahmah  
  Ministry of National Economy
- Nahed Jaber  
  Palestinian Standards Institution
- Ahmed Safadi  
  Team Coordinator
- Ahmad deeb  
  Solutions
- Mohammad Al-Sayyed  
  PSI
- Haider Hajjeh  
  PSI
- Rabeh Morar  
  Al-Najah National University
- Sami Sehweel  
  Ministry of Women’s Affairs
- Safwat Balassi  
  Ministry of Women’s Affairs
- Odeh Shehadeh  
  Palestinian Federation of Industries
- Moheeb Jabaree  
  Ministry of National Economy
- Nidal Junaidi  
  Al Junaidi
- Ibrahim Salameh  
  Ministry of Agriculture

Ministry of National Economy (MoNE):
- Manal Farhan  
  NES Navigator
- Nahid Qudsi  
  Assistant Navigator

PalTrade and Ministry of National Economy (MoNE):
- Hanan Taha  
  Chief Executive Officer
- Shawqi Makhtoub  
  Trade Policy Manager
- Samir Maree  
  NES Specialist
- Mohammed Al Ram’ah  
  NES Coordinator
- Mayada Diab  
  Program Coordinator

International Trade Centre:
- Anton J. Said  
  Chief, Export Strategy
- Darius Kurek  
  Project Manager
- Charles Roberge  
  Lead technical Advisor
- Rahul Bhatnagar  
  Lead Author
- Ahmed Safadi  
  Team Coordinator in Palestine
ACRONYMS

BWF  Business Women Forum
EU   European Union
FAO  Food and Agriculture Organization of the United Nations
FPCCIA Palestinian Federation of Chambers of Commerce, Industry and Agriculture
GAP  Good Agricultural Practices
GMP  Good Manufacturing Practices
H&S  Health & Safety
HACCP Hazard Analysis and Critical Control Points
ILAC International Laboratory Accreditation Cooperation
ISO  International Organization for Standardization
ITC  International Trade Centre
MAS  Palestine Economic Policy Research Institute
MEnA Ministry of Environmental Affairs
MoA  Ministry of Agriculture
MoFA Ministry of Foreign Affairs
MoH  Ministry of Health
MoHE Ministry of Higher Education
MoI  Ministry of Interior
MoL  Ministry of Labour
MoNE Ministry of National Economy
MSME Micro, Small and Medium Enterprise
NES  National Export Strategy
NIS  New Israeli Shekels
OIE  World Organisation for Animal Health
PBA  Palestinian Businessmen Association
PCBS Palestinian Central Bureau of Statistics
PEC  Palestinian Export Council
PFI  Palestine Federation of Industries
PNA  Palestinian National Authority
PSI  Palestine Standards Institution
PSM  Palestinian Standards Mark
PTFP Palestinian Trade Facilitation Portal
QI   Quality Infrastructure
QM   Quality Management
OMS  Quality Management System
ROI  Return on Investment
SPS  Sanitary and Phytosanitary
TAIEX Technical Assistance and Information Exchange of the European Commission
TSI  Trade Support Institution
TSN  Trade Support Network
TVET Technical & Vocational Education and Training
USAID United States Agency for International Development
WHO  World Health Organization
WTO  World Trade Organization
PTB  Physikalisch-Technische Bundesanstalt

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EXECUTIVE SUMMARY

The Palestinian enterprise base must look outward towards international target markets both out of necessity, and opportunity. A set of factors ranging from a challenging market structure (small size of the domestic economy, consumers with low purchasing powers, production structure marked by rising operating costs), and increasing competition from agile international competitors highlight the importance of international markets for Palestinian enterprises. In terms of opportunities, a high level of market access made available through signed bilateral and multilateral trade agreements exists. Despite this access though, enterprises have been unable to translate these from paper to actual trade.

To realize the potential, compliance with international and local quality standards and other requirements holds tremendous significance. An efficient national quality management framework, coupled with a compliant enterprise base that is cognizant of the benefits of investing in quality infrastructure, will be important prerequisites to build export competitiveness.

CURRENT STATE OF PALESTINIAN QUALITY MANAGEMENT FUNCTION

The Palestinian quality management infrastructure can be categorized in four functional areas: standardization, certification and testing, accreditation, and metrology.

- The Palestine Standards Institution (PSI) is the primary organization mandated with setting standards in the State of Palestine. PSI executes this function through collaboration with other private and public stakeholders, and technical committees that are setup by PSI’s standardization department. There are currently over 3,000 standards in the State of Palestine, and roughly 80 new standards are introduced each year.¹

- PSI is also leading certification efforts through the issuance of two local certifications - the Palestinian Quality Mark (PSM) and Palestinian Quality Marks Standard (PSI). A number of international certifications have been identified as relevant and important to exporters. These include ISO 9001 or quality management international standards, HAACP, ISO 22000-2005 Food Safety Management System, Halal certificate, and Good Manufacturing Practice (GMP). Exporters are largely reliant on international certification agencies in this regard.

- ISO, HACCP, GMP and other international certification brokers are accredited by international accreditation bodies, while the State of Palestine lacks an independent accreditation system that could accredit Palestinian certification brokers and laboratories. PSI is the nationally recognized accreditation body, however given that it also operates laboratories, there are concerns of possible conflicts of interest which strengthen the business case for developing an independent accreditation system.

- The metrology department within PSI is the custodian of measurement standards and is legally empowered to conduct metrology activities in the State of Palestine. It provides the bulk of activity related to industrial calibrations.

COMPETITIVENESS CONSTRAINTS

At all three levels – policy, institutional and enterprise – the national quality management framework currently suffers from a variety of weaknesses that constrain exporting enterprises (and potential exporters) from bringing quality products to markets.

At a regulatory level, the monitoring mechanism for ensuring compliance with Palestinian quality laws and requirements is weak, preventing the development of a quality culture. Relevant laws on quality do not designate a single authoritative body to lead the quality management framework in the State of Palestine, which further hinders the development of the function.

Further complicating the organizational landscape is the potential conflict of interest arising from the mixed accreditation and testing functions of PSI, and to establish an independent, internationally recognized accreditation body.

PSI, the apex body for quality management, suffers from significant capacity constraints and organizational weaknesses. Furthermore, standards setting activities of the institution need to be enhanced so that additional standards in line with international standards can be developed. There is also an urgent need to develop a product classification system through comprehensive statistical analysis and public and private sector dialogue through which guidance can be provided to the main standards-setting body, PSI, in developing quality standards according to specific classifications. There also exists a requirement to increase the reach of PSI certifications through mutual recognition agreements with other states.

The infrastructure of testing, calibration and metrology labs is outdated and inadequate for catering to the needs of the exporting sector. This leads to gaps in service delivery, as well as increased costs and delays due to services rendered by foreign certification agencies and laboratories.

Deficiencies also exist at the enterprise level. Low resources (financial/technical/human capital based) have contributed to the lack of QM based infrastructure at the enterprise level. Additionally, the perception of high costs of testing and accreditation, driven in part by the high dependence on foreign agencies, has led the enterprise base to neglect application of standards as best practices, and investment in QM infrastructure. Finally, increased awareness among enterprises regarding the Return on Investment (ROI) to be potentially expected from QM based investments is required.

**CHOICES FOR FUTURE DEVELOPMENT**

Improvements within the quality management function constitute a critical prerequisite for unlocking The State of Palestine’s export competitiveness. Keeping this in perspective, the following vision has been developed for the function:

> An established and recognized quality infrastructure that proves compliance with health, safety, environmental and quality standards set by partner trading countries to gain and maintain access to these markets.

The following will constitute key features of the future shape of the QM function, underlying the above vision. These critical elements are all addressed through the activities of the cross-sector’s strategic plan of action:

- **Strengthened** legal systems that will empower institutions and professional organizations to govern, regulate, inspect and control the quality of products and services.
- **Developed** product and service classification system will constitute the basic building blocks upon which standardization, testing and inspection will be carried out.
- **Updated and strengthened** lab infrastructure. Lab infrastructure will be developed to provide effective services quickly and at a reasonable price.
- **Improved** producer and consumer awareness of quality metrics.
- **Enhanced** quality management infrastructure at the source (i.e. the enterprise level).
- **Establishment** of a national accreditation system, independent of PSI, with the primary mandate of providing accreditation to service providers in the area of standards development, inspection, certifying, and lab testing.

**ROADMAP FOR STRATEGY IMPLEMENTATION**

The vision and the key features for the function will be achieved through the implementation of the strategy’s Plan of Action (PoA) that revolves around the following three strategic objectives, each spelling out specific sets of activities intended to address both challenges and opportunities of the quality management function in Palestine:

- Improve and build the required quality management framework in the State of Palestine to gain international acceptance and recognition.
- Enhance coordination and collaboration among relevant institutions.
- Demonstrate and promote quality among all Palestinian enterprises for consumer satisfaction and protection.

The achievement of these objectives will require continuous and coordinated efforts from all relevant private and
public stakeholders as well as support from key financial and technical partners, donors and investors alike. Several institutions are designated to play a leading role in the implementation of the strategy’s PoA and bear the overall responsibility for successful execution of the strategy. They will be assisted by a range of support institutions that are active in the quality management function. Each institution mandated to support the export development of the function is clearly identified in the strategy PoA. Moreover, the proposed Palestinian Export Council (PEC) and its Executive Secretariat will play a coordinating and monitoring role in the implementation of the strategy within the overall framework of the National Export Strategy. In particular, the PEC will be tasked with coordinating the implementation of activities in order to optimise the allocation of both resources and efforts across the wide spectrum of stakeholders.

Box 1: Building blocks for the quality management cross-sector strategy

The following analytical components constitute the building blocks for the quality management cross-sector strategy:

Current state of the Palestinian quality management function
This section discusses the relevance of quality management for Palestinian export development and provides an overview of the national framework. This overview serves as a base for a broader analysis of performance and efficiency of the quality management (QM) function in the State of Palestine.

Competitiveness constraints
The effectiveness and efficiency of QM is currently restricted due to a host of constraints at both institutional (supply side) and enterprise (demand side) levels. These wide-ranging constraints have resulted in restricted access to international markets for Palestinian exporters. The competitiveness constraints section discusses these important challenges and their impact on current and potential exporters.

Trade Support Network (TSN) analysis
Trade support institutions (TSIs) are organizations that have a bearing on the development and delivery of quality management services in the State of Palestine. An analysis of the effectiveness and capacity gaps affecting these TSIs is important to ascertain the efficiency of the entire quality management framework. The TSN analysis section assesses individual TSIs on their capacities along four dimensions: coordination, financial sustainability, human capital, and advocacy. Analysis is also conducted to assess the TSIs based on their level of influence, versus their capacity to respond to client needs. A composite picture is developed on the strengths and weaknesses of the cross-sector’s TSN.

Analysis of development activity for Palestinian quality management
Gaining an understanding of the development activity in the cross-sector holds relevance, since it helps to identify the main thrusts of the various development actors and their initiatives, while also identifying gaps that need to be addressed. This section analyses current development activity for the quality management function.

How we get there
The roadmap section highlights the key strategic orientations of the strategy for the quality management cross-sector function and discusses the way forward. This includes the vision for the cross-sector, the strategic objectives, and the implementation management framework.

The analyses and recommendations are based on national level consultations supported by external analytical research. Once endorsed by the Government of the State of Palestine, the quality management strategy will serve as a roadmap for private and public stakeholders to collaborate for the improvement of the quality management framework.
INTRODUCTION

The quality management analysis and strategy presented in this document form an integral part of the National Export Strategy (NES) of the State of Palestine. The existence of an efficient, effective and internationally recognized quality management infrastructure will not only grant Palestinian exports effective access to most international markets, but will also be a key determinant of competitiveness and export performance of the key priority sectors of the NES.

Despite a number of attempts to enhance quality management institutions in the State of Palestine supported by donors, a whole quality management infrastructure is by and large still to be developed, including building standard-setting systems, conformity assessment and testing capability, testing infrastructure, technical know-how and, finally, international recognition of Palestinian certificates. While advances in these areas may be made independently, it is only through synergetic interaction that a truly modern infrastructure can be created and leveraged to support export competitiveness. Without a clear, result-oriented, and measurable set of activities it will be difficult for the State of Palestine to realize the holistic transformation that is needed to stimulate a dynamic and modern export infrastructure.

It is in this regard that the efficient implementation of the quality management strategy roadmap will be critical. This document presents the expectations and the strategic objectives of the private and public sectors for the enhancement of the quality management function in the State of Palestine. Without concerted efforts to address critical issues, Palestinian exports will continue to face major challenges in accessing foreign markets, as basic Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade requirements remain inadequately met. However, as suggested by this strategy, there is significant potential for alleviating the current challenges through wide-ranging interventions at the institutional and enterprise levels in the State of Palestine.

WHERE WE ARE NOW

CURRENT STATE OF THE PALESTINIAN QUALITY MANAGEMENT FUNCTION

To a large extent, Palestinian enterprises have been unable to capitalize on the relatively high access to international target markets available to them. The regional and bilateral trade agreements signed, and the high degree of political support, especially in Arab states, indicates significant potential on paper, but this has not yet translated into tangible export growth.

Among the host of contributing factors, the inefficient and inadequate quality management framework in the State of Palestine is one of the most important. A reliable quality management infrastructure has important bearing on export competitiveness. It allows the private sector to maintain long-term export relationships based on products that consistently meet buyer expectations. Not only is the function important for adhering to current requirements, but the ability to penetrate new, and especially advanced, markets hinges upon an enterprise’s capacity to conform to market standards. Moreover, production processes based on strict quality standards can help enterprises identify problems before goods reach the market, thereby reducing both the cost and the impact on reputation of potential deficiencies.

At all three levels – policy, institutional and enterprise – the framework currently suffers from a variety of weaknesses that constrain exporting enterprises (and potential exporters) from bringing quality products to markets. In this regard, there is an urgent need to develop a strategy for revamping the framework so as to align it with international best practice in quality management.
Box 2: Defining the quality management function in the context of export competitiveness

Quality management refers to ‘all activities of the overall management functions that determine the quality policy, objectives and responsibilities, and implement them by means such as quality planning, quality control, quality assurance and quality improvement’ (MS ISO 8402, 1994). It also includes ‘coordinated activities to direct and control an organization with regard to quality’ (ISO 9000:2005 3.2.8).

- The quality management cross-sector function includes the following four indispensable elements.
- Quality planning is ‘a part of quality management focused on setting quality objectives and specifying necessary operational processes and related resources to fulfil quality objectives’ (ISO 9000:2005 3.2.9).
- Quality control is ‘a part of quality management focused on fulfilling quality requirements’ (ISO 9000:2005 3.2.10).
- Quality assurance is ‘a part of quality management focused on providing confidence that quality requirements will be fulfilled’ (ISO 9000:2005 3.2.11).
- Quality improvement is ‘a part of quality management focused on increasing the ability to fulfil quality requirements’ (ISO 9000:2005 3.2.12).

FOUR PILLARS OF THE QUALITY MANAGEMENT FUNCTION IN THE STATE OF PALESTINE

The Palestinian quality management infrastructure can be categorized in four functional areas: standardization, certification and testing, accreditation, and metrology.

Box 3: The Palestine Standards Institution (PSI)

The Palestine Standards Institution (PSI) was founded in 1996 as the sole organization responsible for developing and issuing standards in the State of Palestine. It relies upon technical committees comprised of specialists from the public and private sectors, academic institutions, sector associations, and consumer protection agencies in order to develop standards of metrology, conformity and quality. The organization is chaired by the Minister of National Economy, although participants also include members of the private sector, other ministries, and academic communities.\(^3\)

PSI became a correspondent member of the ISO in 2004, after having acted as a subscriber member for three years.\(^4\) PSI is a member of AIDMO (Arab Regional Standards Body). A number of Memoranda of Understanding have been signed with similar national standards bodies in the region.

\(^3\) Ibid.
\(^4\) Ibid.
The standardization work within PSI is conducted by technical committees set up for this purpose by the standardization department. The process for developing standards is initiated by drafting of annual plans for standardization.

After preparing the annual plans and defining the basis of priorities of the standards, standardization committees are formed in different fields. Every committee contains 7–10 members representing the private sector, public sector, and education sector. Every member must be specialized and qualified, and a chairman for each committee from the Standardization Department is appointed to manage the meetings of the committee in order to prepare the final draft of the standard to be sent to the board of directors of PSI in order to adopt it as a Palestinian standard.5

CERTIFICATION

Since its inception PSI has helped companies increase their awareness of the commercial benefits associated with quality standards. A number of enterprises have chosen to reap the benefits of various certifications. PSI issues two types of local certifications. The first type is the Palestinian Standards Mark (PSM), which generally focuses on product standards. The second type, the Palestinian Quality Marks Standard (PSI), deals with both products and internal processes in a similar manner to ISO 9001. The cost of PSM certification depends on the product type, and may run from 800 New Israeli Shekels (NIS) to 2,600 NIS. The cost of a PSI certificate depends on enterprise size, and may range from 2,000 NIS to 50,000 NIS. The benefits of PSM and PSI certification are numerous, both domestically and abroad. Domestically, certified products may be preferred by consumers and they are also given priority in government procurement processes. Moreover, a number of regional neighbours have recognized these standards, which means that certification can facilitate trade with foreign countries. These countries include Jordan, the United Arab Emirates (UAE), Algeria, Morocco, Sudan, and the State of Israel.6

In the context of building the State of Palestine’s export competitiveness, the United States Agency for International Development (USAID) estimates that there are 37 companies certified with ISO 9001 (quality management international standards), eight certified with ISO 2200 (food safety) for food manufacturing, four pharmaceutical companies certified with German GMP (Good Manufacturing Practices), 10 certified with HACCP (food safety), and a large number of enterprises certified by the Palestine Standards Institution’s internal standards.7 Additionally, some agricultural producers adhere to a variety of private standards, such as GlobalGAP, in order to open up export opportunities. Although effective for plant products, producers have had less success with meat and dairy products.8

7. Ibid.
8. USAID (2012). Enabling Agricultural Trade. AgBEE Snapshot: The
As the cost of acquiring internationally recognized certificates can be quite high, most of the certified companies in the State of Palestine are relatively large ones and are able to indulge in the required financial and technical investments. Enterprises wishing to obtain such certification generally use the services of local certification brokers, which are private sector enterprises that offer certification, mainly for ISO standards and HACCP.

ACCREDITATION

ISO, HACCP, GMP and other international certification brokers are accredited by international accreditation bodies, while the State of Palestine lacks an independent accreditation system that could accredit Palestinian certification brokers and laboratories. Having a substandard level of global recognition for the PSI trademark is clear evidence of the problem. PSI is the sole quality standard-setting institution, and its services extend to providing metrology services, lab accreditation and product and process compliance certification. Moreover, PSI is recognized as the national accreditation body, putting PSI in charge of accrediting all of the services offered by PSI. This setup creates conflict of interest and hence keeps international buyers wary because they have to rely on trust and personal relationships rather than a sound and reliable quality system. An independent accreditation system should be in place to help establish trust in the Palestinian trademark and indirectly provide government-backed support for all Palestinian products and services.

METROLOGY

PSI defines metrology as the science of measurement standards referring to:

- Classification and ranking of reference standards according to accuracy, precision and uncertainty;
- Verification and calibration procedures for industrial and legal measurement instruments.

The National Metrology System was adopted by the Council of Ministers in 2003 and has the objectives of determining the hierarchy scheme of the national reference standards and procedures for their use and maintenance, and providing industrial calibration services.

The metrology department within PSI is the custodian of measurement standards and is legally empowered to conduct metrology activities in the State of Palestine. It provides the bulk of activity related to industrial calibrations.
### ISO 9001 or quality management international standards
ISO 9001 standards are issued by the International Organization for Standardization (ISO). ISO 9001 quality management requirements can be applied by any organization regardless of its size and nature of operations or products/services. It can be applied in hospitals, banks, telecommunications companies, small and medium enterprises, large companies, and multinational companies.

Implementing ISO 9001 will ensure that a company has an internal integrated management system with minimum quality requirements, and that the company has the methodology for improving its quality in terms of processes and products, since ISO 9001 includes documentation requirements. An ISO 9001 certified company should document its internal systems and procedures (administrative system and human resources, support system and core technical systems) with clear performance indicators to measure whether the short-term objectives of the company have been achieved or not. In addition, ISO 9001 certification includes clear identification of responsibilities and authorities through the internal system and job descriptions.

### HACCP
In the 30 years since its conception, the Hazard Analysis Critical Control Point (HACCP) system has grown to become the universally recognized and accepted method for food safety assurance. The recent and growing concerns about food safety from public health authorities, the food industry and consumers worldwide has been the major impetus in the application of the HACCP system, so the World Health Organization (WHO) has recognized the importance of the HACCP system for prevention of food-borne diseases for over 20 years and has played an important role in its development and promotion.

HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

### ISO 22000-2005 Food Safety Management System
ISO 22000 is a standard developed by ISO for the food safety supply chain. It defines the requirements of the Food Safety Management System, which is the system covering all organizations working in the food chain ‘from farm to fork’. The standard combines generally recognized key elements to ensure food safety along the food chain, including:
- Interactive communication;
- System management;
- Control of food safety hazards through prerequisite programmes and HACCP plans;
- Continual improvement and updating of the food safety management system.

While HACCP and ISO 22000 are both food safety certifications, HACCP is part of ISO 22000. While ISO 22000 certified companies are HACCP certified by default, companies can be HACCP certified only. In other words ISO 22000 consists of ISO 9001 requirements, HACCP requirements and some GMP practices.

### Good Manufacturing Practice (GMP)
GMP is defined as ‘that part of Quality Assurance which ensures that products are consistently produced and controlled to the quality standards appropriate to their intended use’. The principles and guidelines for GMP are stated in two directives: Directive/94/EC for medicinal products and investigational medicinal products for human use, and Directive/412/EEC concerning veterinary medicinal products. Compliance with these principles and guidelines is mandatory within the European Economic Area.

Detailed guidelines in the form of Good Manufacturing Practice provide interpretation of the principles and guidelines, and these in turn are supplemented by a series of Appendices which modify or augment the detailed guidelines for certain types of product, or provide more specific guidance on a particular topic. They are developed by the GMP inspection services group and are published by the European Commission as Volume 4 of ‘The rules governing medicinal products in the European Union’.

Good Manufacturing Practices are guidelines that provide a system of processes, procedures, and documentation to assure a product has the identity, strength, composition, quality, and purity that it is represented to possess.

### Halal Certificate:
In accordance with Islamic requirements, Muslims must consume halal food products, which mean that these products must be produced according to Islamic requirements on ingredients and production. Therefore, companies that want to market their products in Islamic countries are encouraged to adhere to halal standards. In recent years, the number of Muslim and non-Muslim countries that have adopted halal certificates has increased. PSI is currently working on issuing a Palestinian halal standards certificate. PSI is also assisting in preparing five Palestinian factories to obtain the halal certificate.

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LEGISLATION PERTINENT TO QUALITY MANAGEMENT IN THE STATE OF PALESTINE

The government has taken steps to improve standards and quality through a number of laws and regulations. These laws seek to set minimum requirements for product quality and assign inspection and monitoring responsibilities to the relevant authorities. To this end, the Palestine Industrial Law sets the framework for managing and monitoring industrial production and dealing with breaches.\(^\text{12}\) In particular, the law provides that enterprises must apply appropriate technical specifications and properly identify and package their products (Article 3). It further empowers the Ministry of National Economy (MoNE) to monitor and inspect industrial establishments and coordinate with other organizations to ensure compliance (Article 5). It also specifies the role of the courts, which are tasked with enforcing compliance of products and components with legal specifications (Article 23).

The roles and powers of the Palestine Standards Institution were further defined in the Palestine Standards and Metrology Law No. 6 issued in 2000. Article 4 tasks PSI with the preparation and adoption of Palestinian Standards. It also enables it to develop a national system of measurement and unify the means and methods of measurement and instrument calibration. The PSI is empowered to grant certificates of conformity, adopt national measurement references for instrument calibration, introduce modern testing and calibration laboratories, and adopt a statement of origin of goods. Article 17 of the same law specifies that all goods and materials produced in the State of Palestine, or imported into the State of Palestine, must adhere to product and material-specific technical regulations. Finally, public institutions are required to apply the same standards in procurement and bidding processes (Article 17).

With regards to food safety, Public Health Law No. 20 of 2004 requires producers and importers to provide a variety of information to the relevant ministry within a set time period.\(^\text{14}\) Inspections for locally produced goods are performed at the manufacturing plant. Products must be in compliance with the specifications outlined in the technical regulations of the Palestine Standards Institution and the handling and advertising of food is prohibited until licenses and registration have been obtained from the ministry (Articles 21 and 22).

\(^{12}\) Palestine Industrial Law

THE INSTITUTIONAL PERSPECTIVE

Trade support institutions (TSIs) are institutions that have an interest in, and bearing on, the cross-sector’s export development. Broadly, the trade services institutions providing important services to the Palestinian quality management cross sector function can be categorized in the following support areas:

- Policy support network
- Trade services network
- Business services network
- Civil society network

Tables 1 to 4 identify the main TSIs whose service delivery affects the quality management framework in the State of Palestine. An assessment of the TSIs along four key dimensions – coordination, human capital, financial sustainability, and advocacy – is provided. The ranking (high/medium/low) for each TSI was selected in the context of service delivery of the TSI relative to quality management. In other words, the assessment was conducted based on stakeholders’ evaluation of TSIs from the perspective of how well they serve QM stakeholders.

POLICY SUPPORT NETWORK

These institutions represent ministries and competent authorities responsible for influencing or implementing policies at the national level.
### Table 1: Palestinian quality management policy support network

<table>
<thead>
<tr>
<th>Policy support network</th>
<th>Coordination*</th>
<th>Human capital**</th>
<th>Financial sustainability***</th>
<th>Advocacy ****</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of National Economy (MoNE)</td>
<td>H</td>
<td>M</td>
<td>M</td>
<td>H</td>
</tr>
</tbody>
</table>
| The Ministry of National Economy is responsible within the QM function for:  
• Certification of a Certificate of Origin;  
• Certified Exporter certificates;  
• Developing and implementing programmes in cooperation with the private sector to improve production quality. | | | | |
| Ministry of Agriculture (MoA) | M | M | L | L |
| MoA is responsible for implementation of state policy with regard to agricultural and rural development, which supports the planning, development, and organization of the whole value chain of plant and animal products and supports post-harvest handling of agricultural products and the food industry. It is also responsible for issuing a set of national quality standards for agricultural products, in addition to a number of technical regulations which are related to agricultural products and food safety (in collaboration with the Palestine Standards Institution). | | | | |
| Ministry of Higher Education (MoHE) | M | M | L | L |
| MoHE has the overall responsibility of supervising the education system in the State of Palestine including schools, colleges and universities. It is also responsible for overseeing Technical & Vocational Education and Training (TVET), which includes vocational schools, vocational-technical training centres, and technical colleges. | | | | |
| Ministry of Health (MoH) | M | M | M | M |
| MoH has the mandate to ensure good governance of the health sector; leadership in policy making and regulation of the health system; the promotion of better health; and the provision of accessible, quality health services in both the public and private sectors. For the export sector, it maintains the quality standards for food and issues certificates of health. For the QM function it:  
• Enforces and monitors quality standards in the pharmaceutical and food production and service sectors;  
• Safeguards public health and safety through inspection of products and services. | | | | |
| Ministry of Labor (MoL) | L | L | M | L |
| MoL manages the formulation and administration of labour laws and legislation, and manages and monitors the labour market. It also supports the development and organization of cooperatives. For QM it enforces laws and regulations pertaining to the health and safety of employees working in all sectors. | | | | |
### Policy support network

<table>
<thead>
<tr>
<th>Name</th>
<th>Function/role</th>
<th>Coordination</th>
<th>Human capital</th>
<th>Financial sustainability</th>
<th>Advocacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Environmental Affairs (MEnA)</td>
<td>Being the central representative authoritative body responsible for all environmental issues in the State of Palestine, MEnA has been working very hard to address all environmental constraints, including natural resource depletion and environmental pollution, as an approach towards sustainable development. In the QM function it is responsible for issuing approvals to factories in compliance with environmental impact regulations.</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>L</td>
</tr>
</tbody>
</table>

* Coordination with other TSI s: measures the strength of this institution’s linkages with other institutions as well as the beneficiaries of their services (in particular, the private sector) in terms of collaboration and information sharing.

** HR/human capital assessment: assesses the general level of capability of this institution’s staff in terms of their training and responsiveness to sector stakeholders.

*** Financial resources assessment: assesses the financial resources/capacity available to the institution to provide service delivery in an efficient manner.

**** Advocacy: the efficacy of this institution’s advocacy mechanisms, and how well/frequently this institution disseminates important information to the sector.

Source: © PalTrade
TRADE SERVICES NETWORK

These institutions or agencies provide a wide range of trade-related services to both government and enterprises. These institutions support and promote sectors and are concerned with the delivery of trade and export solutions within a developing country.

Table 2: Palestinian quality management trade services network

<table>
<thead>
<tr>
<th>Name</th>
<th>Function/role</th>
<th>Coordination</th>
<th>Human capital</th>
<th>Financial sustainability</th>
<th>Advocacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palestine Standards Institution (PSI)</td>
<td>PSI is the sole body responsible for issuing Palestinian standards, by providing accreditation for labs, granting the quality mark for products, and signing cooperation and mutual recognition agreement with other countries to facilitate trade. To achieve its mandate it: • Develops national quality standards; • Establishes schemes to grant the national quality mark (PSM); • Establishes schemes to grant the national quality product standard (PSI); • Provides testing services to exporters to ensure compliance with standards; • Conducts training courses and awareness-raising workshops about quality; • Provides advice on how to comply with standards.</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>PalTrade</td>
<td>PalTrade is the trade promotion organization of the State of Palestine with the mandate to develop export competitiveness. PalTrade develops strategies relating to quality management, and also conducts capacity assessment (CTAP) of enterprises which is aimed at identifying issues faced by producers related to quality and standards.</td>
<td>H</td>
<td>M</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>Palestinian Central Bureau of Statistics (PCBS)</td>
<td>PCBS is responsible within the QM function for: • Establishing a comprehensive and unified statistical system to serve Palestinian authorities as an instrument of guidance for diagnosing problems and evaluating progress made; • Participating effectively in building the different administrative records and central registers to meet the administrative and statistical needs of Palestinian society; • Publishing a statistical yearbook annually; • Providing the statistics necessary for analysing quality metrics.</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>M</td>
</tr>
</tbody>
</table>
BUSINESS SERVICES NETWORK

These are associations, or major representatives, of commercial services providers used by exporters to effect international trade transactions.

Table 3: Palestinian quality management business services network

<table>
<thead>
<tr>
<th>Name</th>
<th>Function/role</th>
<th>Coordination</th>
<th>Human capital</th>
<th>Financial sustainability</th>
<th>Advocacy</th>
</tr>
</thead>
</table>
| Palestinian Federation of Industries (PFI)                | PFI facilitates industrial development as the basis for economic performance. PFI's representation role is to educate, advocate, and communicate the value of a developed, socially responsible and globally competitive industry. For QM function it:  
  • Plays a key role in facilitating industrial development as the basis for economic performance;  
  • Provides awareness-raising programmes supporting recognition of Palestinian-made products (GS1);  
  • Provides technical training to enhance Palestinian product performance.                                                                                                                                  | M            | L             | L                         | M        |
| Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA) | The Federation’s main task is to help local chambers of commerce meet the requirements of the global business environment. It aims to ensure that the private sector operates freely and has a voice in policy formulation at the national level. The Federation also strives to create strong regional and international links to global markets and works with SMEs to improve their performance, focusing on market access, quality, costing and financial management. The FPCCIA is a lobbying and advocacy institution for the private sector. | M            | L             | L                         | M        |
| Palestinian Businessmen Association (PBA)                | PBA defends the interests of its members and the private sector at large in order to improve the business climate in the West Bank and Gaza. Similarly to FPCCIA, PBA is a lobbying and advocacy institution for the private sector. In the QM function it helps develop quality management tools (such as balanced scorecards) which help businesses assess their efficiency. | L            | L             | L                         | L        |
| Business Women Forum (BWF)                               | BWF provides beneficiaries with technical support such as packaging and labelling, production development and quality assurance to reach the stage of stability of quality according to market needs.                                                                                                               | L            | L             | L                         | L        |
CIVIL SOCIETY NETWORK

These institutions are not explicitly engaged in trade-related activities. They are often opinion leaders representing interests that have a bearing on the country’s export potential and socioeconomic development.

A strong case exists for investing in efforts to increase advocacy levels among TSIs because of the noted shortage and the limited capacity of local institutions to disseminate important information about the quality management system.

BWF, PBA, the Palestinian Trade Facilitation Portal (PTFP), MEnA and the Palestinian Society for Consumer Protection are entities that can potentially serve as strong advocacy and capacity development instruments related to quality management at the enterprise level (through trainings and awareness-raising initiatives). However, due to the lack of continuous funding these institutions are not able to sustain and service their business model, so that potential remains unrealized.

Financial sustainability is another bottleneck that hinders these institutions from developing a sustainable and sound quality infrastructure in the State of Palestine; most of these non-profit organizations are built around temporary funding and hence lack the proper financial support needed for sustaining any medium-long term national quality management vision.

Within the TSN, the vast majority of institutions have low levels of human capacity and their staff members could benefit greatly from quality management system (QMS) training. Improving their capacity will enhance advocacy, and the gained experience and knowledge could improve these institutions’ responsiveness to sector needs.

While coordination levels seem to be on the medium to high side overall in the TSN, it remains important to continually work on improving the level of coordination between all stakeholders. There is a need for a comprehensive framework regulating all efforts aimed at enhancing the quality infrastructure, where responsibilities, accountabilities, and consulting roles are clearly defined and intervention outcomes are properly tracked and measured.

PERCEPTION OF PALESTINIAN TRADE SUPPORT INSTITUTIONS IN THE QUALITY MANAGEMENT SECTOR – INFLUENCE VS. CAPABILITY

Table 5 reflects the perception of stakeholders regarding the level of influence and capacity pertaining to the institutions of the quality management system.

<table>
<thead>
<tr>
<th>Name</th>
<th>Function/role</th>
<th>Coordination</th>
<th>Human capital</th>
<th>Financial sustainability</th>
<th>Advocacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palestinian Society for Consumer Protection</td>
<td>The Palestinian Society for Consumer Protection was established to promote consumer rights. For the QM function it investigates customer complaints.</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>L</td>
</tr>
</tbody>
</table>

Table 5: Perception of Palestinian trade support institutions in the quality management sector – influence vs. capability

<table>
<thead>
<tr>
<th>Capacity of institution to respond to sector’s needs</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Level of influence on the sector</td>
<td>• MoH</td>
<td>• MoNE</td>
</tr>
<tr>
<td>• MoA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• PFI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Level of influence on the sector</td>
<td>• MoHE</td>
<td>• PSI</td>
</tr>
<tr>
<td>• FPCCIA</td>
<td></td>
<td>• PalTrade</td>
</tr>
<tr>
<td>• MoL</td>
<td></td>
<td>• PCBS</td>
</tr>
<tr>
<td>• PBA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• BWF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• PTFP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• MEnA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Palestinian Society for Consumer Protection</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Most of the institutions are perceived to have a low level of influence combined with a low level of capacity, including key institutions such as the Ministry of Labour, Society for Consumer Protection, MoHE and PTFP. The low/low combination for these institutions is problematic given that a large number of sector stakeholders depend on them for services and guidance and they are critical for shaping the quality management infrastructure.

On the capacity side, it can be noted that most key institutions exhibit a low level of capacity to respond to sector needs. Service delivery to enterprises seeking quality management services is relatively poor as a consequence. This is especially relevant in the case of institutions whose mandate provides them with a high degree of influence over sector stakeholders. In such cases, their low capacity levels cause these institutions to become bottlenecks in the network.

Enhancing influence is typically the result of proper delegation methodology combined with advocacy building. While very few institutions have high influence levels, there is a need to empower many more institutions to optimize process delivery and empower advocacy. This can be achieved by delegating more responsibilities to these institutions and by creating clear mechanisms for carrying out the workload. Institutions such as MoL, MoHE and PTFP should undergo special programmes to enhance their capacity in many areas, especially human capital, to enable them to respond to the sectors’ needs faster.

**ANALYSIS OF DEVELOPMENT PLANS AND INITIATIVES**

The analysis of ongoing development activity in the QM function is relevant insofar as it serves to identify the main thrusts of the various development actors and their initiatives, while also identifying gaps and areas of neglect. The latter is especially important, as identified gaps will be further analysed and will be addressed through specific interventions in the cross-sector’s strategic plan of action (PoA).
### Table 6: Donor projects related to the quality management function in the State of Palestine

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Funding agency/ lead implementer</th>
<th>Expected areas of intervention</th>
</tr>
</thead>
</table>
| Supporting the Quality Infrastructure in the Palestinian Territories    | 2012 to 2015     | Physikalisch-Technische Bundesanstalt and PSI                                                                       | The project aim is the implementation of a Palestinian quality policy and demand-oriented quality infrastructure (QI) services that follow international good practices in the field of metrology, accreditation and the services of medical laboratories. The project is based on three components:  
  • Support the development of an overarching National Quality Policy;  
  • Build capacity in the field of industrial and legal metrology; and  
  • Support for accreditation of a number of laboratories in the medical field.  
  The beneficiaries are consumers, patients, small and medium enterprises, and traders, who rely on the availability of recognized and affordable QI services. |
| Private Sector Development Cluster Project                              | 2012 to 2016     | French Development Agency/FPCCIA & MoNE                                                                        | Strengthening the competitiveness of SMEs through enhancement of public-private dialogue. The main objective of the project is to strengthen the competitiveness of local companies, and especially MSMEs, in order to increase their market share in the local market and/or explore new markets for export through:  
  1. Support to the structuration of productive sectors/ subsectors with high potential, by the creation of linkages between the stakeholders of the same value chain in a defined territory through the cluster approach; and  
  2. Improvement of public-private dialogue. |
| Private Sector Investment Programme                                      | Ongoing          | NL Agency (Netherlands)                                                                                           | This project offers a unique and excellent opportunity for enhancing the NES through increasing links with international business communities in the Netherlands  
  The Private Sector Investment Programme supports innovative business cooperation projects. Through a joint venture with an international partner, Palestinian companies can apply for a grant of 60% of the cost of a joint investment project with a Dutch or other foreign company. The project needs to be commercially feasible and have a positive effect on the Palestinian economy in terms of creating employment, introducing new knowledge and technology, improving livelihoods, and strengthening small and medium sized businesses, resulting in improved environmental conditions, etc. The total investment project may not involve an amount higher than EUR1.5 million. |
| Palestinian Market Development Programme                                 | 24 May 2010 to 31 March 2019 | DFID (United Kingdom Department for International Development) and EU                                           | The objectives of this project are to enhance human capacity at SMEs and to improve the competitiveness of the Palestinian private sector by:  
  1. Providing matching grants and technical assistance to mitigate the risks associated with business development;  
  2. Undertaking market analysis to identify and address market failures;  
  This will benefit at least 480 companies, leading to development of about 250 new products and entry to 350 new markets. |
The projects in table 6 address key quality management improvement areas that will go hand in hand with the effort of implementing the National Export Strategy. These projects show important efforts are being invested in building capacity in quality management.

The bulk of the development activity for the QM function is aimed at building the capacity of key organizations that have a leading role in shaping national exports. Focus is also aimed at enhancing the quality infrastructure in the State of Palestine through capacity-building initiatives such as:

- Supporting the Quality Infrastructure in the Palestinian Territories project, which is aimed at addressing capacity-building in labs’ infrastructure, including metrology labs, accreditation of medical labs, and the development of a national quality policy.
- Palestinian Market Development Programme: capacity-building of SMEs to enhance their effectiveness and capacity to respond to the growing international requirements for exports. This project will also provide assistance to SMEs to directly improve their competitiveness through provision of the required machinery, financial support or assistance in complying with international requirements.

These interventions are important for improving targeted areas of the QM system in the State of Palestine. It will be important to build up efforts for coordinated responses aimed at enhancing and empowering Palestinian SMEs and TSI's to ensure an effective QM function for export development.

**CONSTRAINTS RELATED TO THE QUALITY MANAGEMENT FUNCTION**

This section identifies the most important constraints affecting the quality management function in the State of Palestine. Constraints are identified along two dimensions—institutional and enterprise.

*Institutional constraints* refer to supply-side issues related to the service delivery of TSI's to enterprises, specifically in terms of the capacities and resources available to the institutions for achieving effective service delivery.

*Enterprise constraints* refer to demand-side issues related to the infrastructure and compliance levels demonstrated by enterprises in terms of quality management.
INSTITUTIONAL CONSTRAINTS

Box 5: Overview of institutional issues affecting quality management

- The regulatory and legislative framework pertaining to quality management is weak.
- There is an urgent need to establish a product classification system.
- Low capacity and lack of international accreditation for national laboratories and standards-setting institutions force enterprises to obtain international certification in order to access global markets.
- Inferior lab infrastructure causes firms to use foreign labs, leading to added costs and delays.
- The equipment at the majority of Palestinian labs is outdated. Currently, there is no list established for quantifying and qualifying existing services offered by laboratories.
- There is a need to strengthen the ‘pull factor’ from the consumer base as a means of improving quality compliance at the enterprise level.
- There are capacity challenges at the Palestine Standards Institution (PSI), where conflict of interest is slowing the growth of the organization.
- PSI certifications have full recognition benefits only in limited target markets.
- There is a need to expand the PSI quality mark in terms of qualification criteria, as well as reach among enterprises, to improve compliance levels among enterprises.
- There is an urgent need to separate accreditation from the testing function of PSI, and to establish an independent, internationally recognized accreditation body.
- There is an urgent need to develop additional standards.
- There is a lack of staff trained in the fields of QM in national institutions.
- Weak monitoring capacities at the borders lead to a proliferation of cheap and low quality products in the domestic market (exacerbated by the absence of established physical borders).
- Costs and delays involved in seeking internationally recognized certifications are perceived to be unaffordable by the majority of MSMEs.
- Uncoordinated initiatives aimed at effecting improvements in the national QMS lead to redundancies and gaps.
- The weak sanitary and phytosanitary (SPS) framework in the State of Palestine is leading to a reduction in agricultural trade (exports) flows to target markets.
- Lack of compliance with the internationally recognized standards contained in the Codex Alimentarius affects compliance with best practices.
- Access to Israeli markets is hindered by movement restrictions currently in place.

THE REGULATORY AND LEGISLATIVE FRAMEWORK PERTAINING TO QUALITY MANAGEMENT IS WEAK

A prerequisite for efficient quality management architecture is the existence of a strong regulatory and legislative framework. This ensures the development of a set of standards that are harmonized with international standards, while also ensuring a strong monitoring mechanism to manage compliance. Relevant laws on quality do not designate a single authoritative body to lead the quality management framework in the State of Palestine. Additionally, the absence of a single authoritative body to deal with WTO issues related to quality has also resulted in weak, slow progress.

Weak legislation for enforcing establishment of quality and safety monitoring systems is a significant policy issue. There is an overall lack of enforcement of quality requirements throughout the production life cycles of enterprises in the NES priority sectors.

THERE IS AN URGENT NEED TO ESTABLISH A PRODUCT CLASSIFICATION SYSTEM

The absence of a product classification system is one of the most critical gaps affecting the quality management infrastructure in the State of Palestine. There is an urgent need to develop a product classification system through
comprehensive statistical analysis and public and private sector dialogue. The function of this classification system will be to guide the main standards-setting body, PSI, in developing quality standards according to specific classifications. Currently, standards development at PSI is arbitrary and is not prioritized. A product classification system will assist PSI to prioritize standards development for products with high export potential. A classification system will also help identify the different product categories being produced in the State of Palestine, as well as establishing a frame of reference while assessing the size of the market for these products.

Establishing a product classification system will in turn assist testing laboratories and compliance bodies in performing their functions. A comprehensive needs assessment for these professional bodies can be conducted based on skills, financial and equipment needs with reference to the product classification system. The product classification system will enable faster standards development based on a specific product subgroup or directory. It will also focus efforts on establishing quality requirements for locally produced products and services and use these requirements to control imports from external markets, thus indirectly supporting local manufacturers and deterring imports of low-quality products and services.

LOW CAPACITY AND LACK OF INTERNATIONAL ACCREDITATION FOR NATIONAL LABORATORIES AND STANDARDS-SETTING INSTITUTIONS FORCE ENTERPRISES TO OBTAIN INTERNATIONAL CERTIFICATION IN ORDER TO ACCESS GLOBAL MARKETS

PSI certificates are not recognised on international markets because PSI itself is not accredited by a universally acknowledged Palestinian accreditation body. For proper exposure to international markets, Palestinian products should be marketed as Palestinian products, demonstrating compliance with Palestinian requirements first before they have to comply with international standards. The accreditation body will be the main window of exposure to global markets and will be empowered to regulate and accredit all certifying bodies. This setup, while very similar to the one in developed countries, grants easier recognition of the Palestinian mark and will no longer use trust as the means of approving Palestinian products.

INFERIOR LAB INFRASTRUCTURE CAUSES FIRMS TO USE FOREIGN LABS, LEADING TO ADDRESSED COSTS AND DELAYS

Palestinian labs are unable to conduct tests related to certain products, which means product samples are shipped to labs in Israel, Jordan and other countries. In the absence of internationally accredited labs, certification needs are met by international certification agencies and foreign labs, which also results in increased costs and delays. For instance, there are no internationally accredited testing labs (e.g. for pesticide residue tests), which forces companies to use Israeli labs.

Another weakness lies in the lack of structured key performance indicator measures for service providers in the auditing and inspection service fields. In the absence of these measures, the service delivery of these organizations tends to be uneven.

THE EQUIPMENT AT THE MAJORITY OF PALESTINIAN LABS IS OUTDATED. CURRENTLY, THERE IS NO LIST ESTABLISHED FOR QUANTIFYING AND QUALIFYING EXISTING SERVICES OFFERED BY LABORATORIES

Capacity challenges in Palestinian labs extend to shortages and the outdated nature of equipment. For instance, some measurement and calibration equipment is not available in the State of Palestine for metrology actions to be performed (particle size machines, frequency and electricity, moist measurements in working conditions etc.). Additionally, the fact that information regarding lab infrastructure (lab location, capacity, speciality, quality of work, etc.) isn’t established forces beneficiaries to spend too much time researching before deciding to outsource the service to Israeli and Jordanian labs.

THERE IS A NEED TO STRENGTHEN THE ‘PULL FACTOR’ FROM THE CONSUMER BASE AS A MEANS OF IMPROVING QUALITY COMPLIANCE AT THE ENTERPRISE LEVEL

In the State of Palestine, consumer buying behaviour – especially for agricultural products – is primarily driven by price rather than considerations of quality and safety. There is no ‘pull’ from the domestic consumer base, which would drive MSMEs to improve the quality management framework at their enterprises. Consumer awareness about the importance of the quality and safety of their purchases is low.
Part of the problem lies in the absence of a functioning consumer protection system. There is no comprehensive set of laws enforcing consumer protection in the State of Palestine. Enforcement of the existing Consumer Protection Act has been weak, primarily due to the high costs involved in the implementation of the enforcement process and the paucity of trained human resources.

Consumer awareness is also low given the lack of advertising campaigns addressing quality, safety and health aspects of products in the State of Palestine. The low level of information to the public about basic consumer rights and the importance of buying quality products has resulted in complacency among enterprises and consumers alike. Finally, the low demand from domestic consumers for traceability has contributed to the lack of implementation of traceability systems at the enterprise level in the State of Palestine.

THERE ARE CAPACITY CHALLENGES AT THE PALESTINE STANDARDS INSTITUTION (PSI), WHERE CONFLICT OF INTEREST IS SLOWING THE GROWTH OF THE ORGANIZATION

PSI, the apex body for quality management in the State of Palestine, suffers from significant capacity constraints and organizational weaknesses. However, capacity constraints that PSI faces from technical, human resources and even financial standpoints prevent the organization from delivering on a par with expected performance levels. This has ripple effects throughout the quality management function and ultimately affects the main stakeholders – the private sector.

The certification process at PSI is time-consuming. Procedures are very generic in their nature and are neither well established for specific products or services nor available to the public for fast dissemination. Equally, updates to these procedures are not quickly disseminated to the public.

Human capital is an important challenge at PSI, and the institution’s staff not only suffers from overall low technical qualifications and experience levels, but also faces the problem of being spread too thin due to the limitations in current human capital capacity. The services provided by the institution are lacking in comprehensive qualitative and quantitative analysis. More in-depth analysis of the underlying services offered by PSI is required to enable leveraging the available capacity to do what is critical to the success of PSI and create a priority system.

Dialogue between PSI and the private sector needs to be strengthened to ensure relevant and timely collection of feedback from the ultimate stakeholders (enterprises in the private sector), and also to ensure that the feedback loop is completed through the adjustment of PSI services. It is crucial for this strategy to establish an independent entity (government or non-government body) in charge of coordinating all donor and regional activities related to development of QI in the State of Palestine.

PSI CERTIFICATIONS HAVE FULL RECOGNITION BENEFITS ONLY IN LIMITED TARGET MARKETS

PSI currently has full mutual recognition agreements with five countries (Jordan, Algeria, Morocco, UAE and Sudan), while the agreement with Israel is undergoing an enhancement process. PSI does not have agreements with other important target markets such as the United States of America and the European Union (EU). Stakeholders have argued that the existing agreements are not being enforced due to ‘Arab market lack of trust in PSI certification’ and that direct personal efforts in sales and marketing are therefore usually the key to accessing these markets, rather than just the PSI stamp.

As a consequence, while PSI may grant accreditation to national laboratories, or grant certifications to individual exporting companies, the full benefits of these certifications will only be recognized in the select countries which apply the mutual recognition agreements.

This has significant bearing on the compliance of Palestinian products in target markets. Products may not meet international quality standards, or may be subjected to stringent testing requirements. In the worst case, Palestinian products may be rejected. There is therefore an urgent need to establish mutual recognition agreements with, and accreditation of PSI by, the United States and the EU, which involves bringing Palestinian quality legislation on a par with internationally recognized standards; building PSI technical capacity and infrastructure to test and certify; and putting adequate quality management systems in place. If accredited by the United States and the EU, PSI will gain the necessary credibility internationally to have its certificates recognized by other partners as well.

THERE IS A NEED TO EXPAND THE PSI QUALITY MARK IN TERMS OF QUALIFICATION CRITERIA, AS WELL AS REACH AMONG ENTERPRISES, TO IMPROVE COMPLIANCE LEVELS AMONG ENTERPRISES

The quality mark has significant scope for improving compliance levels among enterprises if properly publicized and expanded. At the national level, compliance...
with PSI standards is in most cases considered voluntary among enterprises, except for a few products. The PSI quality mark – awarded to enterprises that meet all Palestinian standards requirements – is relatively unknown, and needs to be better publicized.

Restructuring the qualification criteria to develop alignment with international standards will strengthen the value of the mark in international markets. However, receiving the accreditation must provide a set of tangible benefits so as to incentivize Palestinian enterprises to apply for the mark.

**THERE IS AN URGENT NEED TO SEPARATE ACCREDITATION FROM THE TESTING FUNCTION OF PSI, AND TO ESTABLISH AN INDEPENDENT, INTERNATIONALLY RECOGNIZED ACCREDITATION BODY**

Current legislation related to the quality function in the State of Palestine grants PSI the authority to license, and run, testing laboratories, contrary to international trends. International best practice requires separating the accreditation, certification and testing functions of PSI in order to maintain impartiality. Given the absence of dedicated national institutions, PSI is currently responsible for four important functions – accreditation, standardization, certification, and metrology. The accreditation function especially leads to a conflict of interest given that PSI itself manages a network of labs. Under the current arrangement, PSI is therefore responsible for certifying testing labs which it also operates. Additionally, private sector firms in the quality management arena seeking to develop new services have to obtain certification from PSI, which is effectively a competitor.

To resolve this situation it will be necessary to establish an independent system for accrediting labs and certification providers. This would separate the accreditation and certification functions of PSI, alleviating pressures on the resource-strapped institution and reducing potential for conflict of interest.

While the creation of such a system has been discussed, progress towards implementation has been slow. One of the root causes is the high initial cost involved in establishing such a system. This is accompanied by an overall lack of integrated effort between different sectors to share the initial cost.

**THERE IS AN URGENT NEED TO DEVELOP ADDITIONAL STANDARDS**

Greater efforts are required to change the environment of quality assurance testing, which is currently reactive rather than proactive. In this regard, standards development is a challenging area. At the governmental level, there is limited emphasis on identifying current gaps in terms of missing standards and foreseeing future requirements. Moreover, the government contribution in legislating & enforcing consumer protection in the national market has been slow and inadequate. The select few committees in charge of enhancing utilization and creation of new standards are insufficient, and more are needed.

**THERE IS A LACK OF STAFF TRAINED IN THE FIELDS OF QM IN NATIONAL INSTITUTIONS**

There is inadequate focus in the State of Palestine’s TVET infrastructure on training programmes aimed at personnel in quality institutions. Staff in national quality institutions...
have low technical expertise and low experience levels, both of which need to be improved. Courses devoted to quality in technical institutes are insufficient in scope and number. Due to funding limitations and the high costs of establishing these courses the number of them, as well as the existing curricula, have not been expanded.

WEAK MONITORING CAPACITIES AT THE BORDERS LEAD TO A PROLIFERATION OF CHEAP AND LOW QUALITY PRODUCTS IN THE DOMESTIC MARKET (EXACERBATED BY THE ABSENCE OF ESTABLISHED PHYSICAL BORDERS)

Monitoring of imported products at the borders is weak, and this has directly resulted in a high influx of poor quality goods into the domestic market. This trend constitutes a major competitive disadvantage for Palestinian firms in sectors such as ‘footwear and leather’ and ‘textiles and garments’.

Weak monitoring is also the result of poor coordination and collaboration between government, industrial, and non-government sectors. These overlaps create important operational issues in terms of monitoring compliance and maintaining high quality assurance levels.

Lax monitoring, both for locally produced goods and imports, has also contributed to the unwillingness of enterprises to invest in equipment and best practices related to quality management. They view these investments as costs that are not recoupable, given that foreign suppliers consistently flood the domestic markets with cheap, low quality goods without any disciplinary action being taken.

COSTS AND DELAYS INVOLVED IN SEEKING INTERNATIONALY RECOGNIZED CERTIFICATIONS ARE PERCEIVED TO BE UNAFFORDABLE BY THE MAJORITY OF MSMES

International certifications including ISO, HACCP, GMP and GAP involve fees which are relatively high, and this limits the number of MSMEs in the Palestinian private sector that can afford to apply for these certifications. These fees include the costs involved in the ‘initial assessment of readiness’ audit that enterprises have to go through as part of the certification process.

The high fees are primarily driven by the relatively low number of auditing institutions available within the State of Palestine. The root cause for the low number of qualified and certified auditors is low demand in the domestic market. What contributes most to this particular problem is the fact that the certification process in most cases requires investments in production lines and related infrastructure, which adds to the perception of high costs involved in seeking certifications. Therefore, raising quality and certification requirements for the domestic market should contribute to driving certification costs down, both for domestic production and for exports.

UNCOORDINATED INITIATIVES AIMED AT AFFECTING IMPROVEMENTS IN THE NATIONAL QMS LEAD TO REDUNDANCIES AND GAPS

There is a lack of a structured and comprehensive quality infrastructure development plan in the State of Palestine. Instead, multiple initiatives – led by both national as well as international donors – aimed at improving the national QMS are being implemented with little or no integration and coordination. Overlaps in mandates and activities exist with limited coordination and clarity on accountability. In the case of initiatives led by national partners, the lack of established mandates and guidelines primarily contributes to redundancy in efforts. Multiple ministries issue standards and regulations on quality and safety without consulting and coordinating with each other. Therefore a comprehensive quality infrastructure development plan should be drawn up, taking the quality management strategy of the NES as the point of departure.

THE WEAK SANITARY AND PHYTOSANITARY (SPS) FRAMEWORK IN THE STATE OF PALESTINE IS LEADING TO A REDUCTION IN AGRICULTURAL TRADE (EXPORTS) FLOWS TO TARGET MARKETS

SPS measures are designed to protect human, animal and plant health, and frequently serve as an entry barrier for exports from developing countries due to capacity issues ranging from issuing guidelines to monitoring compliance. Under the SPS agreement signed at the WTO in 1995, member countries have a right to demand information on imported products and their components throughout the value chain as a means to maintain traceability.

Traceability refers to the ability to track information regarding a specific agricultural product as the product evolves through the value chain – from the inputs stage to final product. Traceability is a tool frequently used by leading importing markets (such as the EU and the United States) as a mechanism for ensuring the quality of the imported product and its compliance with SPS standards. It is increasingly the case that the lack of proven ability to guarantee traceability amounts to a significant barrier.
QUALITY MANAGEMENT • WHERE WE ARE NOW

to entry for current and aspiring exporting firms. Setting up an efficient traceability mechanism requires discipline and resources, not only from enterprises but also from all stakeholders involved across the value chain. It is therefore the function of collective effort across the value chain. In the State of Palestine, traceability systems are largely non-existent. For the most part, there is no infrastructure at the enterprise level for applying traceability across the value chain. Costs for developing infrastructure at the enterprise level are high, which dissuades enterprises from making investments to set up traceability mechanisms.

Since most farmers cater to the domestic market, agricultural practices do not include stress on documentation. This has a significant bearing on the export competitiveness of the agriculture sector in the State of Palestine, as has been evidenced by recent instances of exports being rejected at the borders. There is thus a need to introduce and implement tracking systems which are mandatory and sanctionable. Regulations must therefore be adopted or amended to bring domestic traceability standards in line with international standards, and in parallel training/awareness-raising programmes aimed at producers must be developed. This would not only benefit Palestinian exporters today, but would help the State of Palestine comply with the WTO SPS agreement as part of its WTO accession efforts.

SPS-related weaknesses extend to the agro-meat sector in addition to crop-based systems, as identified in two studies conducted in 2010: Palestinian sanitary and phytosanitary standards (SPS): The World Organisation for Animal Health (OIE) study on veterinary services; and a gap analysis by Technical Assistance and Information Exchange of the European Commission (TAIEX) that compares Palestinian SPS requirements to European ones. Both reports identified gaps in Palestinian SPS requirements, including an unclear division of responsibilities between relevant ministries and bodies, the absence of a clear legal authority for food inspection, inadequate lab facilities to test EU standards, and a number of laws that are not in line with international requirements. The MoA has instigated a strategy for addressing the findings, and amendments to the legal framework governing SPS are ongoing. It will be key to monitor progress as part of the QM strategy implementation.

LACK OF COMPLIANCE WITH THE INTERNATIONALLY RECOGNIZED STANDARDS CONTAINED IN THE CODEX ALIMENTARIUS AFFECTS COMPLIANCE WITH BEST PRACTICES

As part of the WTO’s SPS agreement, the joint FAO/WHO Codex Alimentarius Commission (also known as the Codex) has been designated as the relevant standard-setting organization for food safety. The Codex Alimentarius is a set of international food safety standards that have been adopted by the Commission. These standards have become the de facto baseline requirements in the trade of processed, semi-processed and unprocessed agricultural products.

The Codex recommends proactive inspections and sanctions to maintain food safety, while in the State of Palestine the traditional approach of retroactive inspections and sanctions is the norm. This stems from the lack of national legislation for food safety that adopts the international Codex as the national guiding principle.


Source: © PalTrade
Box 6: The Codex Alimentarius Commission

In the early 1960s the Food and Agriculture Organization (FAO) of the United Nations and the World Health Organization (WHO) recognized the importance of developing international standards for the purposes of protecting public health and minimizing disruption of international food trade. The Joint FAO/WHO Food Standards Program was established, and the Codex Alimentarius Commission was designated to administer the program.

The founders of the Food Standards Programme and the Codex Alimentarius Commission were concerned with protecting the health of consumers and ensuring fair practices in the food trade. They felt that both of these objectives could be best met if countries harmonized their food regulations and adopted internationally agreed standards. Through harmonization, they envisaged fewer barriers to trade and a freer movement of food products among countries, which would be to the benefit of farmers and their families and would also help to reduce hunger and poverty. They concluded that the Food Standards Programme would be a solution to some of the difficulties that were impeding free trade.

Over the years, the Codex has developed over 200 standards covering processed, semi-processed or unprocessed foods intended for sale to the consumer or for intermediate processing; developed over 40 hygienic and technological codes of practice; evaluated over 1,000 food additives and 54 veterinary drugs; set more than 3,000 maximum levels for pesticide residues; and specified over 30 guidelines for contaminants.


ACCESS TO ISRAELI MARKETS IS HINDERED BY MOVEMENT RESTRICTIONS CURRENTLY IN PLACE. ¹⁷

The inability of Palestinian firms to obtain Israeli health and safety certifications is in part the result of movement restrictions. Particularly, pharmaceuticals and most food products are prevented from entering East Jerusalem. A few food producers have been allowed to continue to sell in East Jerusalem but the Government of Israel has given notice that this is only temporary and unless the producers receive Israeli certification they will be forbidden to sell in East Jerusalem in the future. Other products must receive the Israeli quality certificate known as ‘Teken’, which is also difficult for Palestinian producers to obtain. It reportedly requires a site visit by Israeli inspectors and Israelis are prevented by Israeli law from traveling to areas controlled by the Palestinian National Authority (PNA).

### ENTERPRISE CONSTRAINTS

**Box 7: Overview of enterprise level issues**

- The weak quality management framework in enterprises adversely affects export competitiveness.
- High perceived costs for applying standards by enterprises contributes to low compliance levels.
- Quality equipment at enterprises is mostly outdated.
- There is a need to improve awareness levels among enterprises related to quality management.
- The perception of low return on investment (ROI) levels by enterprises in the MSME sector dissuades certification applications.

### THE WEAK QUALITY MANAGEMENT FRAMEWORK IN ENTERPRISES ADVERSELY AFFECTS EXPORT COMPETITIVENESS

The majority of Palestinian enterprises do not have adequate internal quality management systems, leading to high levels of non-compliance with national and international standards. About 57% of MSMEs operating in the State of Palestine apply standards, and only 22% of MSMEs attain a quality assurance certification proving the quality of their products and their conformity with relevant standards. 18

Enterprises have a basic and inadequate understanding of the meaning of quality, health and safety. This partly stems from mindset. The majority of firms within the priority sectors are MSMEs and family-owned businesses, which have historically catered to the domestic market. They have limited experience, information and financial resources to take on the additional risks and investments required to develop a sustainable export relationship.

In general, Palestinian firms primarily follow a reactive approach to quality management owing to their low capacities in gauging the real value of establishing and enforcing quality control systems. The testing lab facilities at the enterprise level are basic and substandard. Lack of experience in deploying such systems and facilities is a major root cause, while poor business management skills in terms of cost benefit analysis, project management and database management are also important contributing factors. Additionally, the unstable political-economic climate, and the weak institutional support available across the export value chain, further contribute to a weak value proposition for MSMEs to invest in developing efficient quality management systems.

Another deficiency at the enterprise level is the inadequate preparation work done by enterprises before they submit their application for certification – primarily stemming from lack of awareness and experience in terms of the work involved in this preparation. This frequently results in delays in the application process.

Hiring practices are also to blame. Human resources practices do not stress enough the importance of experience in QMS when hiring mid-level managers and decision makers. This is partly because the QMS field is not formalized, reflected in the absence of a quality control department in most firms.

The manufacturing process is not linked to quality metrics throughout the value chain. This is due to the ad hoc manufacturing process followed at firms, as well as the weak skills base and experience in terms of mapping of safety and quality requirements during production cycles.

### HIGH PERCEIVED COSTS FOR APPLYING STANDARDS BY ENTERPRISES CONTRIBUTE TO LOW COMPLIANCE LEVELS

The anticipated costs of acquiring lab equipment at enterprises are high. This perception is partly due to the lack of coordination between different MSMEs to share the initial cost of acquiring and sharing the equipment. Existing feasibility and costing studies of acquiring lab testing factors.
The perception of low return on investment (ROI) levels by enterprises in the MSME sector dissuades certification applications.

The high cost of certification is accompanied by an overall perception of low ROI within the private sector. This is partly because of the lack of institutional support available on other fronts, which prevents the development of export competitiveness despite the investments made by enterprises to achieve certification. On a related front, the perception of low ROI arises due to the inadequate action taken on preventing non-certified products from entering the market. This is partly a result of weak legislation, as well as a shortage of public awareness programmes.

As the above analysis indicates, the quality management infrastructure in the State of Palestine suffers from important challenges, both at the institutional and enterprise levels. The key challenges are highlighted in Box 88, depicted through a functional lens and addressed through the strategic plan of action for this cross-sector function.

Source: @ PalTrade

Equipment often present a skewed picture, which serves to dissuade enterprises from investing in this equipment. The application of standards by enterprises is relatively costly and the average of this added cost is about 6%. On the other hand, the financial returns outweigh the extra costs, making the application of standards cost-effective.

There is a need to improve awareness levels among enterprises related to quality management.

There is insufficient dissemination of information on quality-related issues within the State of Palestine. Awareness levels of the technical requirements (both within national and target markets), as well as the benefits of effective quality management, is low at the enterprise level.

At the institutional level, dissemination mechanisms must be put in place to collect and relay important quality-related export requirements to enterprises in a timely and reliable manner. Low collaboration levels between the governmental, industrial, and non-governmental organization sectors have led to weak coordination and dissemination of information related to quality standards and requirements. For instance, there is no online database available to the public with information on existing labs and the services they offer. This results in low utilization of services even when they exist. PSI should maintain an updated list of existing and accredited labs on its website, including their services and contact details. This should be a mandatory requirement for all registered labs.

Low awareness levels at the enterprise level (related to quality management) also contribute to the reduced demand for services of existing quality institutions. Low awareness levels extend to the benefits of acquiring internationally recognized certificates. While this gap affects the export competitiveness of enterprises, it also has a collateral effect – that of reduced demand for the services of certification and testing bodies. Compliance with standards should be made mandatory by law, at least for medium and large companies, which should be required to comply after a transition period.

The capability level of quality-related equipment in Palestinian firms is low. The majority of firms acquired equipment without conducting due diligence in a number of areas. For instance, the choice of equipment is dictated more by price considerations rather than alignment with the quality requirements of international markets. Additionally, there is limited scope to upgrade easily, given the high logistics costs involved and the shortage of maintenance support available.

The perception of low return on investment (ROI) levels by enterprises in the MSME sector dissuades certification applications.
Box 8: Key challenges per service of the QM framework in the State of Palestine

**Accreditation-related challenges:**
- Lack of a national accreditation system;
- Need to rationalize the mandate and role of PSI. PSI currently provides accreditation, standards development, certification and testing;
- Conflict of interest resulting from the accreditation and testing roles of PSI.

**Metrology-related challenges:**
- Metrology system lacks proper definition;
- Metrology system lacks standardization;
- Metrology system lacks proper coordination through the product value chain.

**Standardization-related challenges:**
- Conflict of interest in PSI setup;
- Lack of a well-established product categorization system;
- Lack of sufficient exposure to global quality requirements when technical committees develop standards;
- Few technical committees are working efficiently.

**Certification-related challenges:**
- Certification is seen by industry as relatively costly;
- Low levels of international recognition of the State of Palestine (PSI) certification;
- Compliance with internationally recognized certification often requires huge investments;
- Acquiring PSI certification is time-consuming, leading to a need to streamline the process.

**Policy level challenges:**
- Lack of a comprehensive QMS framework;
- Laws and policies don’t empower key participants in the QMS;
- Compliance with quality standards for domestic consumption is purely optional and is not enforced;
- Lack of a unified source of information capturing all safety and quality requirements.

**Enterprise level challenges:**
- Advocacy needs related to the importance of quality management and its impact on increased export capabilities;
- Outdated quality management infrastructure and framework within enterprises;
- Perception of low ROI among enterprises related to the certification process;
- Financial constraints in acquiring international certification such as HACCP.
WHERE WE WANT TO GO

THE FUTURE PERSPECTIVE: THE WAY FORWARD

The analyses conducted as part of the strategy design process of the quality management cross-sector function indicate that the State of Palestine has yet to fully develop its capacities in this function, despite the positive steps that have been taken. Greater quality management capacities would have far-reaching positive impacts on the Palestinian export value chain. In addition to facilitating stronger, long-term export relationships and helping enterprises introduce goods to new, more demanding markets, the strategic options set forth here should ultimately lead to a more stable socioeconomic environment in the future.

With the above in mind, the following vision has been developed for the Quality Management cross-sector function:

“An established and recognized quality infrastructure that proves compliance with health, safety, environmental and quality standards set by partner trading countries to gain and maintain access to these markets.”

The following will constitute key elements of the future shape of the function, exemplified through the above vision. These elements are all addressed in the cross-sector’s strategic plan of action.

1. **Strengthen** legal systems that will empower institutions and professional organizations to govern, regulate, inspect and control the quality of products and services, using properly established and accredited testing laboratories.

2. **Develop** a product classification system for Palestinian products and services. A product and service classification system will constitute the basic building blocks upon which standardization, testing and inspection will be carried out. This system is expected to substantially decrease the effort required for standardization, and hence decrease the lead time for accessing global markets.

3. **Update and strengthen** lab infrastructure. Lab infrastructure will be developed to provide effective service quickly and at a reasonable price.

4. **Improve** producer and consumer awareness of quality metrics. This will be undertaken in parallel with other efforts in the area of improving consumer protection.

5. **Enhance** quality management infrastructure at the source (i.e. the enterprise level). Through training workshops and seminars, local manufacturers and service providers will be exposed to the latest and greatest tools to enhance the quality of their products and services in order to stay ahead of competition.

6. **Create** a national accreditation system, independent of PSI, with the primary mandate of providing accreditation to service providers in the area of standards development, inspection, certifying, and lab testing.

7. **Establishment** of a quality management policy. The current quality management framework in the State of Palestine suffers greatly from the lack of coordination between all parties involved in establishing, setting, enforcing and monitoring QMS regulations. Efforts will be focused on creating the basic building blocks (proper framework, hierarchy, responsibility and reporting matrix, etc.).
HOW WE GET THERE

STRATEGIC PLAN OF ACTION: THE TOOL TO REALIZE THE VISION

Three strategic objectives, or ultimate goals of the sector, are considered necessary for the realization of the cross-sector vision, as presented below. They are structured around operational objectives related to major challenges faced by the QM function and opportunities for its future development. In turn, the operational objectives are spelled out in specific activities to be implemented in order to address the challenges and realize the opportunities in the QM sector, and ultimately its vision. Ideally, each activity will be translated into a project of its own. The three strategic objectives are as follows.

THE FIRST STRATEGIC OBJECTIVE IS TO IMPROVE THE QUALITY MANAGEMENT FRAMEWORK IN THE STATE OF PALESTINE SO THAT IT GAINS INTERNATIONAL RECOGNITION

This objective will be achieved through operational objectives and related activities aimed at: enacting and enforcing laws and policies to support quality management in the State of Palestine; enhancing the supervision of quality and standards to increase confidence in Palestinian products; enabling the State of Palestine to obtain international accreditation; ensuring that adequate standards are established and used; building a product classification system and linking it to QMS; increasing efficiency and use of laboratories; establishing traceability systems to ensure SPS compliance; and, finally, strengthening mutual recognition of certificates and quality marks.

THE SECOND STRATEGIC OBJECTIVE IS TO ENHANCE COORDINATION AND COLLABORATION AMONG RELEVANT INSTITUTIONS

The first step under this objective will be to improve coordination between stakeholders through the formalization of roles and responsibilities within the quality management architecture. Support will also be provided through the improvement of public-private sector dialogue for effective quality management. The final operational objective is to coordinate interventions and improve the quality management system in the State of Palestine. In particular, MoNE, together with other ministries, will be tasked with coordinating all quality-related initiatives and donor activities.

THE FINAL STRATEGIC OBJECTIVE IS TO DEMONSTRATE AND PROMOTE QUALITY AMONG ALL PALESTINIAN ENTERPRISES FOR CONSUMER SATISFACTION AND PROTECTION

To achieve this, seven operational objectives will need to be met, which are: building knowledge of quality management in enterprises and among the general public; establishing export support programmes aimed at enhancing enterprise competitiveness; bringing the PSM and PSI quality marks in line with international standards; empowering PSI to be more effective and more competent through capacity-building and the improvement of certification services; enhancing the health and safety characteristics of Palestinian products; enhancing support services; and improving quality at the source in order to facilitate the upgrading of capacities and infrastructure.
The broad range of activities, together with the complex nature of integrated intervention, requires careful implementation that efficiently directs resources and monitors results at both the micro and macro levels. To this end, the Palestinian Export Council (PEC) will be established in order to facilitate the public-private partnership in elaborating, coordinating, and implementing the National Export Strategy. In particular, PEC will be tasked with coordinating the implementation of activities in order to optimize the allocation of both resources and efforts across the wide spectrum of stakeholders. As part of the NES, the implementation of the quality management strategy also falls within the purview of PEC.

Such efforts will involve directing donor, private, and public sector organizations towards the various NES priorities in order to avoid duplication and guarantee maximum impact. Responsibilities will also include monitoring the results of activities, outputs and outcomes, while at the same time recommending policies that could serve to enhance realization of the strategic objectives. With a 360 degree view of progress, the organization will be best placed to manage funding and provide regular reports to donors and stakeholders. Moreover, PEC will play a key role in recommending revisions and updates to the strategy so that it continues to remain relevant to, and aligned with, the State of Palestine’s changing needs.

A number of institutions will play a key role in the implementation of the plan of action. First among these is the Ministry of National Economy. As the agency responsible for issuing, implementing, inspecting, and enforcing all regulations and standards related to quality infrastructure, MoNE will fulfil the key function of leading and supporting the implementation of many activities. Moreover, tasked with developing the operational framework for all stakeholders, MoNE will play an integral part in structuring and coordinating the efforts of the various participants. The Palestine Standards Institution is responsible for developing and issuing standards and its involvement will be indispensable with regards to improving technical and testing capacities, enhancing certification services, developing new standards, and aligning Palestinian standards with international standards. As such, it is of utmost importance that its own capacities are reinforced so that it is capable of fulfilling its role.

Finally, another organization, PalTrade, will play a key support role, especially with regards to information dissemination and gathering as well as awareness-raising activities. It will also play an integral part in the implementation of activities directly related to trade and enterprise enhancement such as, for example, providing technical training and assistance, gathering market data, and enhancing the foreign recognition of Palestinian standards. The industrial unions, meanwhile, will serve as reference points that help represent private sector interests during implementation, while acting as a conduit for communication and activity coordination.
THE STATE OF PALESTINE CROSS-SECTOR EXPORT STRATEGIES

QUALITY MANAGEMENT

PLAN OF ACTION
### Strategic objective 1: Improve and build the required quality management framework in the State of Palestine to gain international acceptance and recognition.

<table>
<thead>
<tr>
<th>Operational objective</th>
<th>Activities</th>
<th>Priority 1=low 2=mod 3=high</th>
<th>Beneficiaries</th>
<th>Target measures</th>
<th>Means of verification</th>
<th>Leading implementing partners</th>
<th>Supporting implementing partners</th>
<th>Existing programmes or potential support</th>
<th>Estimated costs (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Enact and enforce laws and policies supporting quality management in the State of Palestine.</td>
<td>1.1.1 Update Palestine Standards and Metrology Law No. 6 to improve definitions of regulations and standards and enact penalties for non-compliance with regulations.</td>
<td>3</td>
<td>2=mod 3=high</td>
<td>Consumers, service sectors, and industrial manufacturers</td>
<td>Law update</td>
<td>Updated law approved and signed by MoNE, MoL &amp; MoH</td>
<td>MoNE</td>
<td>PSI, MoH, MoL, MoNE, PFI, and industrial unions</td>
<td>PTB</td>
</tr>
<tr>
<td>1.1.2 Build capacity of quality inspection institutions to enhance their role in monitoring, controlling and inspection of locally produced or imported products. Efforts should be focused on: - Management capacity-building; - Human resources (productivity); - Information logistics capacity-building.</td>
<td>2</td>
<td>MoH, MoNE, MoA, Environment Authority</td>
<td>All inspection agencies have completed the capacity-building programme</td>
<td>Post training programme to all participants with pass/fail</td>
<td>MoNE</td>
<td>PSI, inspection service providers</td>
<td>500 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.3 Promulgate consumer protection law (Consumer Protection Law No. 21 of the year 2005) and tie new commercial laws such as product liability, privacy rights, unfair business practices, fraud misrepresentation and other consumer/business interactions to this law.</td>
<td>2</td>
<td>Consumers, service sectors, and industrial manufacturers</td>
<td>National policies on consumer protection that are revised and promulgated</td>
<td>Number of national policies on consumer protection that are revised and promulgated</td>
<td>MoNE</td>
<td>PSI, MoH, MoL, MoNE, PFI, and industrial unions</td>
<td>45 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.4 Establish occupational health and safety (H&amp;S) associations and support them with laws and regulations: - Create H&amp;S associations: these associations should primarily work with workplace insurance companies. A good starting point would be to create an H&amp;S association for the manufacturing sector and another for the construction sector; - Monitor performance of firms in relation to labour law and H&amp;S law: current labour laws provide health and safety guidelines to be followed. The aforementioned H&amp;S associations should define key indicators to help improve the health and safety of workers.</td>
<td>2</td>
<td>MoL, MoE, MoA, Environment Authority</td>
<td>Establishment of H&amp;S associations and laws</td>
<td>Number of active and registered H&amp;S associations</td>
<td>MoL</td>
<td>MoH, MoL, MoNE, MoA, industrial unions</td>
<td>500 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.5 Establish a Food Safety Act and work in line with consumer protection law to enhance the safety of food products.</td>
<td>2</td>
<td>Consumers</td>
<td>National policies on food safety are established</td>
<td>Number of national policies on food safety that are established</td>
<td>MoH</td>
<td>MoNE, industrial unions, MoA</td>
<td>300 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 Enhance the supervision of quality and standards to increase confidence in Palestinian products.</td>
<td>1.2.1 Increase the capacity of MoNE to carry out, implement, inspect and enforce QMS laws and regulations: - Management capacity: operations management skills; - Enhance information and data transfer, archiving and analysis in regard to QMS; - Human capacity-building by adding more inspection bodies.</td>
<td>2</td>
<td>Consumers and consumer protection agencies</td>
<td>At least 50% of staff and management of MoNE in charge of implementing, inspecting and enforcing QMS laws completed capacity training courses</td>
<td>Percentage of those who succeed the post-course exam</td>
<td>MoNE</td>
<td>Consumer protection agencies, all ministries</td>
<td>PTB</td>
<td>150 000</td>
</tr>
<tr>
<td>1.2.2 Carry out an awareness-raising campaign to communicate the importance of complying with health, safety and quality regulations and standards: - Billboards; - TV commercials; - Workshops and training programmes for the public.</td>
<td>2</td>
<td>Consumers</td>
<td>Improved knowledge and awareness of QMS</td>
<td>Percentage of those surveyed with the ability to answer positively</td>
<td>MoNE</td>
<td>MoH, MoL, MoNE</td>
<td>250 000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Operational objective
Strategic objective 1: Improve and build the required quality management framework in the State of Palestine to gain international acceptance and recognition.

#### 1.2 Enhance the supervision of quality and standards to increase confidence in Palestinian products.
1.2.3 Build capacity of consumer protection agencies to reduce lead time to resolve customer complaints. Also, facilitate, free of charge, all claims issued by consumers against defective products and services:
- Management capacity-building in the area of operations management;
- Build their data analysis and archiving systems;
- Re-engineer the current claim processing system.

#### 1.3 Enable the State of Palestine to obtain international accreditation.
1.3.1 Create the environment to enable creation of an accreditation system by researching and establishing a directory of all local institutions responsible for issuing standards and companies responsible for carrying out inspection and audit services:
- Enlist all Palestinian quality inspection/auditing service providers.

1.3.2 Assess local certifying bodies’ level of competence and gauge compliance with international certifiers. Establish capacity-building programmes for those in need of improvement.

1.3.3 Create an accreditation system recognized internationally (member of International Laboratory Accreditation Cooperation (ILAC)). An accreditation system is essential for accrediting certifying bodies, inspection facilities and laboratories:
- Consult with QMS Experts;
- Dialogue with ILAC.

#### 1.4 Ensure that adequate standards are established and used.
1.4.1 Develop a complete list of current Palestinian standards.

1.4.2 Establish an enquiry point through which international standards are conveyed to technical committees in charge of creating Palestinian standards, where applicable:
- Create a framework (project plan for establishing an enquiry point);
- Publicize and provide access to global standards to local businesses through a website.

1.4.3 Improve current technical committees and create new ones in the fields of their specialties, structured similarly to the way products and services are structured.

#### 1.5 Build a product classification system and link it to QMS.
1.5.1 Build a master database to list all products and services offered by all Palestinian sectors and also a list of all imported goods. These lists will establish the basic reference point for current and future committees who are in charge of creating standards.

<table>
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<tbody>
<tr>
<td>1.2</td>
<td>1.2.3</td>
<td>2</td>
<td>Consumers</td>
<td>Lead time to process a claim is cut by half</td>
<td>Analysis and comparison of lead times before and after the training programme</td>
<td>MoNE</td>
<td>Consumer protection agencies, MoH, MoL, MoNE</td>
<td></td>
<td>150 000</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>1.3.1</td>
<td>2</td>
<td>PSI, other service providers</td>
<td>Directory is established online</td>
<td>Number of visits by SMEs</td>
<td>MoNE</td>
<td>PalTrade and Palestinian Trade Facilitation Portal (PTFP), PFI, PSI</td>
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<td>25 000</td>
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<td>1.3.2</td>
<td>2</td>
<td>Certifying bodies</td>
<td>At least one from each certifying system has completed the assessment and training</td>
<td>Post-training exam: number of certifiers complying with international standards</td>
<td>MoNE</td>
<td>Product and service certifiers, PalTrade and PTFP, PFI, PSI</td>
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<td>100 000</td>
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<td>1.3.3</td>
<td>3</td>
<td>Product manufacturers and service providers</td>
<td>QMS professional is hired</td>
<td>Full membership with ILAC</td>
<td>MoNE</td>
<td>PSI, PFI, MoH, MoA</td>
<td></td>
<td>500 000</td>
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<td>1.4</td>
<td>1.4.1</td>
<td>1</td>
<td>All standards users</td>
<td>List established</td>
<td>List is published on PSI’s website</td>
<td>PSI</td>
<td>PFI and FPCCIA</td>
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<td>15 000</td>
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<tr>
<td></td>
<td>1.4.2</td>
<td>2</td>
<td>Product manufacturers and service providers</td>
<td>Website established</td>
<td>Number of hits per day by SMEs</td>
<td>PSI</td>
<td>PFI and FPCCIA</td>
<td></td>
<td>70 000</td>
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<td></td>
<td>1.4.3</td>
<td>1</td>
<td>PSI, product manufacturers and service providers</td>
<td>At least one technical committee per major product category is created and trained</td>
<td>Number of committees registered and operational</td>
<td>PSI</td>
<td>PFI and FPCCIA</td>
<td></td>
<td>15 000</td>
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</tr>
<tr>
<td>1.5</td>
<td>1.5.1</td>
<td>3</td>
<td>PSI, product manufacturers and service providers</td>
<td>Product list established</td>
<td>Survey to test comprehensiveness of the established list</td>
<td>PFI</td>
<td>PalTrade, PSI, PTFP, PCCBS, FPCCIA</td>
<td></td>
<td>25 000</td>
</tr>
</tbody>
</table>
### Strategic objective 1: Improve and build the required quality management framework in the State of Palestine to gain international acceptance and recognition

<table>
<thead>
<tr>
<th>Operational objective</th>
<th>Activities</th>
<th>Priority</th>
<th>Beneficiaries</th>
<th>Target measures</th>
<th>Means of verification</th>
<th>Leading implementing partners</th>
<th>Supporting implementing partners</th>
<th>Existing programmes or potential support</th>
<th>Estimated costs (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5 Build a product classification system and link it to QMS.</td>
<td>1.5.2 Develop a product classification system. A standard and nationally accepted standardization system should be based either on a supply categorization or a demand categorization system. Once a system is established, all products in the database will be listed under one and only one category.</td>
<td>3</td>
<td>PSI, product manufacturers and service providers</td>
<td>At least 80% of all products fall into one category only</td>
<td>Product analysis to test the validity of the system</td>
<td>PSI</td>
<td>PalTrade, PTF, PCBS</td>
<td></td>
<td>300 000</td>
</tr>
<tr>
<td>1.6 Increase efficiency and use of laboratories.</td>
<td>1.6.1 Develop a plan to quantify and qualify current laboratory capacity and accreditation levels through creation of a master log listing all existing labs and their current capacity, scope of service, limitations, and details of current levels of accreditation. The log will be used by local manufacturers who want access to test their products, by local certifying companies, and also by international markets who want to use a lab’s services.</td>
<td>3</td>
<td>PSI, product manufacturers and service providers</td>
<td>All labs are included in the log</td>
<td>Check to ensure all labs are accounted for.</td>
<td>PSI</td>
<td>Labs, universities, MoH, MoA</td>
<td>PTB</td>
<td>50 000</td>
</tr>
<tr>
<td></td>
<td>1.6.2 Develop a plan to enhance lab service capacity by:</td>
<td>3</td>
<td>Laboratories</td>
<td>At least 50% of labs have their capacity enhanced</td>
<td>Number of new pieces of equipment acquired and/or renewed</td>
<td>PSI</td>
<td>Labs, universities, MoH</td>
<td></td>
<td>TBD</td>
</tr>
<tr>
<td></td>
<td>- Benchmarking, assessing lab needs and comparing existing capacity with optimal requirements;</td>
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<td></td>
<td>- Studying demand for testing requirements from local industries to enable a lab to list requirements, establish priorities and build business cases for acquiring necessary equipment;</td>
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<td></td>
<td>- Starting with listing all equipment required for establishing and improving the export competency of promising sectors and move, if funds permits, to next priority levels;</td>
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<td></td>
<td>- Acquiring machinery, accrediting the lab service and adding to the log above.</td>
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<tr>
<td>1.7 Establish a traceability system to ensure SPS compliance.</td>
<td>1.7.1 Establish a system to enable product traceability. This system should use barcoding for electronic handling of information.</td>
<td>2</td>
<td>Producers and consumers</td>
<td>At least 80% of products are traceable</td>
<td>Number of products with barcodes on them</td>
<td>PSI</td>
<td>MoH, MoNE, FPCCIA, PalTrade and PFI</td>
<td>see below</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.7.2 Establish a regulatory framework to enable product traceability:</td>
<td>2</td>
<td>Producers and consumers</td>
<td>Product traceability system established</td>
<td>Percentage of products that can be traced</td>
<td>MoNE</td>
<td>MoH, PSI, FPCCIA, PalTrade and PFI</td>
<td>COMPETE/USAID</td>
<td>2 000 000</td>
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<tr>
<td></td>
<td>- Establish a proper traceability framework. A multi-phased programme should be designed to do the following:</td>
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<td>- Assess and prioritize the needs for traceability for different sectors;</td>
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<td>- Consult with specialists in the field who will design a product traceability programme;</td>
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<td></td>
<td>- Work with the specialists to define an implementation plan;</td>
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<td></td>
<td>- Create a legal framework to support the system. This includes setting out new laws and policies, training workshops and awareness-raising campaigns.</td>
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<tr>
<td>1.8 Strengthen mutual recognition of certificates and quality marks.</td>
<td>1.8.1 Reactivate PSI recognition with countries which currently have mutual agreements with PSI.</td>
<td>2</td>
<td>Exporters</td>
<td>Agreements are activated</td>
<td>Analysis of the export levels to countries with PSI recognition</td>
<td>PSI</td>
<td>MoFA, PalTrade, MoNE</td>
<td></td>
<td>150 000</td>
</tr>
<tr>
<td></td>
<td>1.8.2 Increase use of PSI recognition with other countries, increase awareness, address shortcomings, and increase dialogue with new global markets.</td>
<td>2</td>
<td>Exporters</td>
<td>At least five more agreements are signed</td>
<td>Analysis of export levels to new markets</td>
<td>PSI</td>
<td>MoFA, PalTrade, MoNE</td>
<td></td>
<td>250 000</td>
</tr>
</tbody>
</table>
### Strategic objective 2: Enhance coordination and collaboration among relevant institutions

<table>
<thead>
<tr>
<th>Operational objective</th>
<th>Activities</th>
<th>Priority 1=low 2=med 3=high</th>
<th>Beneficiaries</th>
<th>Target measures</th>
<th>Means of verification</th>
<th>Leading implementing partners</th>
<th>Supporting implementing partners</th>
<th>Existing programmes</th>
<th>Estimated costs (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Enhance coordination between different institutions related to quality management.</td>
<td>2.1.1 Operationalize a framework of stakeholders (diectorates, private sector, unions, other ministries and PNA institutions) to formalize roles and responsibilities regarding formulation of QMS within Quality Infrastructure (QI).</td>
<td>3</td>
<td>Exporters and product manufactakers, service providers, PSI and private sector</td>
<td>At least 80% of QMS-related projects are managed under this system</td>
<td>Number of QI improvement projects handled by PEC</td>
<td>MoNE</td>
<td>PSI, PalTrade, MoHE, PFI, MoH</td>
<td>PTBV</td>
<td>TBO</td>
</tr>
<tr>
<td>2.2 Improve public-private sector dialogue for effective quality management.</td>
<td>2.2.1 Establish industry and trade seminars, workshops and training programmes to stimulate dialogue between current exporters and new ones.</td>
<td>2</td>
<td>Exporters and product manufactakers, service providers, PSI and private sector</td>
<td>At least one representative from each MSME has completed the course</td>
<td>Post-course exam</td>
<td>FPCCIA</td>
<td>PFI, PSI, PalTrade, MoHE</td>
<td>240 000</td>
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<tr>
<td>2.2.2 Update industry magazines monthly.</td>
<td>1</td>
<td>Exporters and product manufactakers, service providers, PSI and private sector</td>
<td>Issuance of industry magazines</td>
<td>Survey of the number of users</td>
<td>FPCCIA</td>
<td>PFI, PSI, PalTrade, MoHE</td>
<td></td>
<td>1 000 000</td>
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</tr>
<tr>
<td>2.3 Coordinate interventions to improve the quality management system in the State of Palestine.</td>
<td>2.3.1. Empower PEC: all initiatives for QM improvement to be coordinated by PEC in coordination with other ministries. Also empower PEC for the management of all donor programmes related to QM.</td>
<td>2</td>
<td>Exporters and product manufactakers, service providers, PSI and private sector</td>
<td>PEC is in charge of management of all future QMS interventions</td>
<td>Number of QMS improvement projects handled by PEC</td>
<td>MoNE</td>
<td>MoH, MoL, MoNE, PSI</td>
<td>50 000</td>
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<tr>
<td>2.3.2. Key performance indicators will be established to gauge all donor-supported programmes so that they are all in line with the overall strategic objectives.</td>
<td>2</td>
<td>Exporters and product manufactakers, service providers, PSI and private sector</td>
<td>Enhanced monitoring and control of QMS improvement efforts</td>
<td>Key Performance Indicator utilization levels</td>
<td>MoNE</td>
<td>MoH, MoL, MoNE, PSI</td>
<td>Included above</td>
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</tbody>
</table>

### Strategic objective 3: Demonstrate and promote quality among all Palestinian enterprises for consumer satisfaction and protection.

<table>
<thead>
<tr>
<th>Operational objective</th>
<th>Activities</th>
<th>Priority 1=low 2=med 3=high</th>
<th>Beneficiaries</th>
<th>Target measures</th>
<th>Means of verification</th>
<th>Leading implementing partners</th>
<th>Supporting implementing partners</th>
<th>Existing programmes</th>
<th>Estimated costs (US$)</th>
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</thead>
<tbody>
<tr>
<td>3.1 Build knowledge of quality management in enterprises and the public.</td>
<td>3.1.1 Enhance the current website (under PalTrade) to be a single source of reference for any existing or potential exporter to access information regarding export regulations, processes, links to quality requirements, certification, and so on. Add the following features:</td>
<td>2</td>
<td>Exporters</td>
<td>Fully developed website that offers the required services</td>
<td>Level of use of the website and the number of exporter requests for information</td>
<td>PalTrade</td>
<td>MoNE, PSI, Universities and labs</td>
<td>50 000</td>
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<td></td>
<td>- Enable the website to provide Export Basics training;</td>
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<td>- Enable easy access and links to export-related material;</td>
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<td>- Provide access to quality requirements for accessing global markets.</td>
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<td>3.1.2 Increase exposure of local salespeople to global markets:</td>
<td>3</td>
<td>Exporters and SMEs</td>
<td>At least one representative from each MSME attended training sessions</td>
<td>Percentage of those who succeeded in the post-training exam</td>
<td>PalTrade</td>
<td>MoNE, PSI, MoH, MoL, MoNE, PSI</td>
<td>100 000</td>
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<td></td>
<td>- Design and provide export training tailored to their specific needs;</td>
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<td>- Provide easy access to quality requirements for intended markets.</td>
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<tr>
<td>Operational objective</td>
<td>Activities</td>
<td>Priority</td>
<td>Beneficiaries</td>
<td>Target measures</td>
<td>Means of verification</td>
<td>Leading implementing partners</td>
<td>Supporting implementing partners</td>
<td>Existing programmes</td>
<td>Estimated costs (US$)</td>
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<td>3.2 Establish export support programmes that enhance enterprise competitiveness.</td>
<td>3.2.1 Develop a programme to collect information about existing exporters (most promising companies), especially on their current level of knowledge and skills in the area of export competency and, through establishment of an enquiry point system, translate market quality requirements into improvement capacity for these firms.</td>
<td>1</td>
<td>Exporters and SMEs</td>
<td>At least one representative from each major product group is surveyed and analysed</td>
<td>Number of exporters who underwent the capacity-building programme</td>
<td>PalTrade, PSI, FPCCIA</td>
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<td>TBD</td>
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<td>3.2.2 Implement a multi-phased programme structured in a way to enhance the competency of current exporters and introduce new exporters. The programme will provide training in specialized fields in the areas of quality management and enhance managerial skills.</td>
<td>2</td>
<td>Exporters and SMEs</td>
<td>At least 50 new exporters are surveyed and analysed</td>
<td>Number of new exporters</td>
<td>PalTrade, PSI, FPCCIA</td>
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<td>TBD</td>
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<td></td>
<td>3.2.3 Increase exposure to international markets through active participation in trade shows and seminars.</td>
<td>1</td>
<td>Exporters and SMEs</td>
<td>Participation by at least one major product in international shows</td>
<td>Level of participation per year</td>
<td>PalTrade, FPCCIA</td>
<td></td>
<td>TBD</td>
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<tr>
<td></td>
<td>3.2.4 Identify potential exporters and offer training programmes to develop soft skills as part of a massive programme for integration into global markets.</td>
<td>1</td>
<td>New exporters</td>
<td>At least 50 new exporters underwent the capacity-building programme</td>
<td>Post-programme evaluation analysis</td>
<td>PalTrade, Universities and learning institutions</td>
<td></td>
<td>TBD</td>
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<tr>
<td>3.3 Bring the PSM and PSI quality marks in line with international standards.</td>
<td>3.3.1 Publicize and promote the PSM and PSI quality marks.</td>
<td>2</td>
<td>Consumers, exporters, product manufacturers, service providers, PSI and the private sector</td>
<td>Raise awareness</td>
<td>Public survey on awareness levels</td>
<td>PalTrade, PSI, MoNE</td>
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<td>250,000 to 500,000</td>
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<td></td>
<td>3.3.2 Align with international standards. Train all technical committees to use international standards when creating new Palestinian standards.</td>
<td>2</td>
<td>Exporters</td>
<td>At least 80% of technical committees underwent training on how to use international standards</td>
<td>Post-training evaluation analysis</td>
<td>PSI, MoNE, MoH, MoA, FPCCIA, PFI</td>
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<td>25,000</td>
<td></td>
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<td></td>
<td>3.3.3 Enforce standards and regulations, and mandate compliance to these standards by both locally produced products and imported ones: » Increase inspection activities; » Provide tighter control on borders; » Enact and publicize non-conformances that present hazards to health and safety.</td>
<td>3</td>
<td>Consumers, exporters, product manufacturers, service providers, PSI and the private sector</td>
<td>» Number of inspections enhanced 50% » Establishment of Palestinian checkpoints at major city entrances » Newspaper and radio publications of infringements</td>
<td>Analysis on inspection activities » Number of checkpoints » Number of publications</td>
<td>MoNE, PSI, MoH, MoL, MoA</td>
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<td>TBD</td>
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</tbody>
</table>
### Strategic objective 3: Demonstrate and promote quality among all Palestinian enterprises for consumer satisfaction and protection.

<table>
<thead>
<tr>
<th>Operational objective</th>
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<th>Beneficiaries</th>
<th>Target measures</th>
<th>Means of verification</th>
<th>Leading implementing partners</th>
<th>Supporting implementing partners</th>
<th>Existing programmes</th>
<th>Estimated costs (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3 Bring the PSM and PSI quality marks in line with international standards.</td>
<td>3.3.4 Implement and design an incentive programme for enterprises that either have the mark or are in the process of acquiring the mark, such as tax cuts, government purchasing decisions, and funding in compliance and research and development.</td>
<td>2</td>
<td>Exporters</td>
<td>Creation of an incentive programme</td>
<td>Number of MSMEs enrolled in the programme</td>
<td>MoNE</td>
<td>FPCOA, PSI</td>
<td>100 000</td>
<td></td>
</tr>
<tr>
<td>3.4 Empower PSI to be more effective and more competent.</td>
<td>3.4.1 Authorize PSI to be solely responsible for developing and issuing standards (through the use of technical committees).</td>
<td>2</td>
<td>Consumers, exporters, product manufacturers, service providers, PSI and the private sector</td>
<td>PSI empowered</td>
<td>Number of quality standards created by PSI</td>
<td>MoNE</td>
<td>PSI</td>
<td>50 000</td>
<td></td>
</tr>
</tbody>
</table>
| | 3.4.2 Build capabilities of PSI. PSI requires immediate strengthening in several aspects:  
  - Enhance the technical capacity of PSI;  
  - Enhance the administrative capacity within PSI;  
  - Offer financial support to PSI to enable it to acquire specialists and experts who will in turn help PSI market itself;  
  - Build a strong PSI information network with other international standards organizations;  
  - Strengthen the role of PSI in authorizing bodies responsible for the inspection and control of imports and local production, and empower them to take strong actions against violators. | 2 | PSI | At least 50% of PSI staff receives formal training | Post-training evaluation | MoNE | PSI | QI development through EU | 160 000 |
| 3.5 Enhance the health and safety characteristics of Palestinian products. | 3.5.1 Expand and enforce compliance with the Consumer Protection Act as well as PSI regulations and standards:  
  - Increase the number of consumer protection agencies;  
  - Enhance the legal framework to empower these agencies to enforce health and safety requirements;  
  - Enhance the legal framework to empower PSI to enforce quality requirements. | 2 | Consumer protection agencies and PSI | National policies on compliance with H&S regulations and with PSI requirements are established | Number of national policies established | MoNE | PalTrade, PSI, PFI | 125 000 |
<p>| | 3.5.2 Create a consumer protection agency to legally ensure better service to consumers who report quality issues. | 2 | Consumers | Creation of a consumer protection agency | Gauge level of influence | MoNE | MoH PalTrade | 100 000 to 200 000 |
| | 3.5.3 Initiate advertising campaigns addressing the importance of quality, safety and health standards for the general public. | 2 | Consumers | At least 50% of public knows the importance of quality, health and safety in their purchase decisions | Survey | MoHE | MoH, Ministry of Transport, PalTrade, PSI | 500 000 |
| 3.6 Enhance support services. | 3.6.1 Invite educational institutions, universities and learning centres to contribute and design a curriculum in the field of export management training. Among other items in the export management programmes, quality management and compliance to global quality requirements should make up a major part of this programme. | 2 | Consumers, exporters, product manufacturers, service providers, PSI and the private sector | Establishment of university courses related to quality management and export management | Number of courses offered to students at Al-Najah and Beirzeit Universities | MoHE | PSI, PalTrade, MoE | 250 000 |</p>
<table>
<thead>
<tr>
<th>Operational objective</th>
<th>Activities</th>
<th>Priority</th>
<th>Beneficiaries</th>
<th>Target measures</th>
<th>Means of verification</th>
<th>Leading implementing partners</th>
<th>Supporting implementing partners</th>
<th>Existing programmes</th>
<th>Estimated costs (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6 Enhance support services.</td>
<td>3.6.3 Build the necessary capacity to properly allow for managing the Palestinian part of the supply chain. Study the supply chain and analyse current capacity limitations; Alleviate bottlenecks and build the required capacity to address limitations; Increase capacity of border patrols.</td>
<td>3</td>
<td>Consumers, exporters, product manufacturers, service providers, PSI and the private sector</td>
<td>PNA owns at least 60% of the supply chain</td>
<td>Number of product storage facilities and number of transport companies</td>
<td>MoFA</td>
<td>MoH, MoL, MoNE, FPCCIA</td>
<td></td>
<td>780</td>
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<tr>
<td>3.7 Improve quality at the source.</td>
<td>3.7.1 Develop continuing education programmes for working professionals with universities and other learning institutions in the areas of lean manufacturing, total quality management, health and safety, and Lean Six Sigma.</td>
<td>1</td>
<td>Consumers, exporters, product manufacturers, service providers, PSI and the private sector</td>
<td>Introduction of continuing education programmes at Beirzeit and Al-Najah Universities</td>
<td>Number of attendees in these programmes</td>
<td>MoHE</td>
<td>PSI, PalTrade</td>
<td></td>
<td>250 000</td>
</tr>
<tr>
<td></td>
<td>3.7.2 Fund conformity assessments costs (research, testing, and establishment of quality control departments) for new and existing exporters, introduce further incentives for new exports, and enable smooth dissemination of quality requirements and standards to producers and service providers.</td>
<td>3</td>
<td>Consumers, exporters, product manufacturers, service providers, PSI and the private sector</td>
<td>At least one member of each major industry group got funding for conformity assessment</td>
<td>Number of MSMEs who received funding</td>
<td>MoNE</td>
<td>PSI, PalTrade and PFI</td>
<td></td>
<td>1 000 000 to 5 000 000</td>
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# ANNEX 1:
LIST OF STAKEHOLDERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
<th>E-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayman Abu Zarour</td>
<td>M.A.K Int.</td>
<td><a href="mailto:abuzarour@gmail.com">abuzarour@gmail.com</a></td>
</tr>
<tr>
<td>Faheem Alzubaidy</td>
<td>Birzeit Pharmaceuticals Co.</td>
<td><a href="mailto:faheem@bpc.ps">faheem@bpc.ps</a></td>
</tr>
<tr>
<td>Issa Beitouni</td>
<td>BESCO</td>
<td><a href="mailto:issa@besco.ps">issa@besco.ps</a></td>
</tr>
<tr>
<td>Yasmine Abu Bakr</td>
<td>M.A.K Int.</td>
<td><a href="mailto:yasmeen@mak-int.ps">yasmeen@mak-int.ps</a></td>
</tr>
<tr>
<td>Ali Ghanem</td>
<td>Anabtawi Group</td>
<td><a href="mailto:y.ghanem@anabtawigroup.com">y.ghanem@anabtawigroup.com</a></td>
</tr>
<tr>
<td>Mohammed Abu Rahmah</td>
<td>Ministry of National Economy</td>
<td><a href="mailto:mabounezar1962@yahoo.com">mabounezar1962@yahoo.com</a></td>
</tr>
<tr>
<td>Nahed Jaber</td>
<td>Palestinian Standards Institution</td>
<td><a href="mailto:njaber@psi.pna.ps">njaber@psi.pna.ps</a></td>
</tr>
<tr>
<td>Ahmed Safadi</td>
<td>Team Coordinator</td>
<td><a href="mailto:Safadico@gmail.com">Safadico@gmail.com</a></td>
</tr>
<tr>
<td>Ahmad deeb</td>
<td>Solutions</td>
<td><a href="mailto:Ahmad.deeb@solutions.ps">Ahmad.deeb@solutions.ps</a></td>
</tr>
<tr>
<td>Mohammad Al-Sayyed</td>
<td>PSI</td>
<td><a href="mailto:malsayed@psi.gov.ps">malsayed@psi.gov.ps</a></td>
</tr>
<tr>
<td>Haider Hajjeh</td>
<td>PSI</td>
<td><a href="mailto:hhajjeh@psi.pna.ps">hhajjeh@psi.pna.ps</a></td>
</tr>
<tr>
<td>Rabeh Morar</td>
<td>Al-Najah National University</td>
<td><a href="mailto:rabeh.morrar@najah.edu">rabeh.morrar@najah.edu</a></td>
</tr>
<tr>
<td>Sami Sehweel</td>
<td>Ministry of Women’s Affairs</td>
<td><a href="mailto:Samins77@hotmail.com">Samins77@hotmail.com</a></td>
</tr>
<tr>
<td>Safwat Balassi</td>
<td>Ministry of Women’s Affairs</td>
<td></td>
</tr>
<tr>
<td>Odeh Shehadeh</td>
<td>Palestinian Federation of Industries</td>
<td><a href="mailto:odeh@pfif.ps">odeh@pfif.ps</a></td>
</tr>
<tr>
<td>Moheeb Jabaree</td>
<td>Ministry of National Economy</td>
<td></td>
</tr>
<tr>
<td>Nidal Junaidi</td>
<td>Al Junaidi</td>
<td><a href="mailto:info@aljuneidi.com">info@aljuneidi.com</a></td>
</tr>
<tr>
<td>Ibrahim Salameh</td>
<td>Ministry of Agriculture</td>
<td></td>
</tr>
</tbody>
</table>
BIBLIOGRAPHY


FINTRAC (2012). The Palestinian Economy - Executive Summary. FINTRAC/USAID.


(FOOTNOTES)

1 Ibid.
2 Ibid.