



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.

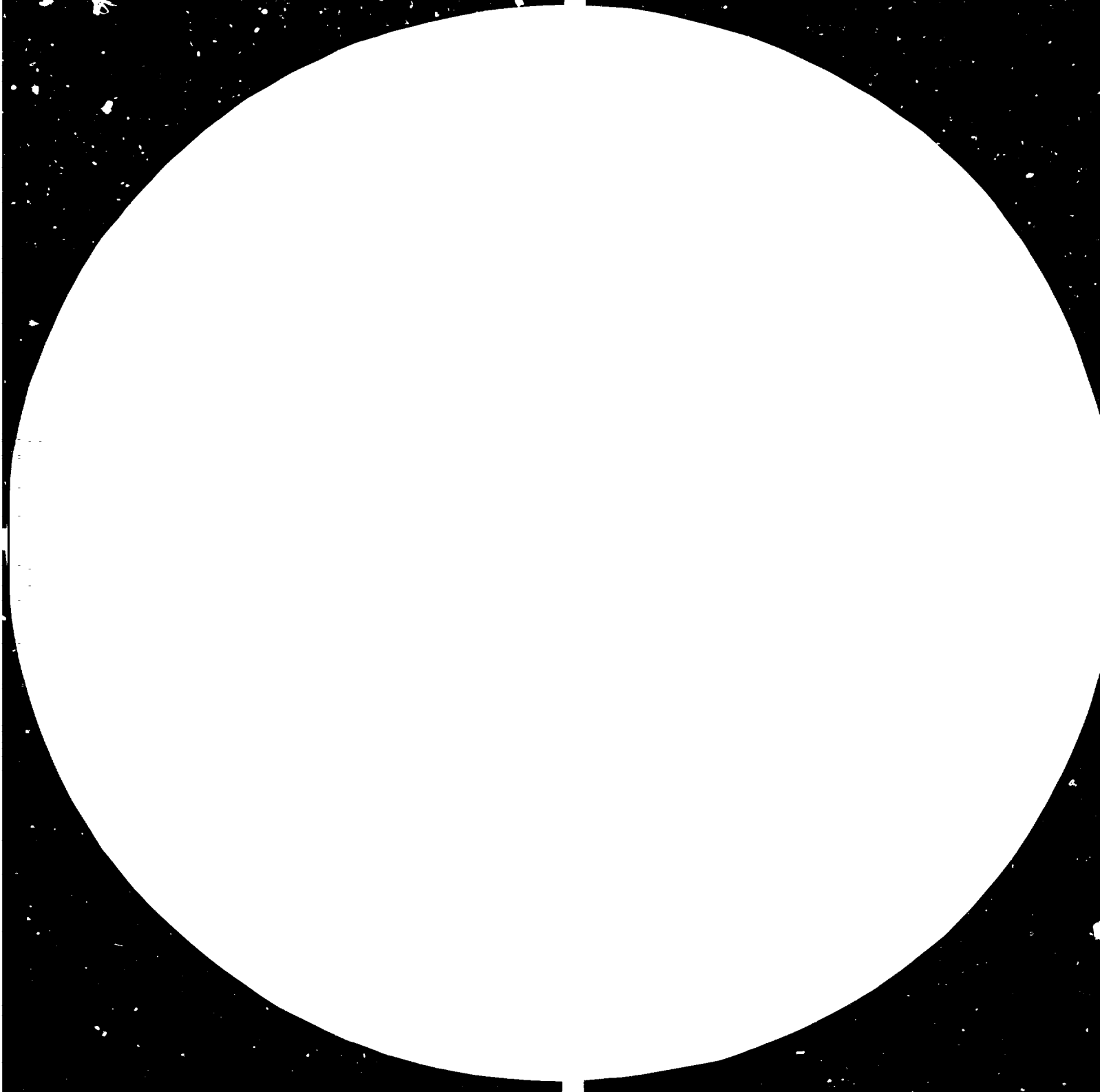
FAIR USE POLICY

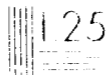
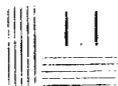
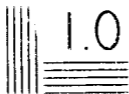
Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

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

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





14

16

RESTRICTED

11983

DP/ETH/SER.3/050
6 October 1980
English

Ethiopia
LEATHER AND LEATHER PRODUCTS DEVELOPMENT *

DP/ETH/78/001

ETHIOPIA

Terminal report

Prepared for the Government of Ethiopia by the
United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

Based on the work of D.W.Sellwood,
Hides and Skins Expert (FAO)

United Nations Industrial Development Organization
Vienna

* This report has been reproduced without formal editing.

7.38-01105

C O N T E N T S

- I. OBJECTIVES + LOGIC
- II. ACTIVITIES + OUTPUTS
- III. ACHIEVEMENTS
- IV. FINDINGS
- V. RECOMMENDATIONS

OBJECTIVES & LOGIC FOR AN HIDES EXPERT

The project objective was to increase within the leather and leather products sector the value added of raw material resources, with the ultimate objective of processing all hides and skins into finished and semi-finished quality products acceptable to the domestic and export markets.

One of the immediate objectives of this broadly based project was to increase the supply of quality raw hides and skins through the establishment of a systematized collection network, the introduction of better flaying and preservation techniques, and the development of financial and marketing policies aimed at increasingly processing raw material locally.

To assist in the implementation of the aims set out in the above paragraph the services of an Expert in Hides and Skins was requested from FAO to work on the project for an initial period of thirty months.

The terms of reference for this Expert were set out as under:-

The Expert will be attached to the National Leather and Shoe Corporation (NLSC) which administratively falls under the Ministry of Industry. Under the supervision of the International Team Leader, the expert will be expected to work in close co-operation also with the newly established Hides and Skins Marketing Corporation (SIC) under the Ministry of Agriculture and Settlement (SIC) when carrying out his specific duties under this project the Expert is in particular expected to:-

1. Assist in organizing an efficient network for the collection of raw hides and skins throughout the country.
2. Advise on the improvement of the quality of raw hides and skins, as well as on proper flaying, correct conservation and handling of these raw materials.
3. Train national counterparts in the above activities.

- 2 -

ACTIVITIES AND CONTACTS

When the Expert first arrived in Ethiopia he was allocated an office and a counterpart within the Ministry of Agriculture and the Hides and Skins Improvement Service, and all his time was occupied in working on the three main objectives as laid down under his job description.

However, as time progressed it was found that there were more and more aspects of the hides and skins work which were of direct relevance to the NLSC as regards their purchases of raw stock or the preservation and storage of the hides and skins, as compared to the general benefits of overall enhanced quality.

1. The Expert has made twelve field trips of about fourteen days duration each, and a number of shorter trips during the past two years. He has covered about 65,000 kms. by road and has visited all fourteen regions of the country. Wherever possible all parts of the regions have been visited, invariably in the company of at least two experts from the Ministry of Agriculture and generally with the Regional Hides and Skins Supervisor and the local awraja hides and skins technician. On these trips, visits have been paid to all licenced dealers in the area as well as to Ministry of Agriculture Headquarters at regional provincial and district levels. Instruction has been given at all points along the line, and a field report in detail covers aspects of each visit which need to be improved.

2. During the Expert's tour of duty three training courses of approximately sixty days have been given to thirty five technicians from the Ministry of Agriculture in each case. Whilst the theoretical training has been given by the National Productivity Centre, the practical aspects of grading, selection, preparation, flaying and building of hides stores and the relevant furniture have been handled in some degree by the expert, in co-operation with Ministry of Agriculture's Hides Improvement Service staff.

3. In the interests of attaining uniform standards throughout the country, the writer has prepared a hides and skins training manual which is at present the subject of discussion with all Ministry's Hides and Skins technical experts to ensure unanimity of opinion before the manual goes into print and circulation.
4. At the request of the FAO Country Representative, the Expert compiled and submitted a proposal for a three year project covering hides and skins improvement, animal by-products utilization, abattoir technology and rural tanning techniques. Whilst the project found acceptance in principle with FAO, O.I.D.O and the Ministry of Agriculture, it has not to-date received a high priority on a short term forward planning basis. The project, with amendment, may however serve as the basis for a similar project in the future.
5. Over a considerable period of time a number of visits have been paid to the Addis Ababa Abattoir and the Nefas Silk Hides Drying Area with counterpart experts from the Hides Improvement Service. The objectives have been to improve the standards of slaughter, flay and both suspension drying and wet salting.
6. The writer, at the request of the Ministry of Agriculture, lectured the regional heads and team leaders in animal breeding at their annual meeting, emphasizing the work of hides and skins improvement and its relationship to the work of animal and veterinary field work.

As the relationship between hides and skins quality and the quality of the finished leather product has come to be better appreciated, a number of duties have been performed by the expert at the request of various departments in the M.S.C. These can be enumerated as under:-

1. The expert was requested to assist the M.S.C. purchasing Dept. in ascertaining which areas would be most suitable for placing regional drying centres, and to assess the minimum requirements of such stores.

2. Jointly with the UNIDO Leather Expert, the Hides Expert took part in a seminar to broaden the technical understanding of NLSC's Management staff on matters relating to raw stock purchasing and leather production.
3. Jointly with the UNIDO Leather Expert, a study was conducted at Modjo Tannery to ascertain the causes of "low spot" (deterioration) on their tanned sheepskins.
4. Jointly with the UNIDO Leather Expert, a study was conducted to ascertain the suitability of Dessie origin goat skins for production of full grain skins, with particular emphasis on cracking found on the shoulder and backbone areas.
5. The writer has been requested on a number of occasions to visit the Ethiopian Tannery and Tannery of Addis to report on the quality of hides purchased, or to visit dealers and report on the suitability of the stock for purchase.

In this respect the Expert was requested by the General Manager of NLSC to visit all tanneries and examine representative samples of stock so as to give a comparison of buying standards.

6. Also at the request of the General Manager of NLSC, the writer conducted a survey of all the tannery stores and buying centres, and reported on their suitability.
7. On many occasions the salt used for wet salted hides and sheepskins has proved to be of an unsuitable type. The Expert has conducted trials and reported on these findings.
8. Due to heavy losses by putrefaction on large quantities of sheepskins purchased in bulk on festival days, the Expert and the purchasing department have drawn up directives to eliminate such losses.
9. Whilst a centralized purchasing department has still to become operational in NLSC, a great deal of work has been done over the past two years, and there is every expectation that this important aspect for the Corporation will become viable over the next twelve months.

10. Due to the very poor conditions under which hides and skins awaiting export at Assab Port are stored, the writer was requested to visit the area with a representative of the Hides and Skins Improvement Service, and discuss the whole situation with the Manager of the Port Authorities. This was done and a full report submitted on the matter.
11. At the request of the Hides and Skins Corporation, the writer assessed the damage to a large parcel of hides returned from Assab after being stored in the open and assisted in a re-selection prior to re-exportation.
12. At the request of the Supreme Planning Council the Expert, jointly with the Hides and Skins Improvement Service, did a survey of all the hides and skins dealers and exporters to assess the stocks being held in Addis Ababa in relation to the estimated monthly turnovers of the dealers, to ensure that stocks of an unduly speculative nature were not being held.

The Expert has handled many other small technical matters in the course of the past two years which may be grouped as daily administrative work.

ACHIEVEMENT OF IMMEDIATE OBJECTIVES

During the two years that the expert has been in Ethiopia, certain major improvements have been recorded in the immediate objectives shown under the job description, and maybe listed as under:-

1. Improvements in the Collection Network

Both the NLSC and the Hides and Skins Corporation have opened a number of buying centres in regional capitals. These stores can now be found in Addis Ababa, Shashemene, Dire Dawa, Jimma, Gondar and Dessie. Such buying centres not only ensure a greater percentage of hides and skins in the area being collected, but tend to bring local prices nearer in line with export prices bringing greater returns to the primary producer.

Improvements in the secondary road network throughout the country are considerable and ongoing, and have opened up enormous areas which previously had little or no contact with major markets. The Hides and Skins Improvement Service has not been slow to move into these otherwise backward areas. The same activity can be seen in areas which were previously in hostile hands.

2. Improvements in Technology

Targets have been set in all regions for the building of new stores, frames and other furniture, and this has resulted in the construction of many hundreds of new stores built to satisfactory design, and equipped with thousands of fixed frames as well as draining horses, fleshing tables and often new water points.

This has led to a marked reduction in the number of ground dried or "caravan" hides seen in rural markets, an increase in the number of wet salted sheepskins coming forward, and to a lesser degree, an improvement in the standard of goatskins.

3. National Expertise

Over the past two years the headquarters of the Hides and Skins Improvement Service has been able to strengthen its team of experts, so that there are now currently about five reasonably well-qualified technical experts as compared to two before. There was only one

small increase in the number of technicians in the field, but about thirty five percent (35%) have been given second training courses, and are therefore better qualified than previously.

4. There seems to be a much greater awareness amongst tannery technical staff that quality plays a very major part in profitability and the ability to sell the finished product, and that price is of a secondary importance if the end product of a cheap purchase cannot be sold. With a greater interest in making a higher grade product this awareness is also apparent in the shoe factories.

FINDINGS

The job description of the Expert on this project should not have been linked so solidly to the work being conducted by a different Ministry. There is sufficient work related to the requirements of NLSC to occupy one expert fully.

Equally in a country of 1,250,000 sq. kilometers with over 180 technicians and 2000 licenced dealers, effective improvement requires the concentrated effort of two or three experts, with counterparts, if proper emphasis is to be laid on reaching the rural population through Peasant Associations, Farming Co-operatives, Agricultural Shows, etc. This must be coupled with the training of more technicians and supervisors and most importantly visiting those technicians and checking and encouraging them out in the field.

In the Ministry of Agriculture there is a very great shortage of transport to enable experts from headquarters staff to go out and visit supervisors and technicians. Furthermore, at regional level technicians and supervisors are given far too few opportunities of getting out of head office and into the field due to lack of transport and "per diem" allowances. This has led to a great improvement in the quality of preparation standards in regional and awraja (district) capitals, with a considerable but lesser improvement in towns on main communication routes, but with very little improvement in the rural areas.

It is also apparent that too little recognition is given to the important part that hides and skins have to play in the overall economy of the country, at senior levels of Government. This is borne out by the lack of investment in this area of the economy compared to other fields despite hides and skins accounting for around fifteen percent (15%) of foreign earnings, and improvements in quality benefitting not only the foreign earnings component but the relatively large leather and shoe industries in the country.

Despite these criticisms it is apparent that there is a good standard of knowledge at all levels in the Hides and Skins Improvement Service, and despite a general sense of frustration at lack of recognition of the importance of the work, there is a latent enthusiasm which could be

generated into a really active programme for improvement if the necessary backing was given.

Where traders are brought in front of legislative bodies by the hides technicians for breaches of the Hides and Skins Ordinance, it often occurs that despite ample evidence against the trader, the case is dismissed. It is clear that if the quality of hides and skins is to be improved, one aspect of relevance is greater support from legislative bodies at regional level for the technician in pursuance of his duties. This particularly applies in the two important fields of elimination of ground dried preparation and enforcing purchase by grade only.

With regard to the raw hide and skin purchasing policies of the National Leather and Shoe Corporation, it appears that there is often a breakdown in continuity between the work of the Buying Department of each tannery and the tannery technical department. This is caused basically because once hides are purchased with tannery capital there is no current system by which the technical manager can refuse to accept them, irrespective of quality. This means that many parcels of inferior quality, purchased at prices well above their value and graded very loosely to compensate, have to be put into work. This in its turn results in tannery out turn where there is no connection between the quality of the finished leather and the quality of the raw stock.

As regards quantity rather than quality, the present system appears to work tolerably well. In general each tannery buying on its own account manages to obtain sufficient stocks to maintain production targets. It should be noted however that such stocks are often obtained at the expense of one tannery competing with another.

Two major factors are still present which prevent the tanneries from obtaining the full supplies they require at economic prices. These are the presence of a number of private licenced exporters in the

market, and the separate presence of the Government owned Hides and Skins Marketing Corporation. If this latter organization acted as exporters of surpluses after the tanneries had obtained their raw requirements, there would be little problem. Equally problems would not occur if the two organizations were controlled by one body. However as things stand these two corporations are mutually competitive instead of being mutually co-operative.

In the case of the private exporters the time may have come where some form of priority should be given to the NLSC, particularly with sheepskins, to enable them to meet their production targets, as they are capable of absorbing a major share of the national production. On occasions they are also unable to buy sufficient hides of reasonable quality to meet their requirements.

.../-

RECOMMENDATIONS

NATIONAL LEATHER & SHOE CORPORATION

It has long been accepted that a centralized purchasing system is required, but the relevant action to implement this has yet to be taken. It should be a matter of priority that decisions are taken at top level regarding the methods of financing such a system, and the basic systems of control. Detail cannot be worked out until such aspects have been clearly delineated.

The centralized system should eliminate competition between tanneries, ensure a higher quality standard of purchases, and enable tanneries to obtain the types and weight ranges they require.

Regional stores have been in existence for two years, but have never been properly utilized for the purpose intended. Buying at these centres should be instituted as soon as possible.

In anticipation of a Central Buying Organization being set up, the Purchasing Department should already be active in the following matters:-

1. Obtaining detailed figures for tannery requirements, both quantitative and qualitative.
2. Building a dossier on all regular suppliers to each tannery covering normal supplies, advances given, credit worthiness, etc.
3. Draw up guide lines for purchasing hides and skins through regional centres. This to include all relevant documentation.
4. Draw up plans for the centralized purchase and distribution of salt.
5. As soon as possible implement the standardization of grading, and give training where necessary.
6. Build up a data bank on all aspects of raw hides and skins marketing, as at present very little information is readily at hand.

HIDES IMPROVEMENT SERVICES

The importance of experts at headquarters being able to go into the field to visit their supervisors and technicians cannot be over emphasized.

These visits give great encouragement and it is noticeable that the areas most visited are also those with the highest standards.

As soon as finances allow, the number of technicians should be increased in accordance with the number authorized. Training should be given before they are sent out into the field.

Emphasis should be placed on attendance at many agricultural shows as possible, as well as visits to meetings of farmers co-operatives and peasant associations. However, for benefit to be obtained, it is necessary that first rate training aids are prepared well in advance, and that the contact expert is both capable as a lecturer and well versed in his work.

As noted previously, due to lack of provision of transport and "per diem" at regional level, major improvement is noted in urban areas whereas the rural areas lag being in standards of hides and skins improvement. Every effort must be made to convince team leaders at regional and district level of the importance of getting the improvement officers out of the office and into the countryside.

Training courses for junior technicians might be better organized inside the Service than by the National Productivity Centre. The present course covers many aspects of the leather trade which are only of indirect importance to the technician in the field, whereas the important practical aspects appear to receive insufficient coverage. The broader based and more theoretical course would be better understood and appreciated by technicians who have had a couple of years of practical application in the field. By this time a better assessment of each technicians capability to absorb the course could be made so that a selected group can receive this higher level of training.

FOR FURTHER REFERENCE

Technical reports covering all aspects of the work carried out over the past thirty months, as well as copies, manuals of instruction and project proposals can be found at the project headquarters.

The majority can also be found at the Head Office of the National Leather and Shoe Corporation and the Hides and Skins Improvement Service of the Ministry of Agriculture.

CROSS

