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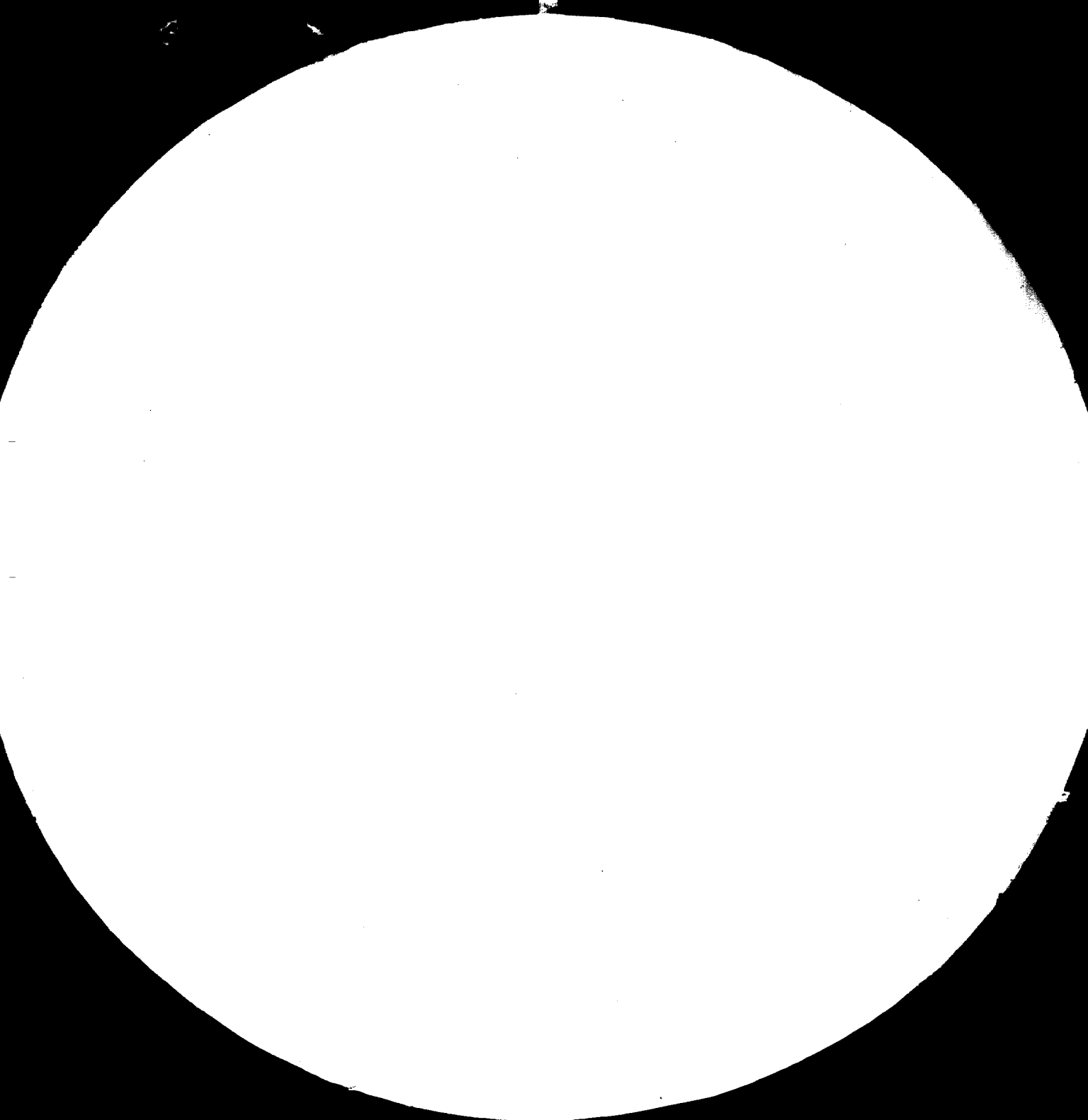
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REPORT, (Leather industry
projects).

prepared by

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Agro-industries Branch
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on services performed under Contract No. CLT/82-210
covering the period 12 July - 10 September 1982

INTRODUCTION

The purpose of requesting consultancy services was to obtain assistance in formulating and preliminary starting up of two specific large-scale leather and leather products industry projects, in following up already identified pipeline projects, and in identifying additional potential technical assistance projects in this industrial sector.

TERMS OF REFERENCE

The following services were to be performed by the consultant:

- ① Carry out preparatory work and project formulation for the following potential assistance projects:
 - Assistance to the Tanzania Institute of Leather Technology, Mwanza;
 - Assistance to the tanning industry in the Sudan.
- ② Follow-up on specific pipeline projects.
3. Identify and prepare concepts for additional technical assistance projects.

The following report gives details about the actual work carried out by the consultant during the contract period.

A. PREPARATORY WORK AND PROJECT FORMULATION FOR THE FOLLOWING POTENTIAL ASSISTANCE PROJECTS

- ① Assistance to the Tanzania Institute of Leather Technology, Mwanza

The draft project document for the subject project has been finalized. It is expected that this project will be financed from IPF funds, therefore, it is presented in the format required for submission to the UNDP Resident Representative and the Government for consideration and follow-up actions as required.

The project is planned to start in July 1983, with a duration of two and a half years, and includes the following components:

<u>Expert Component</u>	<u>m/m</u>	<u>Cost in US\$</u>
Leather institute expert, CTA	30	246,600
Leather technologist	12	100,200
Footwear technologist	6	50,100
Consultants	12	98,250
Duty travel and other costs		17,000
<u>Training Component</u>		
Individual fellowships		80,000
Study tours		20,000
<u>Equipment Component</u>		
Two project vehicles		20,000
<u>Miscellaneous</u>		
		8,000
		<u>US\$ 640,150</u>

..... A copy of the draft project document is attached as Annex I.

2. Assistance to the Tanning Industry in the Sudan

(a) Sudan - Assistance to Public Sector Tanneries

An official request by the Government of the Democratic Republic of the Sudan was submitted by the UNDP Resident Representative's letter of 15 April 1982, for assistance in providing certain essential equipment items (two diesel emergency generating sets, 750 KVA each, and one additional fleshing machine, width 3150 mm) for the public sector tanneries in the Sudan.

..... The relevant project proposal, copy attached as Annex II, has been finalized and on 21 July 1982 submitted to UNIDO's Project Review Committee for consideration and possible financial approval from UNIDF funds.

The proposed total UNIDO input for this project is US\$ 371,660, including 13 per cent overhead costs.

The decision of the Project Review Committee on this project proposal has not yet been received.

(b) Sudan - Development of the Leather Industry

The need for an even more extensive technical assistance to the entire leather industry has been identified, the main objectives of which would be not only to considerably improve the utilization

of the available equipment and machinery, but also to assist in upgrading managerial capabilities and operational skills of supervisors and workers.

A draft project proposal for such a large-scale project has, therefore, been elaborated, based on the previously drafted project document for the pipeline project DP/SUD/80/005, but taking into consideration the newly reorganized structure of the Sudanese leather sector and other developments which have taken place since 1980 when the previous draft was prepared.

In view of the very tight IPF situation in the Sudan, this project proposal has been finalized in the format required for possible UNIDF financing, in order that the possibility of financing the proposed project from other sources than IPF can be investigated.

The duration of the proposed project is two and a half years, starting early 1984, and the following components are included:

	m/m	Cost in US\$
<u>Expert Component:</u>		
Leather industry expert, CTA	30	269,400
Leather finishing expert	12	105,600
Tannery machinery maintenance expert	18	160,200
Hides and skins improvement expert	12	109,200
Consultants	12	109,200
Support personnel		16,000
Experts duty travel and other costs		18,600
<u>Training Component:</u>		
Individual fellowships		74,800
Study tours		16,000
In-service training		10,000
<u>Equipment Component:</u>		185,000
<u>Miscellaneous:</u>		21,000
Total		US\$ 1,095,000
+ 13 per cent overhead costs		142,350
Proposed UNIDO inputs		US\$ 1,237,350

By memorandum of 2 September 1982 this project proposal was forwarded to the LDC Section, for consideration and submission to

..... Mr. Harju, SIDFA in Khartoum, for further follow-up actions with the Government authorities concerned. A copy of this project proposal is attached as Annex III.

(c) Sudan - Follow-up to Mr. Elliott's Mission

In the terminal report of Mr. R.G.H. Elliott (U.K.) the expert who recently completed a three-month mission to the Sudan under project US/SUD/78/267, Laboratory Equipment for Sudanese Tanneries, a return mission of the expert of one month's duration early 1983 was suggested.

If the suggested mission is agreed to by the Government, the relevant project proposal will be prepared and submitted for possible financing from UNIDF, RP or SIS funds. So far, however, the relevant Government request has not been received by UNIDO.

(B) FOLLOW-UP ACTIONS TAKEN ON SPECIFIC PIPELINE PROJECTS

1. ANGOLA - Rehabilitation of Tannery and Leather Footwear Factory

Under project DP/ANG/80/012, Assistance to the Leather Industry, carried out by a UNIDO consultant, Mr. B. Lundén (Sweden), in November 1981, a project proposal was presented for assisting in the rehabilitation of the tannery and leather footwear factory CURBOL in Angola. On 30 July 1982 a follow-up letter was forwarded to Mr. Asplund, the UNDP Resident Representative in Angola, concerning the possibility of identifying other financial sources than Country Programme funds, which apparently are not available for this project.

This project proposal, which has now been elaborated in the format required for possible UNIDF financing, was discussed with the SIDFA, Mr. Krainov, on 3 September 1982 during his visit to UNIDO. Mr. Krainov promised to follow this matter up with the Government and inform about the outcome of his discussions with them. The project which is formulated for a duration of two and a half years, involves a UNIDO input of US\$ 1,044,685, including 13 per cent overhead costs. A copy of the project proposal is enclosed as Annex IV.

2. BURMA - Leather and Rubber Technology Development Centres

The following two large-scale projects are incorporated into a large umbrella project entitled "Technology Development Centres", with an estimated UNDP input of US\$ 4,964,010, which is included as item 17 in the reserve list of projects presented as an annex to the Country Programme Document 1982-1986 for Burma, namely:

- Leather Technology Development Centre, with an estimated UNDP input of US\$ 1,591,800; and
- Rubber Technology Development Centre, with an estimated UNDP input of US\$ 1,454,000.

(The third centre involved concerns the textile sector.)

The above was confirmed by Mr. Gorski, SIDFA in Rangoon, in his letter of 23 August 1982 on the above subject.

Mr. Gorski informed that they will now review the possibility of transferring the leather centre project, and perhaps also the rubber centre project, into the list of projects foreseen for implementation.

3. BURUNDI - Assistance to the "Société Burundaise des Peaux"

An official request has been received from the Government of Burundi for the services of a leather industry consultant to assist in reactivating the company Société Burundaise des Peaux (previously named BURTAN) in Bujumbura. The relevant project proposal, copy of which is attached as Annex V, has been elaborated and submitted to the LDC Section for consideration.

This project was also discussed with Mr. Sainmont, CTA of the UNIDO project DP/BDI/81/008, Promotion Industrielle et Transfert de Technologie, during his visit to UNIDO on 9 September 1982. He confirmed that the need was actually for a tannery expert for a period of three months. The names of possible candidates for such an assignment were discussed with Mr. Sainmont, who will ensure that the necessary follow-up action will be taken in Burundi as soon as financial approval has been obtained.

Ms. Martin of the LDC Section informed that requests for various projects suggested for SIS financing will be pooled together into one larger project, which is expected to be backstopped by IO/INFR (Mr. Zerezghi). The three man-months needed for the tannery expert will then be incorporated into this project if relevant funds are approved, and IO/AGRO will probably only have secondary backstopping responsibility for this expert.

4. CHINA - Leather Centre Project

A new project in the area of leather processing technology is mentioned on page 18 of the First Country Programme 1982-1986 for China. This can most probably be considered as a direct follow-up to the ongoing project DP/CPR/80/007, Establishment of Central Leather Laboratory in Shanghai.

A draft project document for the second phase of the above project has been prepared by the CTA of this project, Mr. B. Lundén (Sweden), who early September 1982 returned from a one-month mission to Shanghai. This draft project document is attached to his technical report on this mission.

5. COLOMBIA - Leather Centre Project

The project DP/COL/82/007, Leather Centre, will be initiated by the fielding end-October 1982 of a four-expert team for a period of three weeks to carry out the preparatory work and to elaborate in more detail the project document for this large project. The financing of this large-scale Leather Centre project is expected to be done jointly by UNDP, the Government of Italy (through IILA), the Government of Colombia and private industry organizations in the leather industry sector in Colombia directly interested in this centre.

To accommodate the increased costs of the preparatory mission, which is financed entirely by UNDP, because of the inclusion of a fourth expert in the team and of some travel inside Colombia, the project budget was increased from the originally foreseen US\$ 20,850 to US\$ 32,500.

Preparation for the fielding of this preparatory mission is being undertaken.

6. COSTA RICA - Assistance to CETEC

The project US/COS/81/061, Assistance to the Leather Technology Centre, CETEC, was cleared by UNIDO's Project Review Committee in November 1981 for negotiations with special purpose donor countries.

The Government of Italy has indicated willingness to finance this project, which involves a UNIDO input of US\$ 374,030, including 14 per cent overhead costs. Reference is made to Mr. Carré's draft report on his visit to Rome, Italy (received by IO on 8 July 1982).

As soon as the project's financial approval has been confirmed, the necessary follow-up actions to ensure an early initiation of activities under this project will be taken.

In view of the fact that the original project proposal was prepared early 1981 it is considered that its implementation would benefit considerably from an updating and adjusting of project activities foreseen to the present situation of CETEC and of the leather industry in Costa Rica. This can best be done through direct assessment of the local situation and discussions with the national authorities concerned.

Therefore, a short mission to Costa Rica, of three weeks duration, of a consultant familiar with the preparation for and implementation of this type of project would be advisable. Such a mission could be charged against the project's consultant component.

7. KENYA - Leather Quality Control Laboratory, US/KEN/78/204

The Government of Kenya requested officially a one-year extension of the assignment of the Team Leader of this project, Mr. M. Berci (Hungary). The formal request from UNIDO to the donor country, FRG, for financial approval of such an extension as well as of some over-expenditures occurred under this project, was prepared and forwarded to the FRG Government through their Alternate Permanent Representative to UNIDO, Mr. Lehne, under cover of Mr. Ganao's letter of 27 August 1982.

..... A copy of this detailed project revision is attached as Annex VI.
The additional amount requested is US\$ 119,612.

8. TUNISIA - Assistance to CNCC

A follow-up project in continuation of DP/TUN/77/001, Assistance to the Centre National du Cuir et de la Chaussure, CNCC, at Tunis, has been actively considered by the Government authorities concerned, to be financed from IPF funds and suggesting a UNDP input of US\$ 270,000.

According to Mr. Papuli's note for the record dated 10 September 1982 some additional assistance to CNCC has now been approved, but actually less than expected, namely the following:

US\$ 50,000 in 1982, and

US\$ 30,000 in 1983

US\$ 80,000 in total.

This will be considered an extension of the previous project DP/TUN/77/001.

These funds are intended to finance consultancy missions and training activities. Certain areas of consultancy have already been identified, in particular in the following specific areas: equipment maintenance, tannery and leather products manufacture and design. (The note for the record uses the expression "leather processing", but the use of leather to manufacture products seems to be meant.)

A revised project document will be prepared by UNDP Tunis.

9. UGANDA - Assistance to the Leather Industry

The short mission of Mr. B. Svensson (Sweden) to Uganda under the project SI/UGA/81/801 in November 1981 resulted in a proposal for further technical assistance to the leather industry sector in Uganda.

The SIDFA covering Kenya and Uganda, Mr. Bekele, in his report dated 23 July 1982, informed that Uganda Development Corporation has agreed to this project as proposed by the expert. Its inclusion in the present Country Programme of Uganda is foreseen.

The official request for this project, which will have a total UNDP input of US\$ 691,750, is expected in the near future. Its implementation could actually start already in the first quarter of 1983 if formal approval is received soon.

The project and its implementation was discussed with Mr. Bekele during his visit to UNIDO on 8 September 1982.

10. DEMOCRATIC YEMEN - Assistance to the National Tanning Factory

Following discussions in Vienna with Mr. Assadullah, JFO at the UNDP Resident Representative's office in Aden, a request for a leather industry technologist for the subject tannery may be expected. This would be as a follow-up to project UD/PDY/79/240, Equipment and Machinery for the National Tanning Factory at Sheikh Othman, Aden, and might be considered for RP or SIS financing.

This new expert would be in addition to Mr. Gorinsek (Yugoslavia), the tannery machinery installation expert whose selection is under active consideration by the Government.

C. IDENTIFY AND PREPARE CONCEPTS FOR ADDITIONAL TECHNICAL ASSISTANCE PROJECTS

The following possible new projects are suggested:

1. MALTA - Assistance to Castille Leathers Ltd.

Based on correspondence received directly from the company Castille Leathers Ltd., Paola, Malta, the need for specialized expert assistance to this company was identified.

If officially requested through established channels, and if financially approved by UNIDO, this project would involve the services of one or two experts specialized in the tanning and dyeing of double-face suede sheepskins, which is the main produce of this company.

The duties would be to:

- improve the quality of the double-face suede from lambskins and sheepskins;
- rationalize the tanning and dyeing processes involved; as well as
- decrease the sensitivity to spotting by rain water of the double-face suede leather produced.

Duration of the assignment(s) to be decided upon receipt of an official request for this project. The relevant project proposal

will then be formulated and submitted to the Project Review Committee for consideration and possible financing from SIS funds.

2. PANAMA - Improvement of Finished Leather

Following an inquiry received in July 1982 from the Ministry of Commerce and Industry in Panama for information on how best to improve the quality of finished leather used for the manufacture of leather footwear, a small project is suggested which will involve the services of a leather industry consultant for a period of three man-months, to advise on the subject matter.

This would be in line with the findings and recommendations made by the UNIDO expert Mr. A. Sofia (Argentina), who in 1977 carried out a two-month assignment in Panama. His final report on this mission is available in IO/AGRO's Panama file for the leather sector.

If an official request for this mission is received, the necessary follow-up action will be taken by UNIDO to try to obtain financial approval of the same from SIS or other available funds.

3. CENTRAL AFRICAN REPUBLIC - Assistance to the Leather Industry

During the visit to UNIDO on 8 September 1982 of Mr. Benbouali, the SIDFA covering Cameroon, Chad and Central African Republic, a possible project to assess the situation of the leather industry in the country and its potential for further development was discussed.

The draft job description for the services of a leather industry expert to assist the Government of CAR, over a period of three months, was handed to the SIDFA. He promised to discuss this matter with the Government authorities concerned during his forthcoming visit to CAR, expected to take place in the fourth quarter of 1982.

Mr. Benbouali will then inform UNIDO about the outcome of this approach.

4. UPPER VOLTA - Assistance to the Centre de Tannage

Technical assistance to the existing Centre de Tannage at Ouagadougou is under active consideration.

Relevant background information material available to IO/AGRO on this subject has been forwarded to Mr. K. Baumann, JPO in Upper Volta, for appropriate further follow-up actions by him.

In his report for the period December 1981 to March 1982 Mr. Baumann refers to the need for assistance to the Centre de Tannage. The information material made available to him will enable him to formulate the relevant project proposal in line with the actual requirements of this small tannery.

5. SWAZILAND - Leather Goods Unit

A project proposal is suggested for Swaziland along similar lines as the recently approved project IW/URT/82/002, entitled "Establishment of Leather Goods Unit, Isanga, Mbeya", in Tanzania.

The objectives of this project are to promote income earning activities for women and to promote small-scale production units in the field of leather goods manufacturing, aiming at supplying the local market with low-cost leather goods of acceptable quality level.

The project is proposed to involve the services of a leather goods manufacturing expert for a period of six months, and the supply of ten sewing machines suitable for leather goods production, some additional tools, a working shed, furniture, etc..

The estimated cost of the project and its different components is:

<u>Expert Component:</u>	<u>m/m</u>	<u>Cost in US\$</u>
Leather goods expert	6	36,000
Duty travel		900
<u>Equipment Component:</u>		
10 sewing machines		15,000
Specialized tools		3,000
Working shed, furniture, etc.		<u>22,000</u>
	Total	76,900
+ 13 % overhead costs		<u>10,000</u>
	US\$	<u>86,900</u>

The suggested project proposal with additional background information material has been forwarded to Ms. Leuckx, JPO in Swaziland, for consideration and possible follow-up.

D. GLOBAL - STUDY ON TECHNICAL TRAINING NEEDS IN THE FIELD OF LEATHER INDUSTRY, PARTICULARLY IN DEVELOPING COUNTRIES

It has become more and more evident that one of the major obstacles to a sound development of the leather industry in many developing countries is the non-availability of suitably trained local technical personnel at various levels, skilled workers, supervisors, mechanical engineers, maintenance personnel, leather technicians, technical managers, etc..

Based on previous correspondence with Mr. C. Koteswara Rao (India), who is Assistant Director at the Central Leather Research Institute, Madras, India, in charge of the training activities carried out by that institute in the field of leather technology, it is suggested to carry out a "Study on technical training needs in the field of leather industry, with particular reference to the developing countries", which would be implemented in co-operation between IO/AGRO and IO/TRNG. It is suggested to make use of the extensive experience of Mr. Koteswara Rao in this field to undertake this study.

..... The relevant project proposal has been elaborated and is attached as Annex VII.

LIST OF ANNEXES

Annex

- I TANZANIA : Draft project document for DP/URT/83/xxx, entitled "Assistance to Tanzania Institute of Leather Technology, Mwanza"
17 pages + project budget
- II SUDAN: Project proposal for UF/SUD/82/xxx, entitled "Assistance to Public Sector Tanneries"
6 pages + project budget
- III SUDAN : Project proposal for UF/SUD/82/yyy, entitled "Development of the Leather Industry"
12 pages + project budget
- IV ANGOLA : Project proposal for UF/ANG/82/xxx, entitled "Rehabilitation of Tannery and Leather Footwear Factory"
14 pages + project budget
- V BURUNDI : Project proposal for SI/BDI/82/xxx, entitled "Assistance to the Société Nationale des Peaux"
5 pages + project budget
- VI KENYA : Project revision of US/KEN/78/204, "Leather Quality Control Laboratory"
7 pages and revised project budget
- VII GLOBAL : Project proposal for UF/GLO/82/xxx, entitled "Study on Technical Training Needs in the Field of Leather Industry, particularly in Developing Countries"

