



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

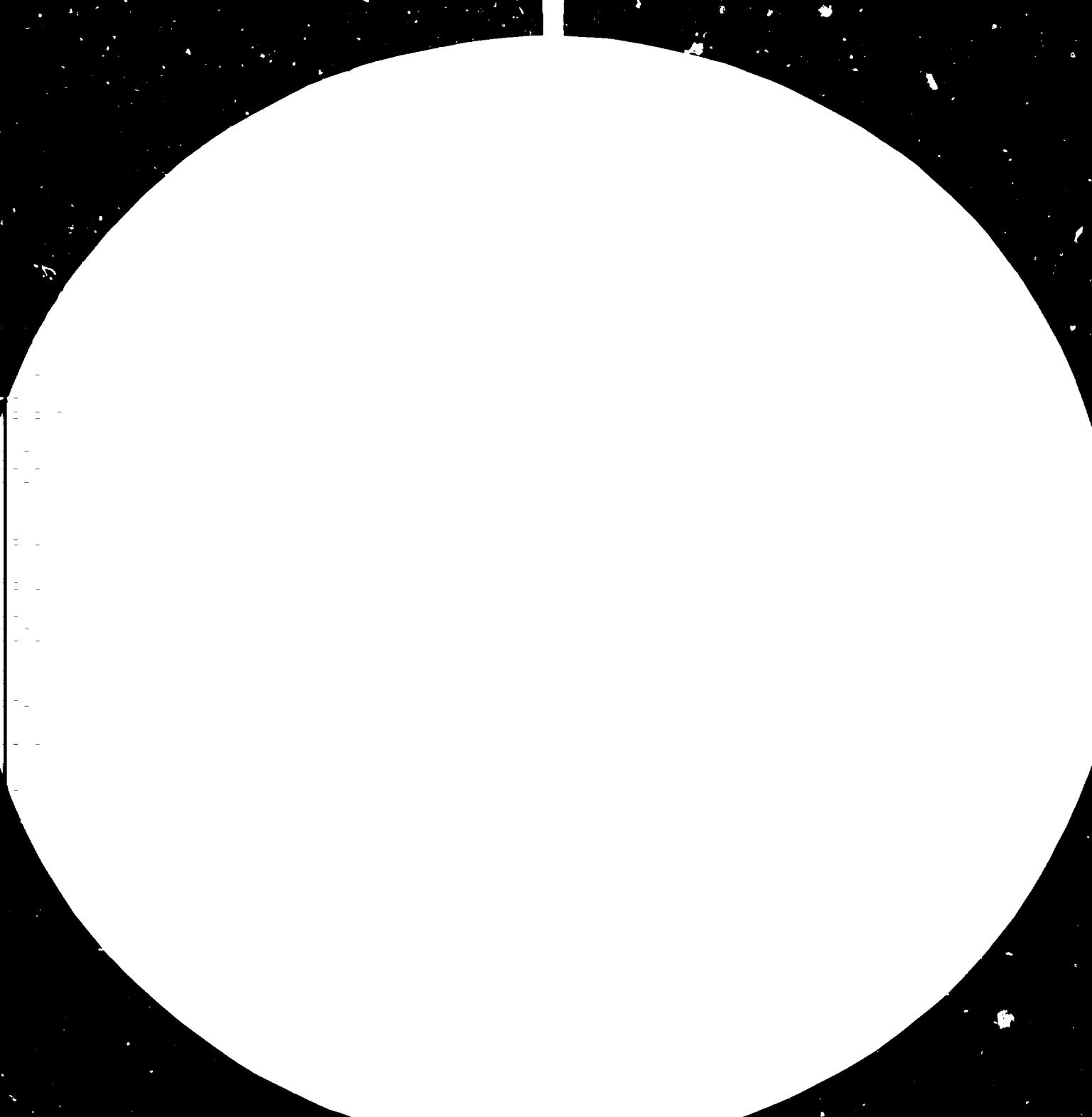
FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org





2.8



3.2



4



MICROCOPY RESOLUTION TEST CHART

NATIONAL BUREAU OF STANDARDS-1963-A

1 2 3 4 5 6 7 8 9 10 11 12
13 14 15 16 17 18 19 20 21 22 23 24
25 26 27 28 29 30 31 32 33 34 35 36
37 38 39 40 41 42 43 44 45 46 47 48
49 50 51 52 53 54 55 56 57 58 59 60

Preface

Since 1967, the United Nations Industrial Development Organization (UNIDO) has adhered to its mandate "to promote and accelerate the industrialization of the developing countries" by responding to requests for technical co-operation in all aspects of industry from the Governments of those countries.

This commitment to industrialization as a means of improving the living standards of nearly three quarters of the world's population, which was first outlined in November 1966 by the United Nations General Assembly in its resolution 2152 (XXI), has since been intensified. The Lima Declaration and Plan of Action on Industrial Development and Co-operation, which was adopted by the Second General Conference of UNIDO in 1975, called for an international effort to increase the developing countries' share of world industrial production to 25 per cent by the year 2000. This goal was further emphasized at the Third General Conference of UNIDO, held at New Delhi, India, in early 1980, with the adoption of the New Delhi Declaration and Plan of Action on Industrialization of Developing Countries and International Co-operation for their Industrial Development.

In the series of booklets *UNIDO for Industrialization*, of which this is one, an attempt is made to describe briefly the contribution of UNIDO, through its Division of Industrial Operations, to the industrialization of the developing world and to give examples of what has been done and will continue to be done to accelerate the process.

FINANCING UNIDO ACTIVITIES

The bulk of the costs of UNIDO administration and research, now approaching \$US 48 million annually, is met from the **regular budget** of the United Nations, as are some lesser expenditures reserved for certain advisory and training activities. Once UNIDO achieves the status of a specialized agency within the United Nations family, it will cease to be funded from central sources of the United Nations and will rely on its own budget based upon contributions from its member States.

Technical assistance programmes for projects in developing countries, however, are funded from varied sources, the most important of which are summarized below.

By far the largest share of the field activities of UNIDO, some 70 per cent of the total, is funded from the **United Nations Development Programme (UNDP)**. Thus, a high proportion of UNIDO field projects are subject to UNDP approval before implementation. Since the ultimate source of this money is the contributions of the member States themselves, both developed and developing, it can truly be said that UNIDO field activities are self-help programmes, initiated only at the request of Governments of developing countries and using funds to which many developing countries themselves contribute. These funds are allocated to particular countries from UNDP sources up to a predetermined amount known as the indicative planning figure (IPF). They cover the whole spectrum of United Nations assistance to those countries, industrialization being only one of many programmes needing financial support.

Country programmes normally have a five-year span; and the available funds, which vary from country to country and are weighted in favour of least developed countries, must be allocated to specific projects within a country during the five-year period.

Special Industrial Services (SIS) funds are confined to a narrow range of expert services provided for unexpected high-priority projects that are called for from time to time. The programme is restricted to short-term projects of limited cost, and during recent years \$US 3.5 million has been set aside annually to support it.

The **United Nations Industrial Development Fund (UNIDF)** was created to finance innovative projects, preferably projects having a multiplier effect. The Fund consists of contributions pledged by individual Governments, and in some cases the purpose of the contribution is specified. Pledges are made in convertible and non-convertible currencies.

Trust funds are provided by participating Governments for specific projects to be executed by UNIDO in accordance with agreements reached with the contributing countries. They are used, typically, for technical assistance, expert services and specialist training.

The small **regular programme of technical assistance** provides funds for types of technical assistance that either complement other programmes or do not lend themselves conveniently to alternative means of financing. In particular, this type of funding permits a certain degree of flexibility in spending, since the allocation of the funds available is entirely under the control of the principal policy-making organ of UNIDO, the Industrial Development Board. Programmes are designed to reflect the emphasis on special measures for the least developed countries, on technical co-operation among developing countries and on establishing and strengthening industrial training facilities in developing countries.

Leather and leather products industries

To some degree, most of the world's countries already possess leather and leather products industries, if only because most countries maintain stocks of domesticated animals, e.g. cattle, buffaloes, sheep, goats, horses or pigs, either as a source of food or for hauling carts or ploughs. A major by-product of slaughtering these animals is the hides or skins, which, after curing and tanning, may be used in footwear, garments, utensils and implements and recreational equipment.

In many developing countries hides and skins are already used for producing leather and leather products both for the local market and, where supply is adequate and quality is acceptable to the buyers, for the potentially profitable export trade. But in some developing countries the leather and leather products industry remains in a rudimentary state, meeting only the local demand for simple footwear and working implements; in others, it may have attained an intermediate stage, where clothing and articles are produced to meet the basic needs of the home market and a proportion of the semi-tanned hides and skins produced by local tanneries are sold for export after selection by buyers. A few developing countries, of course, have abundant quantities of good-quality hides and skins, which are processed into leather in large, well-equipped local tanneries for manufacture of leather products abroad. These advanced developing countries usually have their own leather products industries producing clothing, footwear, industrial and other consumer products from indigenous leather both for domestic use and for export.

Two United Nations agencies are concerned with the leather and leather products industries, but at different stages of skin and hide production. The initial stages - stockraising, animal husbandry, slaughtering, flaying and curing - lie within the province of the Food and Agriculture Organization of the United Nations (FAO). When the raw or cured hides and skins reach the tannery for industrial processing into various types of leather UNIDO becomes actively involved. In extending their assistance to the industries, UNIDO and FAO work closely together.

The capacity of UNIDO to assist the leather and leather products industries will prove of interest to Governments of developing countries engaged in the production of leather and leather products either at an initial stage where some local resources and potential for leather products have been identified; or at an intermediate stage where tanning facilities exist and plants are manufacturing leather products for the local market; or at an advanced stage where the production of wet blue, crust or finished leathers, shoes, garments, leather accessories etc. for domestic or export markets is well established.

At the request of a Government of a developing country, UNIDO assists the leather and leather products industries in all aspects of their development – from the establishment and operation of tanneries to the final marketing, in co-operation with the International Trade Centre (ITC), of leather, footwear, clothing and other leather products. It assists in the development of allied industries, e.g. footwear, garments or fashion accessories. In organizing training programmes, it co-operates with the International Labour Organisation (ILO).

NEW VENTURES IN THE LEATHER INDUSTRIES SECTOR

Before a project to establish a new industry or to transform a small, rural artisan enterprise into an industrial plant is undertaken, the soundness of the proposal must be appraised professionally. Once a reasonable case has been made, a detailed feasibility study is carried out, covering, among other things, the quality of the hides and skins, supply of labour, costs of production, profits, and the need to provide experts to manage the enterprise initially and to train key personnel. Such a study was carried out in the Gambia, for example, to determine whether a local tannery would be viable.

If the proposal is to use imported leather for manufacturing leather products without establishing local tanneries, the feasibility study would also attempt to determine the level of local demand for the finished products, compare the products with imports in terms of cost and quality, and consider such extraneous but important matters as the introduction of labour-intensive processes and the savings in scarce foreign currencies to be expected from local production based on imported materials.

UNIDO also assists in evaluating commercial quotations and tenders for industrial plant or equipment and investment proposals made to a developing country. This UNIDO service, offering impartial expert advice, is particularly valuable to countries with little experience in analysing large-scale investment projects.

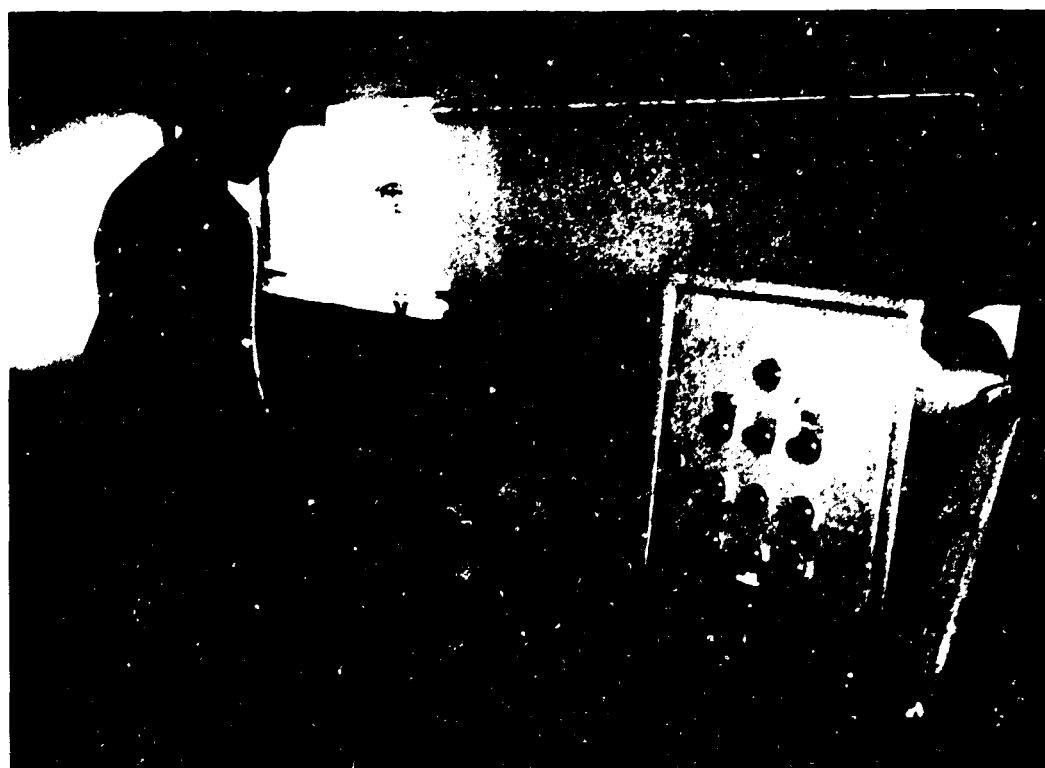
Once the feasibility of a project has been determined, UNIDO can assist in the practical tasks of establishing an industry, including training of workers on the site and overseas training of key personnel (skilled workers, technicians, designers and managers), control of quality of basic raw materials and the end-products, design and presentation of finished goods, and marketing and sales research. In Ethiopia, for example, in addition to extending technical assistance to existing tanneries and shoe factories, UNIDO is helping to establish a leather garments and miscellaneous leather products industry.

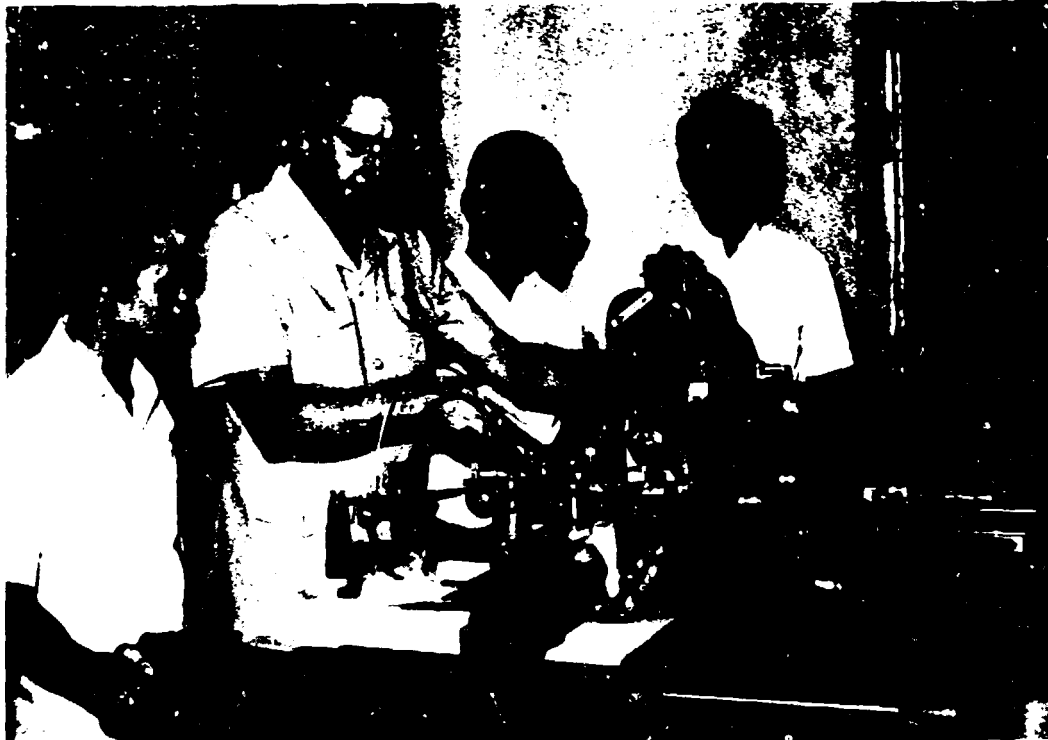
DESIGN AND PRODUCT DEVELOPMENT

Developing countries can penetrate the fashion market successfully only if they are able to keep pace with the ever-changing world of public taste, a consideration of especial importance in the women's footwear and



Old tanning processes, as shown above, being replaced by new technology and modern machinery, as shown below





Training in the use of a modern grading machine in the production of footwear patterns



Production of footwear in the St. Kitts factory using modern machinery

clothing sector, as in the manufacture of handbags, vanity luggage and other fashion accessories. In these fields a high degree of design skill, a constant awareness of changing tastes, and a readiness to adapt quickly to production of contemporary lines are essential. Several UNIDO projects have been carried out successfully in the leather products design field, predominantly in footwear, while UNIDO design experts have played their part in creating a whole range of goods for domestic and export markets by adapting existing production facilities. Training courses have been provided for pattern makers and industrial engineers and designers in the leather products sector. Design is an extremely selective field, where high artistic standards are necessary, particularly if penetration of the competitive export market is envisaged.

Developing countries lacking experience in the fashion market may best be advised first to tackle production of the less exotic categories of leather products - menswear, everyday shoes and boots, non-fashion leather accessories, balls, saddlery etc. Once competence in these areas is achieved, it may prove possible to advance into the more demanding market for fashion products. Whenever the decision is taken to proceed, UNIDO will stand ready on request to help with its expert advice and services, including promotion of market research and market information systems, which play a crucial role in a successful fashion products business.

A good example of UNIDO assistance in design and product development is provided by the shoe factory established in St. Kitts. This Caribbean island has no indigenous source of leather and no history of producing shoes in bulk. Feasibility studies made with UNIDO assistance revealed a demand for shoes in the East Caribbean area. Since no trained fashion designer could be found on the island, it was decided to concentrate on producing a simple, robust leather shoe of a type commonly worn in the area by men, and sometimes by women, for both work and leisure. The advantages of manufacturing such a product are that it is easily constructed, light, popular with young people internationally and can be adapted to changing fashions. The St. Kitts factory is now producing one basic type of shoe in different colours, a shoe that will remain standard for years to come. UNIDO, which provided help during the whole span of the St. Kitts project, from the initial assessment to final production of shoes, has now handed over the project to the Government.

INDUSTRIAL INFRASTRUCTURE

Industrial enterprises, however small, require access to an industrial infrastructure that provides the services necessary to the successful management of business in the modern world.

The term "industrial infrastructure" covers a very wide range of basic services to industries, ranging from the provision of common facilities in

industrial estates to institutes of quality control, standardization or certification. Research and development institutes are typical infrastructural organizations, as are training centres for workers, management and executive personnel alike; information centres and data banks; testing laboratories; central marketing organizations; health and safety inspection bodies; and legal and actuarial centres. Not every institution in this vast field is immediately necessary at the earliest stage of industrial development, but each has an important part to play in promoting industrial advance.

These institutions, which together comprise basic industrial infrastructure, may be individually owned by large or medium-sized industries, or they may be a facility shared between companies and public enterprises, as is often the case with small, new industries. The institutions themselves, often maintained by large commercial organizations or groups of companies in the past, now tend increasingly to be government-subsidized or managed and financed jointly by Governments and industrial bodies.

UNIDO has assisted a number of countries in creating specialized institutions to cater for training, quality control and product development over the whole field of leather and leather products. It has the experience and the expertise to assist both a newly established company and a major enterprise struggling to expand into export markets.



Course on the production of leather garments at the Karachi Leather Garment Training Centre

UNIDO co-operates with Governments in building up industrial infrastructure. In the Philippines, UNIDO, using the special-purpose contribution of the Federal Republic of Germany to the United Nations Industrial Development Fund, helped to establish a footwear and leather goods training and demonstration centre at a cost of \$US 1.3 million. The centre houses a considerable amount of equipment. Six international experts are now giving courses on design of footwear and leather goods and on the various manufacturing processes (cutting, stitching, lasting and making). They are also demonstrating how to operate and maintain machinery efficiently.

UNIDO has also helped in founding the Leather Garment Training Centre at Karachi, Pakistan. Other institutions it has assisted include the Central Leather Research Institute at Madras, India; the Leather Research Institute, at Yogyakarta, Indonesia; the Centre national du cuir et de la chaussure in Tunisia; the Laboratorio Tecnologico del Uruguay at Montevideo; the Leather Centre at Ulan Bator, Mongolia; and the Tanzania Leather and Allied Industries Corporation (TLAI) at Dar es Salaam, United Republic of Tanzania.

For further information on UNIDO activities in the field of leather and leather products, contact:

Agro-industries Branch
Division of Industrial Operations
UNIDO
Vienna International Centre
P.O. Box 300
A-1400 Vienna, Austria



Other booklets in this series

Agricultural machinery and implements (PI/82)

Building materials and construction industries (PI/76)

Leather and leather products industries (PI/79)

Metallurgy (PI/83)

Petrochemicals (PI/75)

Pharmaceuticals (PI/77)

Shipbuilding and ship repair development (PI/80)

Wood processing and wood products (PI/78)

