

FACTSHEET

Impact(s) of the Absence¹ of the PSI Institute on Food Industries in Gaza



¹ Absence here refers to the suspension and discontinuance of the PSI role in Gaza after the political and administrative division in 2007.

- **Key Facts:**
- Foods and beverages industries in the West Bank and Gaza (WBG,) are considered as the largest sectors of both import and export sub-sectors with capacity of \$1,156,890 and \$216,703 million, respectively (PCBS, 2016).
- Exports of foods and beverages products represent about 23% of the total exports from WBG (PCBS 2016).Imports of Foods and beverages products represent about 22% of the total imports to WBG (PCBS 2016).
- No records are available on the number of standards applied on the food products; however, about 660 standards are applied on food products in the West Bank (PSI, 2017).
 - **In Gaza**
- Since 2007, the Palestinian Standard Institution (PSI) has suspended their activities in Gaza Strip (PSI (PSI 2017), 2017).
- Since that time, Customer Protection Department (CPD) took over partially the functions of PSI (PCD 2017), 2017).
- Due to the blockade, no exports of food products were recorded in recent years (PCBS 2016).
- Import of food products to Gaza represents 9% from its total imports (PCBS, 2016).
- According to PCBS 2016, a significant deterioration took place, especially in the main productive sectors including industries and agriculture, due to the imposed blockade on Gaza.
- On-going restrictions and blockade resulted in the de-industrialization of Gaza economy with the share of manufacturing in Gross Domestic Products (GDP) dropping from 20 per cent in 1995 to around 14 per cent in 2016.
- The contribution of sub-industrial sectors in different economic indicators shows that the Gross Value Added of the food industries has the highest value added to the Gaza economy by \$59,679,6 (In thousands USD) (PCBS, 2015).
- The output production of food industries is considered the second largest output with approximately \$176 million) PCBS, 2015).
- Gaza imported around 448,446 and 373,382 tons of food products in 2015 and 2016, respectively.
- Local food products represent 25% of the total consumption of food products (Ministry of National Economy (MNE), 2017).
- It is estimated that 15000 employees work in food industries either in manufacturing or in selling food products (PFI, 2016).
- According to the PCBS 2014, 4.6% of the total workforce works on selling food products.
- About 3754 (3642 males, 112 females) of employees work in formal and registered food factories (PCBS 2014).
- Due to the blockade, the number of food industrial institutions dropped from 551 in 2014 to 400 in 2016 (MNE, 2017).
- About 95% of the food firms are considered Small Medium Enterprises (SMEs) as they hire less than 20 workers (PCBS, 2014).

Background

Palestinian companies applied high quality standards such as the ISO series of standards and Hazard Analysis and Critical Control Points (HACCP) even before the Palestinian National Authority (PNA) emerged. Different Palestinian firms showed high interest in different quality certification such as PSM and PSI² which are similar to ISO 9001 (Quality Management System), ISO 22000 (Food Safety Management System), Good Manufacturing Practices (GMP)³, SA 8000 Social Accountability, HACCP⁴, and Halal Certificate Standard in order to improve their internal process and to compete with other international/Regional industries.

Within this context, the Palestinian Standard Institution (PSI) was established in 1996 and is working according to Standards and Metrology Law No. 6/2000 and its amendments in 2004. The Ministry of National Economy (MONE) is the line Ministry of PSI with the mission to facilitate trade and investment in Palestine by meeting the metrology, standards, testing and quality related needs of the business community while ensuring consumer and environmental safety.



PSI has a board of directors from the public and private sectors. The headquarters is located in the city of Ramallah and it has three branches in the cities of Gaza, Nablus and Hebron. The main functions of PSI include Standardization, Technical Regulations (Coordination), Certification, Testing & Inspection, Metrology, and Accreditation. In addition and according to the MNE (2014), PSI has the responsibility to publish all national standards.

The PSI is a member of AIDMO (Arab Regional Standards Body) and became a subscriber member of ISO in 2001 and a correspondent member in 2004. A number of MOUs have been signed with similar National Standards Bodies in the region.

PSI is a member of different ISO technical committees including the Management Systems for Food Safety. In particular, this committee covers the food supply chain from primary production to consumption, human and animal foodstuffs as well as animal and vegetable propagation materials.

PSI in doing its job applies different Laws such as

- Standards and Metrology Law No. 6/2000 and its amendment in 2004 No 6;
- National quality policy NQP in 2014;
- The National measurement system No2 /2003;
- National metrology system;
- Metrology regulations No1 / 2003;
- Law No. (21) of 2005 A.D. Concerning Consumer Protection;
- The Palestinian Quality Mark No. 1/2004

The context of PSI in Pre – and Post – 2007 in Gaza Strip

The services	Gaza	
	Pre-2007	Post-2007
Developing standards	Available (650)	NA (0)
Developing Technical Regulation	Available	NA
Issuing Quality Certificate	Available	NA
Issuing Conformity Certificate	A	A by CPD
Issuing Laboratory accreditation ¹	A (4)	No labs accredited
Testing and Inspecting ¹	A	A by CPD
Conformity of imported products	A	A by CPD
Labeling	A	A by CPD

² There are two types of Palestinian standards; the first one is the Palestinian Standards Mark (PSM) which mainly deals with the product standards, the second is the Palestinian Quality Marks Standards (PSI) which deals with products as well as the internal processes similar to ISO9001 standards. Both certificates are issued by the Standards Institute (PSI),

³ Is responsible by Ministry of Health

⁴ HACCP and ISO 22000 are both food safety certifications, HACCP is part of ISO 22000.

In 2007, Hamas took control over the Gaza Strip, resulting in political fragmentation between Gaza Strip and West Bank. Since that time, many institutions have suspended their activities including Palestinian Standards Institutions (PSI). The following table summarizes the impact of such division on PSI's prime activities.

Legal Metrology	A	NA
Scientific and industrial metrology	A	NA

PSI's services in Post-2007 in Gaza Strip⁵:

- No standards were developed for food products.
- Representatives of private sector such as Palestinian Foods Union (PFU) and Palestinian Federation Industries PFI are not involved in the activities of PSI in particular those related to developing standards.
- The Consumer Protection Dept. (CPD) at MNE, has taken partially and temporarily the responsibilities of PSI which resulted in many disputes among the stakeholders as the grounds of issuing certificate, for instance, is not clear, outdated, and subjected of personal judgment.
- In GAZA, CPD oversees testing and inspecting, labeling, and ensuring conformity of imported products, which overloaded the CPD and led to many mistakes.
- As the CPD has taken partially the responsibilities of PSI in Gaza, the CPD confronts many challenges including limited experience, no clear instruction and guidance of preparing labels, standards, and metrologies.
- In some cases, there is unintended and unfair treatment against the local products for the benefit of imported products in applying standards and labeling.
- Currently, no certificate issued for Gaza firms⁶.
- However, in the West Bank, 27 companies have quality certificates and two companies have Halal certificates.
- The current available labs in Gaza do not meet the criteria of accreditation from management and technical perspectives,
- In Gaza Strip, there are no accredited testing laboratories by internationally recognized accreditation bodies.
- The infrastructure of testing, calibration and metrology labs is outdated and inadequate for catering to the needs of the local market.
- So far, the metrology guidelines and instructions have not enforced since 2007 and the metrology labs are outdated with broken infrastructure.
- Some measurement and calibration equipment is not available for metrology actions to be performed (ITC 2016).

PSI's services in Pre-2007 in Gaza Strip:

- 70% and 30% of the standards of the foods products were developed in the West Bank and Gaza Strip, respectively.
- PFI and PFU are involved in developing Palestinian Standards with PSI.
- About 40-50 quality certificate and Supervision Certificate (PSM mark) were issued in WBG pre-2007
- PSI worked as legislation body and the CPD worked as inspector body.
- There were 4 labs accredited by PSI in Gaza.
- There are no accredited testing laboratories by internationally recognized accreditation bodies in Gaza.

The Impact of Suspending PSI on Different Aspects:

A- Management:

Criteria	Pre-2007	Post-2007
Number of employees	45	24

⁵ All information was derived from interviews with stakeholders and a focus group organized for the purpose of this factsheet.

⁶ Focus Group and interview with PSI and the stakeholders.

The comparison between pre- and post-2007 in Gaza Strip, as seen in the table below, implies that many significant challenges took place including limited number of employees; unavailability of workloads; absence of capacity building programs and operational budget, freezing of fees on services, dominance of personal relations with clients; conflict of interest and weak coordination between the CPD and other ministries on applying PS.

Work load	A	NA
Capacity Building program	A	NA
Update Standards and Metrology	A	NA
Organization Chart	A	NA
Operational Budget	A	NA
fees from services	A	NA
Coordination with stakeholders	Mod erate	Weak

- The number of employees have dropped from 45 to 24 employees with no workload due to the suspension of PSI in Gaza.
- Outdated experiences of workers due to the suspension of their work.
- Inactive, inefficient, and not specialized board of director.
- Neither organizational chart nor strategic plan are available for PSI.
- No operational budget is available due to the freezing of fees on services.
- The standard and metrologies are neither updated nor reviewed hence the continuous alignment with technological and technical developments are not ensured or even present.
- Factories and shops have limited, if any, awareness on the Palestinian Standard.
- Widespread use of testing labs for commercial purposes which are neither standardized or legal nor accredited rendering their test results untrusted, unreliable and subject to unprofessional practices.

B- Coordination:

- Inactive role of the representatives of the private sectors in delivering awareness programs related to the PSI in particular with regard to food products.
- Weak coordination on issuing import permits which results in inability of observe the flow of imported food products over Karem Abu Salem and other crossing borders(prior to their arrival at the crossings).
- Weak monitoring is also the result of poor coordination and collaboration between government, industrial, and non-government sectors.
- Weak coordination between the customs controllers of the Ministry of Finance (MF) and the MONE, which control the goods entering into Gaza.
- There is an apparent lack of routine inspection procedures due to the breadth and the depth of the market and the suspension of PSI.
- Limited inspection services provided by MNE, Ministry of Education (ME), Ministry of Health (MHE), and Ministry of Agriculture (MA).
- Overlapping of roles and authorities between the institutions working in the field of consumer protection, which opens the door wide for spoiled food producers and/or importers to remain active.
- Absence of advocacy programs, led by NGOs, calling for the enforcement of the PSI mandates.

C- Quality of food products in Gaza:

- Ministry of health recorded many cases admitted to hospitals due to food poisoning due to the absence of strict supervision and control over food producing facilities and food handlers.
- CPD reported an increase of spoiled food in large quantities and of different types of food (meat, vegetables, fruit, nuts and canned food).
- The students at schools are at risk because of the absence of effective inspection as increased spoiled food was recorded during the recent months at school cafeterias.
- The flea markets are places for low quality and expired products that has no brands and no labels but are cheap, which encourages the disadvantaged to buy from it.

- Gaza markets turn into a market for expired and unreliable food products that flow from Israeli settlements.
- No clear plan/procedure (by relevant authorities) is available to respond to detection of spoiled, inadequate, and/or contaminated food.
- Limited number of research on the PSI and its impact on the quality of food products.



D-Economic

- The local product is weakened in the market when compared with imported products with lower price and quality.
- The sales of certified quality local food products have dropped due to the present of cheaper imported products that characterized by low quality, not inspected, and not standardized.
- Inspection capacities and control at the crossing borders and tunnels are weak, leading to a proliferation of cheap and low quality products in the domestic market.
- Local food producers incur high cost for unjustified penalties due to the absence of clear guidelines or standards on labeling.
- Local firms are excluded from engagement in local and international tendering, as contractors do not recognize the certificate offered by CPD in Gaza.

What should be done?

PNA

- The PSI should not be a subject of political dispute between Gaza and Ramallah in order to protect the quality people's life.
- PSI has to do a Detailed Needs Assessment (DNA) and to design Back to Work program to activate and enforce the mandate of PSI by setting the needs of HR, budget, infrastructure and promotion in order to facilitate their revitalization and allowing the PSI to prelaunch their activities in Gaza PSI should develop strategic plan to activate the PSI in Gaza in particular for food products, which will allow for guiding day-to-day decisions and for evaluating progress and changing approaches when needed.
- Activate the role of board of directors of the PSI.
- PSI should develop incentive programs such as tax incentives or fund incentives for locally based foods industries on applying Palestinian Standards, which will encourage producing certified products that abide by PSI standards.
- PSI should have an independent budget according to the law, which will lead to effective and efficient implementation of PSI's activities.
- PSI should update the standards, metrologies, Labeling and the infrastructure of labs as and when needed.
- PSI should develop the infrastructure of labs as well as the capacity building for Accreditation purpose
- PSI should develop platform with CPD to enhance the customer protection program.
- Develop, finance and implement capacity building programs on management and technical issues for the staff of PSI and CPD-Gaza.
- Develop and implement advocacy campaigns by the Palestinian Authority (PA) and NGOs against Israeli practices that prevent entrance of equipment and material important for labs and inspection.
- PSI and CPD should develop joint judicial procedures and means of enforcement.
- Enforce the inspection activities with coordination of PSI and CPD.

Private Sector representatives

- PALTRADE, PFU, and CPD should coordinate with PSI to conduct awareness raising programs on the importance of PSI services for the foods industries.
- Integrate the efforts of private sector representatives such as PALTRADE and PFU, with public institutions to support applying Palestinian Standards and raising the awareness of such standards.
- Develop effective communication tools between the stakeholders of food industries and PSI to resolve the disputes among them. This can be achieved through a MoU that sets the framework and mechanism of communication and resolutions of any issues or disputes.
- PALTRADE and PFU should design “know how” programs on branding for export purposes as well as for local market in order to increase exportation and import substitutions.
- Private sector representatives should coordinate with PSI to issue guidelines or Matrix of duties to identify the role of CPD, PSI, PFU, PALTRADE, MHE, MNE, ME and MA to integrate the effort and avoid conflict of interest.

Academic institutions

- The academic institutions should coordinate with PSI to do research on developing standards and metrologies that shall lead to apply recognized international standards on food products.
- The academic institutions and their research centers should work closely with PSI to ensure that Palestinian standards are continuously developed and updated to match with the regional and international standards, which will encourage promotion of Palestinian exports.

References

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