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SPECIAL PROGRAMME OF ASSISTANCE  
FOR THE LEAST-DEVELOPED COUNTRIES  
IN THE LEATHER AND LEATHER PRODUCTS INDUSTRIES \*.

UF/GLO/78/040 .

LEAST DEVELOPED COUNTRIES .

Terminal Report .

Prepared for the  
United Nations Industrial Development Organization

by

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S U M M A R Y

For the purpose of formulating a Special Programme of Assistance to the Least Developed Countries (LDCs) in the Leather Industry Sector a study of conditions inside the sector has been carried out in selected LDCs. This included visiting most of those LDCs known to have important raw hides and skins resources. In all, sixteen of the thirty-one countries which constitute the LDCs have been visited, i.e. twelve for a few days each and four for longer periods.

In the countries which have significant livestock population, the leather and leather products industries are or could potentially be important sources of employment and foreign currency earnings.

The hides and skins are usually also among the few indigenous raw materials available for industrial utilization.

However, in almost all LDCs with a completely, or even partially built-up tanning capacity, the industries are facing grave problems of many different kinds.

The problems and difficulties are sometimes of the types that all leather industries the world over are encountering. Most of the problems, however, stem from early omissions or from decisions based on incomplete sets of facts or on wrong assumptions concerning quality of hides and skins, technology, machinery, management, marketing, and especially perhaps concerning the experience and extensive training needed to operate a tanning industry successfully.

The shoe factories, particularly if mainly export-oriented and associated with a tannery which should supply the finished leathers needed, are generally facing similar kinds of problems. Plants producing for the local market are usually better off. In most cases, however, they have the same types of difficulties but on a minor scale.

To remedy the situation numerous corrective measures have to be carried out, and future decisions have to be based on more realistic assumptions.

The respective governments are recommended to take certain actions, especially concerning requests for technical assistance, but also on how to plan and implement new projects.

The need for assistance has been found to be tremendous, but no common programme for assistance by UNIDO or other international organizations has been possible to formulate. The assistance programme has to be designed specifically for each country, as is being done today, and these on-going and planned programmes should be intensified, better co-ordinated and given enough time to attain required results.

To obtain optimum effect of the programmes the necessity of co-operation between the different UN agencies is particularly emphasized.

C O N T E N T S

	<u>Page</u>
INTRODUCTION .....	5
1. Background .....	5
2. Official Arrangements .....	6
3. Objectives .....	7
FINDINGS .....	8
1. Basic Features of the Sector .....	8
(a) Statistics .....	8
(b) Hide and Skin Availability .....	10
(c) Processing Capacities .....	11
(d) Leather Products .....	12
(e) problems encountered .....	12
2. Causes of Poor Performances .....	13
(a) Low Quality of Raw Hides and Skins .....	13
(b) Wrong Product Mix .....	14
(c) Lack of Raw Stock .....	16
(d) Processing Deficiencies .....	17
(e) Lack of Proper Maintenance .....	18
(f) High Costs .....	19
(g) Lack of Working Capital .....	20
3. General Considerations .....	20
(a) Feasibility Studies .....	21
(b) Decisive Factor - Hide and Skin Availability .....	22
(c) Viability of Leather Shoe Factories .....	23
(d) Employment versus Mechanization .....	24
(e) Project Planning and Implementation .....	24
4. Regional Co-operation .....	27
CONCLUSIONS AND RECOMMENDATIONS .....	27
1. Suggested Government Actions .....	28
2. Activities of International Organizations .....	30
ANNEX I - Job Description .....	32

I N T R O D U C T I O N

1. BACKGROUND

The First Consultation Meeting on the Leather and Leather Products Industry was held at Innsbruck, Austria, from 7 to 11 November 1977. This meeting was attended by over 150 participants representing governments, industry and labour from 52 countries. Representatives of 17 international organizations also attended the meeting.

One of the main issues discussed at this consultation meeting was a special programme to assist the least developed countries and other latecomers that have potential to establish a leather industry. In connexion with this particular issue the following recommendation was made by the meeting (Report ID/WG.258/9, para 53):

"UNIDO should develop a special programme of assistance for least developed countries that have suitable raw material resources and require assistance in marketing their products".

It should be noted that during the last few years UNIDO has provided and is presently providing technical assistance to a number of least developed countries in the field of leather and leather products industries at the specific request of the government of the respective country. This technical assistance is mainly financed through UNDP funds. Pipeline large-scale leather industry sector projects are further under active consideration in the following least developed countries: Bangladesh, Ethiopia, Sudan, Tanzania and Yemen Arab Republic.

So far, however, no programme of action exists in this specific field of activity which aims at assisting the least developed of the developing countries as a group of countries. The least developed countries presumably have a number of similar problems which should be overcome to ensure a further successful development of their leather industry sector.

## 2. OFFICIAL ARRANGEMENTS

The project (UF/GLO/78/040) was approved by UNIDO's Programming Committee on 28 February 1978 with a project budget of US\$ 45,000, all in convertible currency, and financed from the United Nations Industrial Development Fund (UNIDF).

On his way back from Nepal via Bangladesh the consultant engaged to carry out this project, Mr. Bo Lundén, took up his duties on 6 July 1978. On earlier missions during the last two years, Guinea-Bissau, Bangladesh and Democratic Yemen had been visited. The situation in the leather sector in these four countries was thus fairly well known.

A visit to Paris was arranged in early September 1978 to study the leather exhibitions of the LDCs at the Semaine de Cuir. At the same time and place the meeting of the consultants for the world-wide study of hide and skin availability was also attended. Directly afterwards, Geneva and Rome were visited in order to study and discuss the activities in the field of leather with representatives of ILO, UNCTAD/ITC and FAO. The reception accorded by all was very positive and the discussions were interesting and illuminating. A definite interest was shown by everybody in a closer co-operation between the different organizations to reach satisfactory and common solutions to the problems of assistance in the field.

After having sought the advice of the LDC Section and the Agro-Industries Section of UNIDO, a selection of the countries to be visited was made. Because of travel restrictions and other difficulties the original timing could not be followed precisely. The actual visits, listed chronologically, were thus carried out as follows:

Ethiopia	2.10. - 6.10.1978
Tanzania	7.10. -12.10.1978
Burundi	13.10. -18.10.1978
Uganda	19.10. -22.10.1978
Rwanda	23.10. -27.10.1978
Somalia	29.10. - 1.11.1978
Sudan	2.11. - 5.11.1978
Mali	24.11. -28.11.1978
Niger	29.11. - 6.12.1978
Upper Volta	6.12. -10.12.1978
Afghanistan	17.1. -21.1.1979
Yemen Arab Republic	23.1. -25.1.1979

### 3. OBJECTIVES

The immediate objectives of the project were:

- (a) To carry out a detailed assessment of the existing and planned leather and leather products industries in the least developed of the developing countries and the possibilities for their further development and strengthening.
- (b) Based on this assessment, to elaborate a special programme for assistance to those least developed countries that have suitable raw material resources required for a successful development of this industrial sector.



- (c) To present constructive and realistic recommendations for how best such a programme of action can be implemented.

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The Job Description is attached as Annex I.

## FINDINGS

### 1. BASIC FEATURES OF THE SECTOR

#### (a) Statistics

In Table I a summary is given in round figures of RAW MATERIALS AVAILABILITY, CAPACITIES, etc. with respect to the leather industry sector. The Table is trying to present the actual situation in a compressed and easily comprehensible way. In this context only cattle hides (including buffalo hides) and goat and sheepskins are and will be mentioned. Although other kinds of hides and skins (e.g. camel, horse and other domestic animal hides; elephant, antelope, leopard and other big game hides and skins; crocodile, snake and other reptile skins) could be important, sometimes very important in some countries, for the industry as a whole they play a minor role compared to those mentioned above.

Table 1. Leather sector statistics - LDCs (various sources. Estimated figures in round numbers.)

COUNTRY	INHABITANTS 1 000 Persons	LIVE-STOCK POPULATION 1 000 Heads		Cattle	Goats	Sheep	Actually Collected HIDES & SKINS 1 000 Pieces		Tanning/Finishing wet blues (b) available in use	Finished Leathers available in use	Leather Capacities available in use	Leather Capacities in order in use
		Cattle	Goats				Sheep	in order				
Afghanistan	20 000	3 000	2 200	15 000	500	1 600	2 400	3 500	1 500	300	100	50
Bangladesh	70 000	10 000	10 000	700	2 500	6 500	300	7 500	2 500	3 500	1 000	150
Benin	3 000	700	300	100	0	10	10	10				
Burkina Faso	1 200	1 000	20	40	200	300	50	350				
Burundi	4 000	1 200	1 200	400	10	400	100	450	250		100	50
Cape Verde	100	10	20	10								
Central Afr. Rep.	4 000	3 500	3 000	1 500	140	500	500	650	500	50		
Chad	300	75	75	5								
Comoros	20 000	12 000	3 000	3 000	1 500	7 000	2 000	4 000	2 000	2 000	500	1 000
Ethiopia	500	300	300	300	15	15	5	45				
Gambia	4 500	1 500	350	400	250	100	140	750				
Guinea	500	150	150	50	10	15	5	30				
Guinea-Bissau	4 500	750	1 500	50	100	500	25	500				
India	3 500	1 500	40	0	40	30	50	150				
Indonesia	1 000	600	300	1 500	40	50	10	110				
Kenya	5 000	750	700	100	40	50	10	110				
Madagascar	150	0	0	0								
Mali	6 000	4 000	5 000	5 000	200	1 500	500	1 400	750	100	200	40
Mexico	13 000	1 000	3 000	300	60	750	0	350	300	100	200	40
Niger	5 000	3 000	6 000	2 500	100	300	400	600	300	250	150	50
Nigeria	4 500	1 000	1 000	1 000	100	100	10	150	100	10	10	10
Senegal	3 500	1 000	1 000	1 000	150	1 500	1 000	1 500	500	300	50	150
Sudan	16 000	15 000	10 000	13 000	1 000	2 000	3 000	5 000	700	3 500	700	700
Tanzania	16 000	12 000	5 000	3 000	1 000	1 500	600	3 500	1 000	2 500	500	500
Togo	12 000	5 000	2 000	1 000	200	300	150	1 000	900	0	0	100
Togo (cont.)	1 000	2 500	3 500	1 500	100	1 000	400	700	50	0	0	50
Yemen Arab R.	6 000	400	3 500	7 000	200	600	1 300	1 500	25	1 000	0	0
Zambia	1 500	100	900	1 200	10	30	40	50	75	10	40	70

Note: Blank space indicates that the number is not known sufficiently well even for an approximate figure. A zero (0) indicates an insignificant and a hyphen (-) a non-existing number.

(b) Tanning capacities are included in wet blues.  
(c) Roughly calculated 4 pairs of shoes to each m<sup>2</sup>, i.e. multiplying by 4000 will approximately give the corresponding number of pairs of shoes. 1 m<sup>2</sup> (square metre) = 10.76 sq. ft.

(b) Hide and Skin Availability

Generally speaking, the LDCs can be divided roughly into three groups. The countries in Group A have fairly large or large resources, i.e. numbers of hides and skins that will sustain at least one optimally mechanized tannery of an economically viable size. Many factors will of course have an influence on this size, but - again realizing the many possible objections that can be made against such an assumption - 100,000 hides per year or an equivalent number of skins as in the Table I, has here been chosen as a suitable quantity. This is roughly the number that can be processed by one machine unit, except for drums and paddles, at each of the different mechanical operations.

Group B consists of countries which have a fairly small but significant number of hides and skins - below the 100,000 hides or equivalent, but above, say, 15-20,000 hides a year. A lower number will hardly sustain an industry in its real sense, but only tanning operations of a rather primitive type. This is because of the lack of machinery, which obviously will be difficult to employ economically at such a low production.

The third Group C is then formed by the LDCs with no or insignificant hides and skins resources, with limits as defined above.

(c) Processing Capacities

In this respect the LDCs may be divided into two groups. One would constitute those countries which have already built, or have made firm commitments to build a tanning industry able to process all available hides and skins. The countries in the second group have not yet reached that stage, although they might be discussing ways and means to accomplish this.

Internationally a very intense discussion about the raw hides and skins as well as the leather and leather products trade has been maintained during many years. Complaints are common about unfair practices in developing countries (export premiums or other export subsidies, price limits on and/or prohibition of exports of certain raw materials, generous allowances for building factories, tax reductions, state grants to tanneries and other factories running with continuous losses, etc.) which are said to disrupt the world trade and cause excessive hardships inside the corresponding industries in the industrialized countries.

This might be correct or not, but for the LDCs at least, the hides and skins are usually one of the very few natural, indigenous raw materials which can serve as a base for some kind of local industry.

It is, therefore, inevitable that LDCs will establish such industries and do almost anything to ensure their success. Considering this, and also the comparatively small impact on the world trade, the industrialized countries should accept the situation and aid the LDCs as much as possible in their endeavour to utilize to the utmost their own resources.

On the other hand it is also reasonable to expect that the factories built up in such a manner should be viable, in time, after the necessary running in, using normally accepted production and trade practices. This should in fact be the case also for the sake of the LDCs themselves.

(d) Leather Products

In all the LDCs, where finished leathers are produced, a leather products manufacturing industry will also be found. Leather shoes are in that respect overwhelmingly dominant and for this reason the only product to be discussed here. In none of these countries is the shoe industry, however, absorbing a significant percentage of available hides and skins.

On the other hand, the finished leather produced has also been used up almost totally by the local industries. As a noteworthy consequence very little finished leathers have so far been exported from any LDC. On the contrary, quite some leathers are imported regularly for the existing shoe industries to various LDCs from countries more advanced in leather processing.

(e) Problems encountered

In none of the LDCs visited were the responsible government officials satisfied with the performance of the leather industry sector.

Where no or only a small tanning industry exists, the difficulties and delays in getting projects in the sector off the ground were found to be very frustrating and irritating.

In those countries where a sizeable tanning industry had been built up, the quantities, and still more, the qualities of the products were very disappointing with severe set-backs at the marketing end. Often these circumstances brought heavy financial burdens instead of expected gains. And, when at the same time a leather shoe industry was created, this suffered very much from the lack of supply of acceptable leathers in qualities as well as quantities.

To owners of newly established tanneries or tannery/shoe factory complexes, such experiences are especially aggravating after having been lead to believe that leathers of "world market standard" would be produced in a fairly short time.

2. CAUSES OF POOR PERFORMANCES

(a) Low Quality of Raw Hides and Skins

Although great variations exist as to the quality of the raw hides and skins, deep concern was expressed without exception by the tanners about the present situation. The usual complaints about damages of all kinds caused by insects and sharp objects to the living animal, by the skinner and his flaying knife at slaughter, by the collectors through faulty curing as well as bad handling before reaching the tanneries, were heard everywhere, and the complaints were never found to be exaggerated. Much - although not all - of the difference in quality between finished leathers from LDCs and from industrialized countries can indeed be attributed to these damages. Certainly the hides and skins from other countries also have defects, but in general to a much lesser degree.

The cattle and buffalo hides usually show all the faults mentioned. The sheep and goat skins are somewhat better and especially the smaller skins, which have been pulled as a casing at the skinning, show no cuts, etc., which otherwise so often badly diminish the value of the skins. Fortunately, there is a growing tendency to use this skinning method, and its use should of course be encouraged wherever possible.

In some LDCs hide and skin improvement programmes have been in operation - some of them with very good results considering the difficulties that will always be encountered and the type of long-term efforts that are needed. It is quite clear that improvements in this area will be highly profitable to all countries concerned. As a matter of fact, as an isolated factor, considerably better hides and skins would from an economic point of view certainly mean more than almost any added value obtained through further processing to finished leather. It must, however, be realized that sustained efforts during a very long time are needed to obtain satisfactory results.

(b) Wrong Product Mix

It is usually necessary for a tannery, aiming to produce finished or even semi-finished leathers, to make up a special product mix. This mix is normally a compromise between marketing considerations and what can really be made out of actually available raw stock. This fact has in quite a few cases not been considered sufficiently, with the result that the production

facilities are not quite adequate for the adjusted product mix, nor that the marketing is as easy as was envisaged.

In quite a few cases the average quality of available hides and skins has been over-estimated. Sometimes large and fairly sophisticated tanneries have been built on such a faulty assumption (among others), resulting later in serious difficulties. Readjustments of the product mix and re-orientations of the sales efforts are painful but necessary steps. Outside expertise may also be needed for their successful and speedy accomplishment.

Besides the damages to the hides and skins, which normally only - but just as seriously - affect the selections inside a given product, there is another aspect of the term quality, which depends on the inherent properties such as area size, thickness, evenness, veininess and grain character.

They are in their turn dependent on race, climate, feeding conditions, etc.. In most LDCs the cattle hides are comparatively small and thin without, for example, the substance usually necessary for better quality shoe upper leather. Except for a few, usually mountainous countries, the sheep and goat skins are also small and thin. On the other hand, these latter are then often compensated by having an excellent, fine and tight grain. Improving the livestock would certainly also improve the quality of the hides and skins. Large programmes exist in most LDCs to this effect, but the results are obviously slow to come, as this work is a long-term proposition indeed.



(c) Lack of Raw Stock

Tanneries in LDCs with full processing capacities will very often encounter severe scarcities of raw stock, making it impossible to utilize installed capacities.

Sometimes this situation has come about through an over-estimation of the actually realizable availability. If such is the case, a readjustment of the production goals is almost always necessary. To rely on imported hides and skins can only be a stop-gap measure. If obtained in other developing countries, they will probably soon disappear from these markets in as much as these countries themselves will try to build up their own tanneries. To buy, for example, US or other hides available on the world market will certainly be very questionable, since for this to be economically feasible, they require quite a sophistication in processing as well as in marketing, which surely very few tanneries in the LDCs will be able to achieve in the near future.

In other cases the scarcity is caused by exports of the hides and skins in the raw through competing sales activities, quite often in the form of smuggling into neighbouring countries, where either better prices or desired hard currencies are obtained. To ensure the raw material flow to the established local industry, the government concerned might need to introduce relevant economic incentives to the traders, to enforce existing or to enact necessary legal, fiscal or other pertinent measures. By experience, economic reasons are usually much more forceful than any others.

(d) Processing Deficiencies

Further to the pretannery damages to the hides and skins and to the inherent properties, the processing in the actual tannery has of course also a considerable, sometimes decisive, influence on the resulting quality. The work being done in the existing tanneries in the LDCs was generally found to be below, and often very much below, acceptable levels compared to those in industrialized countries. This was the more evident the further the processes were taken - in fact, no tannery was found to produce consistently really satisfactory finished leathers, even taking into account the quality of the raw stock which had to be used.

The reasons for the substandard work are numerous, but they can mainly be attributed to the evident lack of experienced and well trained personnel, at all levels and in all areas of activities. In many cases, technical managers have been trained at well known leather institutes abroad, but unfortunately they had then usually been sent back to take up immediately responsible positions in recently built factories. This will almost never work out well. A manager, technical or otherwise, cannot be trained in a school only. The theoretical training will give him the basic tools, but further training under an experienced, capable manager is necessary in order to learn to use the tools properly.

The training component, and especially the time needed, has always been underestimated - particularly in "turn-key" factories. It is not surprising that the results have been very disappointing when after one or two years the new organization was left to fight for itself.

Not only has the personnel been insufficiently trained, but the management is also facing all the tough problems in product consistencies and adjustments, in labour training and organization, in purchasing of raw materials, in marketing, in quality control, in maintenance and so on. These problems will, of course, especially turn up in a recently established tannery.

In many LDCs bilateral and/or UNDP programmes of assistance of different kinds have been going on for several years. The results have often, but not always, been encouraging. When not very successful, this usually has happened because of too much diffusion of the efforts and not enough time allowed for the work to take effect. Many times the assistance has been requested very late, when decisions have already been made that put almost insurmountable obstacles in the way for good solutions to the different problems. Of course, it cannot always be avoided that some of the assistance work is not of the expected quality.

(e) Lack of Proper Maintenance

This problem is everywhere acute, especially perhaps, because the ordinary tanning technologist or technician usually has little interest, knowledge and experience in this field.

Many are the machines that after a very short time are standing idle or are not working properly because of bad maintenance and unsuccessful repair work.

Special consideration should be given to this in the training programmes, which should be aimed not only at

the engineers and technicians, but also at all machine operators.

Very often lack of appropriate spare parts will aggravate the situation. It is disappointing indeed to note the extremely bad service given by some machine suppliers - sometimes not even answering to requests for spare parts vitally needed to keep up production.

(f) High Costs

In spite of comparatively very low wages and salaries the total labour cost is usually quite high.

This must be attributed partly to the low productivity by insufficiently trained operators and partly to the work organization, commonly employing much more personnel than really needed.

Other costs, such as for chemicals, energy, water, transports, etc., are often also relatively high.

The reasons are not always easy to find, but, besides local taxes and similar levies, they are usually to be found in insufficient control and supervision by foremen and managers due to lack of experience and training. The same problems are thus occurring almost everywhere and the remedy is only too obvious - training and training again.

(g) Lack of Working Capital

The poor results during the first year or years of operations have in several cases exhausted the allotted working capital. The governments or the private owners are then reluctant, or have difficulties for bureaucratic or other reasons, to appropriate more capital. As a result, the economic performance will be still worse because of the lack of funds to buy necessary raw materials.

Especially where the purchases of raw hides and skins are concerned, the ready availability of capital is of utmost importance. If they are not done at favourable moments or if special credits have to be requested, the losses to the company can be very heavy indeed.

3. GENERAL CONSIDERATIONS

No LDC seems to have been able to build up a tanning industry without encountering a host of problems - most of them economic, due to poor industry performance. The larger and the more complicated the factories, the greater are the problems. This raises the fundamental question of how to minimize the difficulties when creating a leather industry in a country with little or no experience in the field; and at the same time, which are the basic criteria on which decisions about size, technology, financing, etc. should be made.

(a) Feasibility Studies

Before deciding to build a new factory most governments or other interested parties would require a feasibility study of the project. However, it is also necessary to make an appraisal of its validity. Usually the most weight is accorded to the economic result indicated by the study. The calculated profit (or - seldom - loss) is, however, mainly a function of the costs of the raw materials and the prices obtained for the end products. Unfortunately, in the field of leather, these costs and especially the sales prices are very difficult to estimate even by the best of experts.

In the case of a tannery, for example, the raw stock prices might well be known at the time of the study, but the creation of a processing plant, which suddenly enters the hide market, will usually very quickly cause an unpredictable and unavoidable increase in the hide prices. On the other hand, the sales prices are already from the beginning almost impossible to forecast correctly, due to the extremely wide variations possible in character, quality, selection, etc.. The many sources of influences to which the properties mentioned are subjected have been discussed earlier. Consequently the profit might be calculated to be exceptionally good with an optimistic and directly negative with a pessimistic, just as reasonable, estimation of the sales prices.

(b) Decisive Factor - Hide and Skin Availability

For an evaluation of a certain project some other factors would probably be more important than the calculated economic result. If a realistic appraisal of the actual yearly collection of raw hides and skins in the country discloses a number larger than, say, 100,000 hides, or the equivalent number of skins as defined earlier, a processing plant should a priori be viable. All the raw stock could certainly be processed profitably there just as well as somewhere else. There are as such no unsurmountable obstacles to achieving the added value - or at least a considerable part - locally.

Assuming more or less normal outer conditions, the provision is - and that is the real crux of the matter - that the implementation of the project and the running of the factory is carried out satisfactorily. This implies that all the problems and difficulties enumerated earlier should be anticipated and solutions to avoid them, or at least to minimize their effect, should be found and put to work.

In this connexion a misunderstanding about a statement, that often has caused misconceptions about the difficulties to be faced in starting up a tanning industry, ought to be put right. In effect, it has been said that the tanning of hides and skins is not a sophisticated activity. This might be correct when contemplating the individual operations or the machines employed.

But, taken as a whole, producing good finished leathers, of so-called world market standard, and marketing them successfully, that is indeed a highly sophisticated process.

(c) Viability of Leather Shoe Factories

If such a factory is established simultaneously with a tannery, it will face very great problems. Apart from its operating efficiency, the failure or success will too often depend on the - from the beginning unknown - character and quality of the leathers to be supplied by the tannery. The uncertainty is especially great for export-oriented shoe factories, where the quality of the product in all respects is of paramount importance. It is certainly a safe advice to postpone the building of such a shoe factory until the tannery has proven itself capable of producing acceptable leathers in required quantities.

A separate leather shoe factory, free to purchase its raw materials independently and by and large catering only to the local market, is a different proposition. The pertinent facts are much more easily collected and evaluated and the calculated economic results therefore much more reliable. Of course, the efficient running of the factory will still be crucial for its success.



(d) Employment versus Mechanization

In most LDCs there is a definite need for employment. It would, therefore, seem reasonable to avoid highly mechanized factories which try to minimize labour. More to the point would be to use machines only in those places where they are needed strictly from a processing point of view or when a better quality is obtained by their use compared to the manual work.

The increased labour costs would in all probability be off-set by the decreased capital costs. Other advantages, besides the increased employment, would be less maintenance and a greater versatility, since the limiting factors of certain machines would at least be partly avoided.

It is surprising how often this basic principle has been discarded in favour of large, sophisticated and imposing establishments, which later, however, have proven themselves to be heavy burdens.

(e) Project Planning and Implementation

A few points, often overlooked, are made here. A more comprehensive treatment of these problems might be of considerable interest and could perhaps be dealt with by UNIDO. Some of the measures suggested might seem expensive to carry out, but they usually save their costs many times over in the future. In particular cases, bilateral or UN technical assistance might also be obtained.

before deciding on technology and machinery

- an analysis of available raw stock, thorough and realistic as to its quantity, character and quality, should be made,
- a sound product mix should be defined, and
- a marketing survey should be carried out, if at all possible, using leather produced by an already successfully operating tannery (the chemical companies supplying the leather industry might help) from the actual raw stock to be used later.

Considering the enormous work to be done, especially in marketing the products and in training all the personnel, it is usually clearly an advantage to build up the new factory and its organization gradually during a period of, say, five to ten years. A tannery, for example, although it should be planned already from the beginning in its totality, could be built in stages: pickling / wet-blue plant - crust or ready to finish department - small finishing unit - complete factory. The experiences gained would be invaluable and much money and a lot of worries would certainly be saved.

The importance of having an experienced and resourceful management cannot be stressed enough. This is even more important than having proficient technicians - the latter problem can always be solved, but there is no future for the company if the top management is incompetent or inexperienced.

It would be a very great advantage if the management team designated to run the future factory, could be tentatively appointed so as to take part already in the early planning stage of the project.

From what has been said it is not surprising that the best results are shown by joint ventures, where the technology transfer, training, marketing, etc. are carried out during a very long period with the help of a competent co-operating partner from an industrialized country. Especially in the shoe industry some such partnership companies have had success and are doing well.

The possibility of establishing joint ventures should always be carefully investigated in the planning stage of a new project.

Before deciding definitely on the implementation of a certain project, an impartial expert should be brought in exclusively for the purpose of aiding in the evaluation, from a technical as well as economic point of view. The investors in the LDCs do not usually have available in the country the special professional knowledge necessary to judge properly a specific project proposal. Logically, the supplying company or companies on their sides are trying, sometimes even unconsciously, to cover themselves by technical as well as economic over-estimations. Often their assumptions are also based on insufficient knowledge of the local conditions as to raw stock, infra-structure, manpower, etc..

4. REGIONAL CO-OPERATION

This has been discussed on many occasions. Due probably to the different conditions which are found in the different countries, in spite of the similarities in the acute problems facing them, such a co-operation in the leather field, technical, economic or in marketing, has aroused very little interest among the LDCs visited.

Areas of such co-operation might have been control laboratories or training centres. However, until the local, pressing production and marketing problems are brought under control or planned new factories are put into successful operation, there will probably be no time or effort spared for these purposes.

CONCLUSIONS  
AND RECOMMENDATIONS

In almost all the least developed countries existing leather industries are facing a host of grave problems. The need for assistance to solve these problems is now very great indeed. This is actually not surprising, considering the short time in which the industries have been built up and the very optimistic premises on which they have commonly been founded. Taking into account the lack of experience and skill that is apparent in many instances, at all levels and in all areas, the training needs are especially evident. To remedy the situation corrective actions of various kinds and on many fronts are necessary. Future decisions must also be based on realistic assumptions. Some actions of fundamental character are suggested as follows:

1. SUGGESTED GOVERNMENT ACTIONS

- (a) In countries with full tanning capacities not very much can be done to change the physical conditions of the tanning industry. Present factories have to be accepted more or less as they are and it is more a question of using them in the best possible way.

For these countries it is recommended that:

- (i) The priorities as to technical assistance are reviewed, putting the leather and leather products industries in the place they deserve considering their importance and needs.
- (ii) A short-term consultant is requested - solely to identify the problems and suggest practical solutions to the problems confronting the industry.
- (iii) Decisions are taken rapidly to implement recommended actions.
- (b) In countries with insufficient tanning capacities but significant collections of hides and skins identical problems are encountered in the existing tanneries and leather shoe factories and the recommendations are in that respect the same.

It is, however, further recommended that:

- (iv) Before building new factories, the existing plants should be brought into satisfactory operating conditions in all aspects.
  
- (v) In planning new enterprises,
  - a) available raw materials are analyzed thoroughly,
  - b) realistic product mixes are suggested,
  - c) evaluations of the projects are done by impartial experts,
  - d) joint ventures are considered carefully,
  - e) proper marketing studies are carried out.
  
- (c) In countries with small collections of hides and skins a very realistic look of the possibilities in the field should be taken.

In this case it is recommended that:

- (vi) Before deciding to build any tannery or any other leather products factory, a really down-to-earth feasibility study is carried out taking into account the special difficulties obtaining when the raw stock supply is small.

In LDCs with centrally planned economies there are no special problems connected with the implementation of the recommendations, since there will always be an organization through which the assistance can be carried out.

In countries with mixed economies and generally privately owned enterprises in the field it is recommended that:

- (vii) A Leather and Leather Products Centre is created through which possible assistance to the industry can be made to work.

2. ACTIVITIES OF INTERNATIONAL ORGANIZATIONS

It has been found impossible to formulate any common programme of assistance to be carried out by UNIDO or other agencies that would help materially to solve the problems of the LDCs in the leather industry sector. All the LDCs with activities in the sector are certainly in great need of aid, but evidently the assistance has to be designed specifically for each country to have any real impact.

The answer seems simply to be that the present activities of the different agencies, and of UNIDO specifically, should be intensified, made more practical, directly industry-oriented and better coordinated and, above all, extended over periods long enough to allow the work to take a real, lasting effect.

All activities in a given country related to the leather and leather products industry should be brought under one programme in order to have the greatest impact. In this respect the close cooperation with FAO on hides and skins improvement and collection, and with ITC/UNCTAD on marketing, for example, should be considered as very important.

There are, however, some steps which could be taken by UNIDO, and which would be very helpful generally.

The responsible government officials in all the LDCs visited were complaining, often bitterly, about the formidable time needed to obtain the assistance of an expert.

Especially for the important short-term assistance to identify the needs for further assistance in the sector, to formulate appropriate and detailed project documents, to evaluate new industry projects, to assist in negotiating definite contracts, etc., the time-lag often defeats the purpose of the mission. The workload on present substantive officers prevents sending them, except on very rare occasions, on such missions.

It is therefore recommended that funds are made available to finance the remunerations and travel costs of some capable consultants in the leather and leather products industry field, who, attached normally to headquarters, upon government request could on very short notice travel to the different LDCs to aid in solving acute problems.

As mentioned earlier, a treatise on how to start up a new industry in the leather and leather products sector would render a valuable service in the LDCs, where industrial experience is normally very meagre. Giving a short summary of technology, machinery and personnel needed for different sizes, and types of production units and perhaps also containing a brief list of suppliers, would substantially aid prospective promoters and responsible government officials in their efforts.

It is recommended that funds also be made available for the preparation of such a "Guide" (treatise) by UNIDO.



# UNITED NATIONS



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO

## JOB DESCRIPTION

- Post title**            Consultant on leather and allied industries
- Duration**             Six months
- Date required**        As soon as possible
- Duty station**         Vienna, with extensive travel to selected least developed countries as well as to Rome (FAO) and Geneva (UNCTAD/ITC and ILO).
- Purpose of the Project:**    To prepare a special programme of assistance in the leather industry sector for the least developed countries that have suitable raw material sources for a leather and leather products industry and that would need to establish export-oriented industries and would require assistance in marketing their leather and leather products.
- Duties:**                The consultant will be attached to the Agro-Industries Section of UNIDO. He is further expected to co-operate with the Least Developed Countries Section and with other UNIDO sections concerned as required.
- In particular the consultant will be expected to:
1.    During the first phase of his assignment, of approximately two-month duration, study reports and other documents available at UNIDO on the leather and leather products industries in the least developed among the developing countries, in order to assess as far as possible the existing situation and future prospects of this industrial sector in the least developed countries.

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Applications and communications regarding this Job Description should be sent to:

Project Personnel Recruitment Section, Industrial Operations Division  
UNIDO, P.O. Box 707, A-1010 Vienna, Austria

Short visits, each of maximum one-week duration, to FAO in Rome and UNCTAD/ITC and ILO in Geneva will also be undertaken to assess background information on the leather and allied industries in the least developed countries available in these organizations.

Based on the above assessment a selection will be made of those least developed countries that are to be visited by the consultant.

2. During the second phase of his assignment, also of approximately two-month duration, the consultant will visit the selected least developed countries to assess on-the-spot the existing situation of the leather and leather products industries in these countries, and to obtain up-to-date information on plans and prospects for their further development.
3. During the third phase of his assignment, of approximately two-month duration, the consultant will work out a detailed special programme of action for intensified assistance and advice to those least developed countries that have suitable raw material resources to strengthen and further develop their leather and leather products industries. In the elaboration of this special programme the consultant is expected to cooperate with the relevant UNIDO sections to make sure that a co-ordinated and realistic approach be taken in further assisting the least developed countries in this specific industrial sector.

Note: If so required, the consultant may be assisted in his tasks by using the services of other short-term consultants, for a total of an additional three man-months, in specific areas which are not within the specialized knowledge and experience of the main consultant.

Qualifications: The candidate should have extensive and varied experience in the field of the leather and allied industries. Experience gained working on UN assignments in developing countries, including in some least developed countries, is essential. Experience in planning the future development of the leather and/or leather products industries on a country level is desirable.

Language: English; French desirable.



