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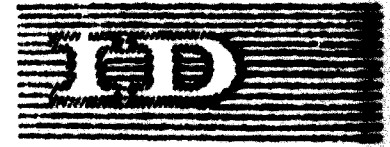
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04957



Distr.  
LIMITED

ID/WG.157/13  
24 August 1973

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Workshop on Leather Industry Development  
in Developing Countries

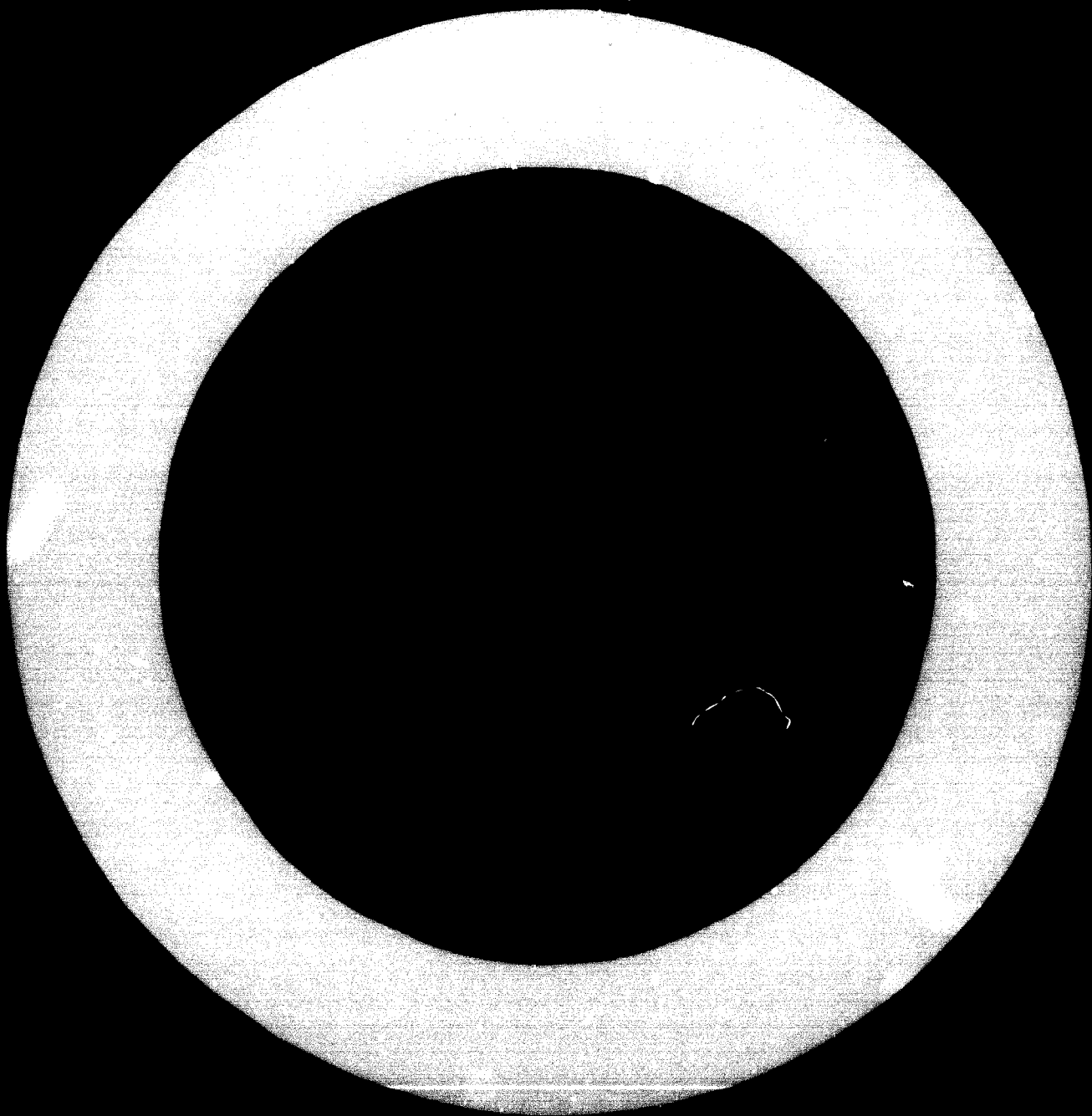
Vienna, Austria, 27 August to 1 September 1973

UNIDO'S ACTIVITIES CONCERNING THE DEVELOPMENT  
OF THE LEATHER INDUSTRY IN DEVELOPING COUNTRIES <sup>1/</sup>

prepared by  
the Secretariat of UNIDO

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## I. INTRODUCTION

The existing trend towards transferring leather industry activities from the most developed and industrialized countries to various developing countries having suitable local conditions for this industry, and the establishment of new tanneries in developing countries, involve a series of different problems which have to be solved.

The role of UNIDO, the United Nations Industrial Development Organization, in this connexion is mainly to advise and assist those developing countries which request technical assistance from international organizations in solving some of these problems, namely those which are directly related to the industrial production of leather and leather products in developing countries. UNIDO's assistance is provided not only to the leather producing industry but also to the leather utilization industries, thus to the integrated leather sector.

United Nations projects in developing countries concerning the improvement and marketing of raw hides and skins as well as rural tannery activities are implemented by FAO, the Food and Agriculture Organization of the United Nations, while marketing and export promotion problems in most cases are dealt with by UNCTAD, the United Nations Conference for Trade and Development, or the ITC, the International Trade Centre. Training of workers and technicians are dealt with by ILO, the International Labour Organisation.

Through practical examples the types and scope of UNIDO's technical assistance in the field of leather industry will be given.

However, before entering into more details concerning these examples, it will be convenient to explain UNIDO's functions and activities.

## II. THE ORGANIZATION OF UNIDO

The United Nations Industrial Development Organization, UNIDO, was established as of 1 January 1967 by a resolution adopted by the General Assembly of the United Nations. UNIDO was intended to continue but also to expand the activities of the former Center for Industrial Development at United Nations Headquarters in New York. At the same time it was decided that UNIDO should establish its Secretariat in Vienna, Austria.

The main objective of UNIDO is to promote and accelerate the industrialization of the developing countries of the world with particular emphasis on the manufacturing sector. Basically these endeavours are channelled through two main forms of activities, namely, the operational and the supporting activities.

These are dealt with by a number of different sections within UNIDO, some of which have a more general function while others are directly concerned with the specific needs and problems of various industrial branches in a particular country.

Part of the operational activities cover advice and recommendations on:

- General surveys of specific industrial branches and their prospects for further development;
- market research and market promotion concerning specific branches;
- technical and economic feasibility studies and preparation of lay-outs for existing and new plants;
- selection of machinery and equipment and their installation;
- factory organization, management and operation;
- selection and control of materials;
- production planning and production control;
- quality control of the products manufactured; etc.

Such advice is provided mainly through internationally recruited UNIDO experts on short-term or long-term assignments, or through the services of consulting firms, depending on the circumstances. In several cases advice is given in the establishment and operation of technical institutes and centres.

Training of local counterparts in developed countries on UNIDO fellowships, individual or in groups, is an important part of these activities, on which UNIDO requires the support and co-operation of the industry in industrialized countries.

#### 1. International subcontracting and product adaptation

UNIDO is engaged in programmes of international subcontracting and product adaptation, acting as an intermediary between industrial firms in industrialized countries and potential subcontractors in developing countries.

2. Investment promotion

UNIDO's programme of investment promotion in developing countries applies wherever an industrial project put forward by the government of a developing country calls for some component of foreign investment, whether of equity or loan capital, know-how or management. UNIDO endeavours to locate and introduce appropriate partners from the industrialized countries able and willing to supply what was asked for.

These programmes are designed to help developing countries identify and present commercially attractive projects, locate potential investors or sources of financing, and initiate a dialogue between the two.

3. The financing of UNIDO's operational or field activities

There are in fact various sources for financing UNIDO projects in developing countries, the main source, however, being UNDP, the United Nations Development Programme in New York. Most of the UNIDO projects, therefore, are subject to the approval of UNDP before their implementation can be undertaken.

(a) Country Programme

Since 1 January 1972 the exercise denominated Country Programming dominates this picture. The Country Programme of a given country covers in most instances a period of five years. Each developing country is allotted a determined amount, the Indicative Planning Figure (IPF), of UNDP funds which may vary from US\$ 0.5 to 50 million for the five-year period, to be used for all UNDP-financed technical assistance projects to be implemented during that period, including health, social, educational, agricultural, industrial, administration and many other aspects of their development.

The industrial development projects included in this Country Programme may vary considerably from one country to another, but according to present estimates they appear to be on average in the order of some 10 per cent of the total expenditures foreseen. Some countries have included into their Country Programme projects concerning the development of the leather and leather products industries, while others have not. This of course depends on the priorities established within each developing country, whose government has to

provide a substantial amount as its counterpart contribution to each project undertaken.

However, a government may change its priorities and decide to include such a project into the Country Programme during a subsequent revision. There is, therefore, a certain flexibility in this respect.

It is evident that conditions may vary considerably and are entirely depending on the priorities given to each sector of the industry in the respective countries. This is, in fact, the main purpose of the Country Programme exercise, namely, to assist in establishing priorities among the various projects to be implemented.

(b) Special Industrial Services (SIS)

In addition to the funds for technical assistance to developing countries allotted under the so-called Country Programme, another important source of financing is the SIS programme of the UNDP. Most of the short-term expert missions so far implemented have been financed from SIS funds. In connexion with the introduction of the Country Programme system, however, the assistance to be provided under SIS funds has been limited to cover expert assignments of only up to six months duration and only urgent projects of a certain type will be approved by UNDP under this type of financing.

(c) Other sources of financing UNIDO projects in developing countries are:

- The Regular Programme of the United Nations to a limited extent only;
- General Trust Funds, or Voluntary Contributions in non-convertible currency to be used for specific purposes in the country contributing these funds;
- Funds-in-Trust, which are funds earmarked to finance the assignment in the relevant country of experts although recruited by UNIDO but whose services are entirely paid for by the government.



### III. LARGE-SCALE UNIDO PROJECTS IN THE LEATHER SECTOR

These are projects which have a total UNDP contribution of more than US\$ 100,000 and in most cases a duration of three to four years.

#### 1. People's Republic of Mongolia

Owing to the country's tradition and resources, and the growing importance of leather and leather products as export items, the Government wishes to expand further the export of manufactured leather products.

Through a large-scale UNDP/UNIDO project assistance is being provided to the Government in setting up and operating an Applied Research and Experimental Centre for the Leather and Leather Products Industry at Ulan Bator. The objectives of this project are to improve production techniques, to introduce new lines of production, such as fur processing and others, to develop products to be manufactured locally, and to increase productivity in existing and planned tanneries and shoe factories by mechanization using up-to-date methods.

The site has been provided by the Government and construction of the Centre is now being carried out under a separate contract between the Government and a third party. The Government also provides national project personnel, some of the equipment as well as various services and facilities needed.

UNIDO is responsible for providing the services of nine experts in the fields of leather technology, chemistry, leather footwear and leather products manufacturing, utilization of by-products, fur industry, equipment installation, industrial economy and management, technical information and documentation, as well as the main part of the equipment needed and training abroad of national counterparts.

The project started in 1971 and is expected to continue into 1975.

In addition to this project, and closely co-ordinated with it, another project in Mongolia will provide assistance in the establishment and initial operation of an experimental plant for the production of reconstituted leather, using scrap leather. Until now most of the scrap arising has gone to waste.

There will be a first phase of this project for a period of nine months during which time UNIDO will provide a consultant for the detailed planning of the plant. During the second phase, estimated at two years, the plant will be established and put into actual operation. UNIDO will supply additional experts, provide training abroad of national counterpart personnel and subcontracts will be placed for engineering services and equipment.

## 2. Uruguay

Two UNIDO experts attached to the Productivity Centre of Uruguay are providing expert assistance to the leather industry and the footwear industry in the country. In addition to this, UNDP has approved a large-scale project for the establishment of a Department for the Quality Control of Leather and Leather Products at the Analysis and Testing Laboratory of the Ministry of Industry and Commerce.

UNIDO will provide expert assistance, fellowships and testing equipment, while the Government has provided modern premises, some equipment, local personnel and necessary services. Field activities on this three-year project started with the arrival of the UNIDO project manager in February 1973.

## 3. People's Democratic Republic of Yemen

A three-year project approved by UNDP in 1972 gives UNIDO the task of assisting in the establishment of a Training and Demonstration Centre for the Manufacture of Leather Footwear and Leather Goods in Aden.

The intention is to create a sound basis for the local industry, upgrade skills and increase the local manufacture of these leather products thereby reducing considerably the present import of leather footwear. The leather needed for such production has so far been imported, but an existing mechanized tannery at Aden, which has been idle for several years due to lack of technical know-how, has now been put into operation under a bilateral arrangement with the Arab Republic of Egypt.

The UNIDO project manager of this project has been actively assisting the Government since July 1972 in planning and setting up this Centre. A building has been provided by the Government and UNIDO will supply equipment, expert services, and award four fellowships.

#### 4. India

There appears to be a significant potential in India for exporting leather goods of the type made by smaller units. There is, however, a definite need to establish suitable technology, equipment and production standards, etc. The Government has therefore decided to establish a Leather Goods Development and Demonstration Centre, to be attached to the Central Leather Research Institute in Madras, in order to pioneer and disseminate modern methods.

Through a large-scale UNDP/UNIDO project of three and a half years duration, assistance will be given to the Government in the establishment of this Leather Goods Centre. UNIDO will provide a chief technical adviser, as well as three additional experts in market promotion; styling, models and design development; and equipment installation and maintenance. Equipment will be supplied and five fellowships will be awarded.

The Government will provide buildings, some equipment, supplies and local personnel.

It is expected that increased exports of leather goods, greater employment opportunities and higher investments in this type of industry will result from the establishment of the Centre and its efforts to improve manufacturing methods. The intention is further that once the new Centre has proved itself, it will become a separate entity and others may be established in areas such as Bombay, Calcutta and Kanpur.

#### 5. Turkey

For a period of two years, one UNIDO expert in footwear and leather goods manufacturing is attached to the Central Research and Training Institute for Hides, Skins and Leather, a large-scale UNDP/PAC project at Pendik near Istanbul. A further UNIDO expert in the manufacturing of garment articles from fur and leather, will be attached to this project at a later stage.

#### 6. Pakistan

As a follow-up to the expert assistance already provided to the leather sector in Pakistan, a large-scale project to co-ordinate and develop the leather and leather products industries has been included in the draft Country Programme for Pakistan. This project will probably involve the services of three UNIDO experts and several fellowships. It is expected that this project will soon be formally approved and that activities will commence in 1974.

#### 7. Fiji

Also as a follow-up to and in continuation of the assistance which has been provided during the period 1969 to 1972 by a UNIDO expert to the tanning and footwear sector in Fiji, a UNDP/UNIDO large-scale project has been developed for the establishment of a leather training, development and promotion centre. It is expected that FAO will be associated with this project through an expert in hides and skins improvement.

The implementation of this project has been delayed owing to the fact that two interrelated projects in Fiji, namely, a Government-owned abattoir and a commercial tannery (a joint venture project), are not yet ready for implementation.

The work on the Leather Centre project is anticipated to begin during 1974.

#### IV. SMALL-SCALE UNIDO PROJECTS IN THE LEATHER SECTOR

These are projects involving a total UNDP contribution of less than US\$ 100,000, and are in most cases of less than one year's duration.

During the last five years a considerable number of such small-scale projects have been carried out by UNIDO experts in the field of leather and leather products industries. A total of thirty three developing countries, i.e. eight countries in Latin America, nine countries in Africa, six countries in Europe and Middle East and ten countries in Asia and the Far East, have received technical assistance from UNIDO in this industrial field. In certain cases several experts have assisted this sector in a given country sometimes on repeated or extended assignments.

As at the end of August 1973, in addition to the twelve UNIDO experts already on duty on the aforementioned large-scale projects, small-scale projects have been approved, with six experts already active in the field, seven experts selected but not yet fielded, and eleven experts under recruitment, in the following fields and countries:

1. Leather industry development, technology and marketing:  
Afghanistan, Costa Rica, Ethiopia, Iraq, Niger, Tanzania, Tunisia.
2. Special leather types (such as game skins, reptile leather, suede, pigskin, shark skin):  
Bulgaria, Gambia, Senegal, Sudan, Yugoslavia, Zambia.
3. Footwear and/or leather products manufacturing and marketing:  
Bulgaria, Colombia, Guatemala, Hungary, India (including shoe design), Mexico, Sudan, Tanzania, Upper Volta.

V. SUPPORTING ACTIVITIES

1. Meetings

In 1971 UNIDO arranged a leather seminar in Vienna for participants from the developing countries of Africa, with the attendance also of a number of observers from industrialized countries and international organizations.

The workshop on leather industry development in developing countries in 1973, also in Vienna, was organized as a regional project for European and Middle East countries.

For the region Asia and Far East, a UNIDO seminar on the development of the footwear and leather goods manufacturing industries will be held early 1974 in Madras, India. Further, in November 1973, a consultation on the development of the footwear manufacturing industry in Pakistan will be held in Lahore, with the assistance of two UNIDO experts, as a follow-up to their previous assignments in Pakistan completed earlier in 1973. This last meeting will be financed through a Voluntary Contribution to UNIDO from the Government of Pakistan.

A few other meetings of a more general character which have been held in 1972 and 1973 have also dealt with aspects concerning the leather and leather products industries.

## 2. Studies

With the assistance of three consultants, UNIDO's Section for General Industrial Techniques is at present actively engaged in the preparation of regional studies of the development of the leather industry and its future prospects covering the regions Latin America, Africa and the Middle East, and Asia and the Far East respectively. It is expected that these regional studies will be completed by 1974 when they will be used to elaborate a global study of the leather industry for the second Development Decade.

This section has also secured financing from the United Nations Environmental Programme (UNEP) for the elaboration of a study on the affluent problems of the leather industry in developing countries. This last study will therefore be a co-operative project between UNIDO and the newly established organization of the United Nations dealing with environmental problems. In at least three developing countries to be selected in each region, field work will be undertaken in 1974 as case studies.

## 3. Publications

Some of the papers presented at the UNIDO leather seminar held in 1971 have been issued as printed publications. So far five have been published in English, two of them also in French and Spanish. The Industrial Information Section of UNIDO has published a Guide to Information Sources on the Leather and Leather Goods Industry.

### List of Publications

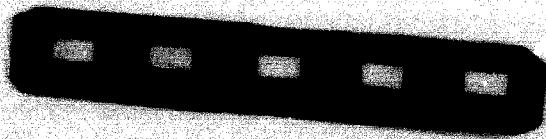
- ID.90 Marketing and Export Possibilities for Leather and Leather Products Manufactured in Developing Countries - English/French/Spanish
- ID.92 A Fancy Leather Goods Factory for Developing Countries - English
- ID.93 The Growth of the Leather Industry in Developing Countries: Problems and Prospects - English/French
- ID.99 The Interrelationship between Parameters of the Leather Industry - English/Spanish

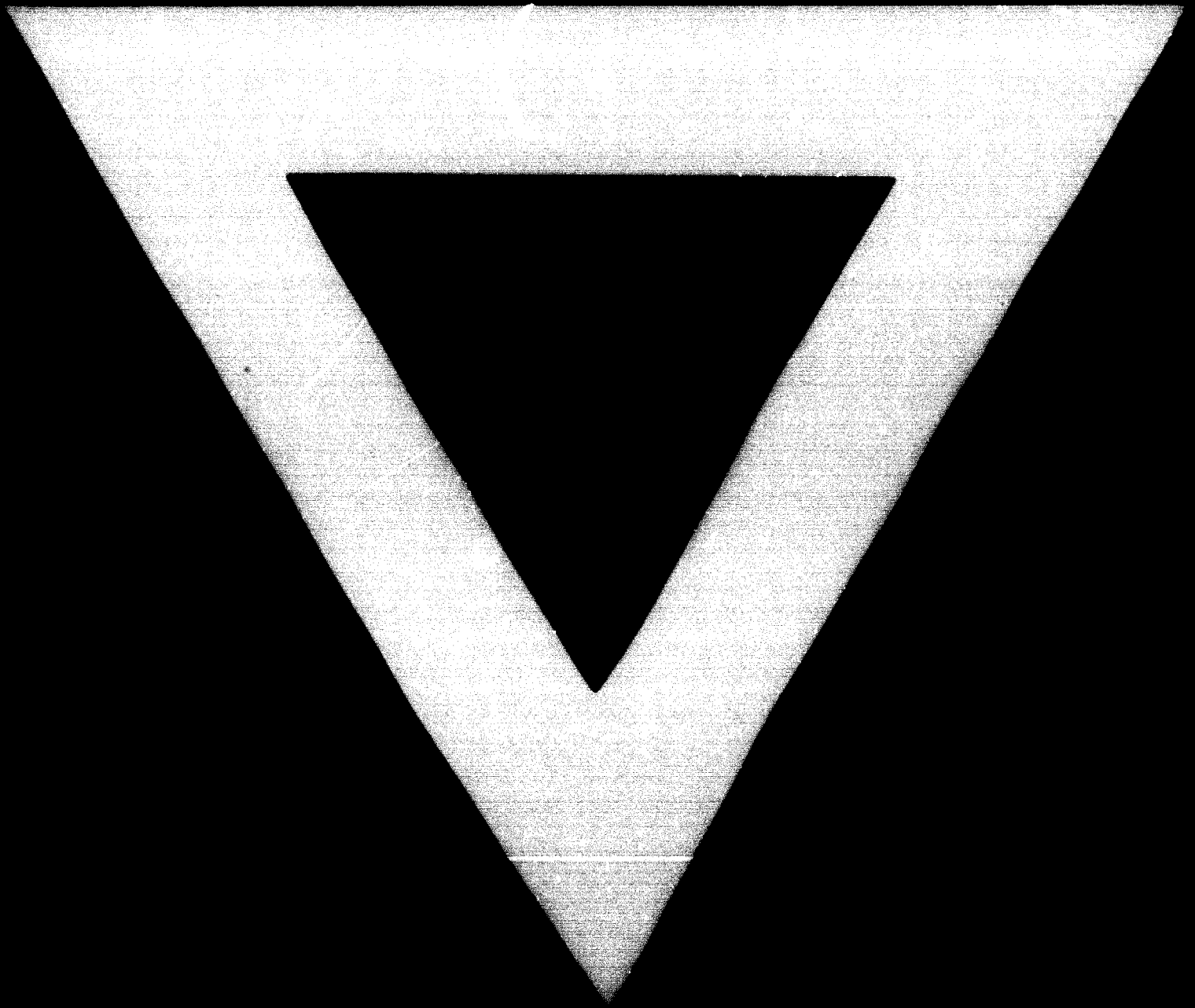
List of Publications - contd.

- ID/WG.79/3 Rev.1 Wet Blue Chrome Leather for Export -  
English
- UNIDO/LIB/SER.D/3 Guide to Information Sources on the  
Leather and Leather Goods Industry -  
English

VI. CONCLUSION

This outline of the activities being carried out and planned with UNIDO assistance concerning the development of the leather and leather products industries in various developing countries has, it is hoped, demonstrated the catalytic role of UNIDO in this particular field of activity. The main efforts towards the successful development of their leather and allied industries are and will, of course, have to be made by the developing countries themselves, by the local authorities and the industrialists concerned.





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