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67p.

REGIONAL AFRICA

HIDES & SKINS, LEATHER AND LEATHER PRODUCTS IMPROVEMENT SCHEME

US/RAF/88/100

MISSION REPORT

Ethiopia 21 - 28 November 1992

~~Kenya~~ 28 Nov - 06 Dec 1992

Tanzania 06 - 09 December 1992

Sudan 09 - 15 December 1992

by

Mr. Juhani Berg, Senior Interregional Adviser

** This report has been reproduced without formal editing*

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I. Executive Summary

The mission was partly a monitoring and partly a programme development travel to four African countries, namely:

Ethiopia	21 - 28 November 1992
Kenya	28 Nov - 06 Dec 1992
Tanzania	06 - 09 December 1992
The Sudan	09 - 15 December 1992

The terms of reference of the mission was:

- to study the present industrial situation in the countries visited, discuss the assistance needs within the proposed second phase programme US/RAF/92/200 including the RALFIS, REFAM, and NALFIS projects.
- to conduct meetings with UNDP/UNIDO representatives, the local industry, relevant government authorities and other funding agencies who may be potentially interested to participate in the financing of the second phase of the Regional Africa Hides and Skins, Leather and Leather Products Improvement Scheme.
- participate in the sectoral meetings to be organized and provide advise in the establishment of local Associations in the hides and skins, leather, footwear and leather products sector.
- participate in the official opening of the regional model tannery and effluent treatment plant in Sagana, Kenya

The mission findings re-confirms that the proposed second phase of the programme is indeed well needed and would provide the industry a suitable vehicle for further industrial development. The programme concept which includes further development of agro-based indigenous co-product, raw hides and skins to value added products with export potential, environmental improvements to an industry with effluent problems, gender development and assistance to small and medium scale private industry is very much within the industrial development priorities of the countries concerned.

The mission established initial, positive contact with the African Development Bank. The second phase of the project should cooperate closely with ADB and similar financial institutions and this contact should be followed up from UNIDO headquarters.

Separate reports on country level has been included for the various countries visited. The writer like to take the opportunity to thank the persons, institutes, governmental and non governmental organizations who have so freely provided the help and information needed by the mission.

II. Explanatory Notes

BSO	-Backstopping Officer
CAD	-Computer Aided Design
CTA	-Chief Technical Adviser
NEX	-National Expert
EEC	-European Economic Community
FAO	-Food and Agricultural Organization
HQ	-Headquarters
ITC	-International Trade Centre
KIRDI	-Kenya Industrial Research and Development Institute
LDC	-Leather Development Centre
NALFIS	-National Leather and Footwear Industry Scheme
PTA	-Preferential Trade Area
RAF	-Regional Africa
RALFIS	-Regional Africa Leather and Footwear Industry Scheme
REFAM	-Rehabilitation and Establishment of Finished Articles Manufacture
RCO	-Regional Coordinator
TOR	-Terms of Reference
UNIDO	-United Nations Industrial Development Organization
UNDP	-United Nations Development programme

Br Ethiopia Birr is the monetary unit of Ethiopia US\$ 1.00 = EBr 5.00 during the mission (UN official rate 4.95 as of 12/10/92)

Ksh Kenya Shilling is the monetary unit of Kenya US \$1.00= Ksh 35 during the mission

Tsh Tanzania Shilling is the monetary unit of URT US\$ 1.00 = Tsh 350.- during the mission

SE Sudanese Pound is the monetary unit of Sudan US\$ 1.00 = 134.- during the mission

US\$ Dollars of the United States of America

III. General Background Information

The following few paragraphs are to provide the reader clarifications on the scope and the objectives of the mission and some information on the US/RAF/88/100 & US/RAF/92/200.

The mission was to cover the countries which were not visited during the June/July 1992 mission of the writer (The report of Berg/ Felsner July 1992 refers) and to look specifically in the following matters:

In Ethiopia: Discuss the preparation of a large-scale leather programme for the coming UNDP cycle. Discuss with UNDP possible cost sharing of US/ETH/92/200. Participate in the first sectoral meeting of the tanners and the leather products sub-sector and advise on the possible establishment of a sectoral association to represent the industry after the discontinuation of the parastatal NLSC.

In Kenya: Participate in the official opening of the model tannery and effluent treatment plant established with the assistance of US/KEN/88/100 and US/RAF/88/100. Take part in the second sectoral round-table meeting of the hides and skins, leather and leather products sector. Visit the factories receiving assistance under US/KEN/88/100.

In Tanzania: Check on the privatization plans of Morogoro Tannery and give recommendations on possible UNIDO assistance to the factory in effluent treatment and modernization. Participate in the sectoral meeting of the hides and skins and derived products sector and provide information on the revolving fund operations.

In Sudan: Inspect equipment delivery to Salim Tannery. Participate in the steering committee meeting of project US/SUD/88/100. Provide information on the revolving fund operations. Attend the official opening of a shoe designers training course.

Information on US/RAF/88/100 and associated projects; US/RAF/92/200 and associated projects:

The large-scale Regional Africa Hides and Skins, Leather and Leather Products Improvement Scheme, US/RAF/88/100 is the largest IDF programme and comprises several new elements in so-called "programme approach". The programme is a joint effort of three agencies namely UNIDO, FAO and ITC. UNIDO is the executing agency and provides the total funding through IDF special purpose contributions from six donor countries.

The programme consist of two regional umbrella projects (US/RAF/88/100 and US/RAF/88/102) and seven national projects in Ethiopia, Kenya, Malawi, Sudan, Tanzania, Zimbabwe and Zambia. The total international funding of the programme, provided by special purpose contributions through IDF, exceeds 13 million US dollars.

The programme was scheduled to end December 1992 but has been extended to continue about six months in anticipation to start the second phase.

The second phase programme which has been developed is a direct continuation of the presently operational large scale Regional Africa Hides and Skins, Leather and Leather Products Improvement Scheme, US/RAF/88/100, US/RAF/88/102 and the associated national projects US/ETH,KEN,MLW,SOM,SUD,URT,ZAM and ZIM/88/100.

The programme continuation - and enlargement to include three additional countries namely Botswana, Uganda and Namibia - has been requested by all the participating countries, PTA secretariat and endorsed by the regional and national TPR meetings. Furthermore, the extension and expansion of the programme has been recommended by the FAO organized ECDC Workshop On Trade In Hides And Skins And Their Derived Products (Zimbabwe, July 1991) and UNIDO 10th Leather Panel Meeting (Madras, India December 1991).

The second phase of the programme is designed to follow up the experience gathered during the first phase implementation and to be the logical second step to enhance the capabilities of the African leather sector. The goal is to focus on the further development of the African Hides and Skins based sector and sensitize producers and suppliers to produce more value added articles. The sector being Agro related industry and based on by-products of meat, dairy and wool industry i.e. on indigenous, renewable resources, has a large underutilized potential. The programme is designed to provide assistance for a large group of people including African herds men, farmers, butchers, flayers, tanners and leather product entrepreneurs and traders.

Women development within this industry sector, specifically in the downstream side is going to play an important role and the training of people is addressed through upgrading the local institutes within a regional net-work to higher standard and importance.

The private industry assistance will play an important role and a new feature is that the assistance provided to private industry in machinery and equipment will be provided by the programme against pay-back arrangements to Revolving Fund Operations (RFO). These revolving funds are under the control of the local private industry associations and the funds are used for the activities within the hide and skin improvement and similar operations.

In geographical terms the programme is designed to operate in the region of Africa which has the greatest concentration of domestic animal population (over 50% of whole of Africa) and has, therefore, the greatest potential for the development of the hides and skins based tanning, footwear and leather products industry. The programme is designed to address the issues firstly on national level through the individual "National Leather and Footwear Industry Schemes" (NALFIS), secondly on regional level through the "Regional Africa Leather and Footwear Industry Scheme" (RALFIS), and the regional "Rehabilitation and Establishment of Finished Articles Manufacture" (REFAM). In other words the programme is designed to have individual country projects for each of the participating countries and these national projects, NALFIS, will take care of the individual needs and cater for the specific problems and different development levels of the participating countries. The regional umbrella project, RALFIS, will address the needs on the regional level and assist in the creation of regional tanners associations, regional net-working of institutes, provide assistance and services to start the regional model plants, host and organize the various regional seminars and be the headquarters of the programme management and administration and the international experts. The REFAM project is expected to be the main vehicle within the programme to address the lack of foreign exchange and provide machinery and equipment to the rehabilitation or assist the newly established plants in their initial investments through pay-back arrangements in local currency to the RFO.

The projects are clearly linked together and duplication of efforts and waste of resources, within the region, are avoided through the coordination by the RALFIS project.

The projects are presently undergoing the UNIDO appraisal and review process. The US/RAF/92/200 and US/UGA/92/200 have been approved and have been officially submitted to potential donors. Favorable reaction has been received from Germany and Austrian authorities and about 60% of the funds for the US/RAF/92/200 has been secured and the funding for the Uganda project is settled.

IV. General Conclusions and Recommendations

The first phase of the programme is now close to its end. The draft terminal reports of all countries are prepared and all the recipients have provided information on the results during the first phase. The second phase documents have been badly delayed mainly due to the increased bureaucratic demands and long processing through the UN system. The documents are now completed and appraised and should be sent to PRC final approval around 20 January 1993.

The first phase of the programme has been a very interesting exercise from the implementation point of view. Many lessons have been learned and judging from the response by the recipient industry, major achievements have been made.

The following general recommendations are provided: (additional recommendations on national level are given in the individual country reports)

1. The project documents should be urgently sent to the potential donors including non-traditional donors such as EEC and development banks. Special, individual letters should be drafted to present the cases.
2. It is likely that we will not receive the "rehabilitation funds" for the REFAM project. Therefore it is important that individual factory rehabilitation and establishment projects will be made on "bankable feasibility study bases" and the project supported by T/A component by the programme experts and the national projects. For example the following components can be handled that way:
 - Awash tannery effluent and finishing
 - Naibandian tannery
 - Model shoe factory Kenya/Zimbabwe
 - Component factory, Zambia
3. We should try to wind-up the present phase of the project as soon as possible in order not to land in a confusing financial/administrative situation with the second phase. A lot of administratively confusing over-lapping will take place during the near future between US/RAF/88/100 and associated projects and with US/RAF/92/200 and associated project if we do not impose a clear cut-off period. The answer may be to obtain the donor countries approval to close the US/RAF/88/100 and transfer the balance of the funds to US/RAF/92/200, at least in the case of the umbrella projects. The financial/administrative implication should be discussed with the FIMS and other concerned sections and a decision should be taken how to proceed in this matter.

V. COUNTRY REPORTS

KENYA REPORT

- I. Findings**
- II. Conclusions and Recommendations**

Annexes:

- 1. Mission programme**
- 2. Sagana opening ceremony, programme and invitation letters**
- 3. Round-table meeting, agenda and minutes of the meeting**
- 4. Export retention of forex on raw hides and skins**
- 5. African Development Bank**
- 6. Job description Mr. S. Kiruthu**
- 7. Outline for a shoe industry study**
- 8. Copy of Mr. I. Rupani's (Leather Masters Ltd.) letter to IPS**
- 9. Copy of letter from Mr. P.K. Weru regarding Dagoretti market**
- 10. Letters from Kenyan authorities regarding US/KEN/92/200**
- 11. Constitution and rules of Kenya Footwear Manufacturers Association and KFMA's presentation to round-table meeting**

I. FINDINGS

a) REGIONAL OFFICE

People met:

Mr. G. Felsner, CTA

Mr. C. Marzo, Tanning Expert

Mr. J. Muriuki, Regional Coordinator

Mr. J. Nishida, Associate Expert

Mr. Odongo, Head of LDC

Mr. Muturi, Head of Laboratory, LDC

Ms. K. Gitobu, Laboratory assistant

I briefed the staff on the latest status of the second phase and had a preliminary discussion on the KIRDI subcontract. The problem of KIRDI ordering the machinery from the supplier is that import duty has to be paid on the machines. A recent adjustment in the rate of import duty from 20 to 80 per cent makes the purchase meaningless as KIRDI has no funds to pay this duty. The only way such exemption can be granted is if the equipment is shipped as UNIDO property. A telex was sent to Vienna to explain the situation and ask advice.

We discussed with Mr. Odongo and Ms. Gitobu the need of upgrading the LDC and the laboratory operations as well as the question of spare parts and additional equipment requirements. It was agreed that a list would be prepared immediately and then discussed with the KIRDI directors.

I telephoned the UNIDO Leather Unit to discuss various matters and to give a briefing on Ethiopia mission.

I also telephoned Mr. C. Siulapwa to discuss extension of his contract. He has received the necessary government request and will fax it to Vienna.

Mr. Colomer's office telephoned and requested to know what UNIDO needs to know regarding the effluent treatment plant of Morogoro. I gave him the information requested.

Discussions took also place concerning the preparations for the Sagana official opening and the round-table meeting with the industry, and the agendas for both occasions were confirmed.

The possible subcontract for the by-products utilization and the Deras finishing plant were discussed in detail. Both matters are to be followed up by the Leather Unit after additional information has been received.

b) UNDP

Mr. J. D. Whaley, Resident Representative
 Mr. S. Bologna, UNIDO Country Director
 Mr. Sakari Koivuta, JPO

Mr. Whaley was briefed on the project status and we discussed the official opening of the Sagana Tannery and the effluent treatment plant. He was very positive concerning the private industry support and interested in the revolving fund operations. Mr. Whaley advised us to work closely with the development banks such as the ADB and other non-traditional donors, especially the EEC.

c) Mr. A. COMBOS, Chairman, Kenya Tanners Association

I briefed Mr. Combos on the project status and had a discussion on the report of Mr. Clonfero on Alfarama. According to information from Mr. Combos, the results obtained in the Alfarama effluent plant are not entirely up to the standards expected/promised by the designer, Mr. Clonfero. Mr. Clonfero has given detailed comments on the Alfarama plant and the results obtained. Alfarama will draft a reply to Mr. Clonfero's comments and he should be asked to stop over at Alfarama during his next visit.

Further we discussed the Kenyan Government's response to the US/KEN/92/200 project document. It was agreed that we may keep the matter pending until after the election. However, the issue was raised in the round-table meeting (Annex 3.)

d) NALINA

Ms. Nalina Rupani
 Mr. I. Rupani

Mr. and Mrs. Rupani felt that one of the most valuable parts of the Pirmasens fair was the visit to the Mano leather goods factory. They have implemented some of the ideas seen in this factory and this has boosted the production from about 150 items per day to 240 items per day. They are now very busy to follow up the inquiries and sample orders from the fair.

Mr. Rupani has written a letter to Mr. M. Bauer, IPS, Cologne, to request participation in some special fairs for office implements (see Annex 8).

Nalina pay for handbag softy leathers Ksh 55 + 18 per cent VAT; increase by 30 per cent announced for next year.

The leather goods fittings and components which were bought in Pirmasens during the fair were very useful and boosted the Christmas sales of Nalina products.

e) **BAWAZIER, New Tannery Plant**

Mr. Dass, Factory Manager

A visit was paid to the site of the new tannery. The building is near completion and the machinery foundations are completed. Also the civil works for the effluent plant are close to completion. The effluent plant seems under-sized for the production of 500 hides and 8,000 skins per day. The brushed screens looked like they were supplied by Italprogetti.

The tannery is located on the banks of Athi River on very low ground and will have a big flood risk. It seems that the factory is planing to build some sort of a dike to block flooding.

f) **DERAS, New Wet-blue Plant**

The tannery building and effluent treatment plant are completed and machinery installation has started. Four Vallerio liming drums 3.5 x 3.5 were being installed. Two re-tanning drums from Murphy (of doubtful quality, more like milling drums - pine wood!) had been installed. The rest of the machinery is, according to information, mostly second hand and is not yet on site. It seems to be a pity to install inefficient equipment with the risk of breakdowns and with a lack of spare parts in such a nice building.

The capacity of the plant is about 500 hides per day and the effluent plant looks like a copy of the Sagana plant (Murungi construction). So, the Sagana plant has already started to serve its purpose as a model plant.

g) **Sagana Tannery**

The official opening of the rehabilitated Sagana Tannery and the new effluent plant was nicely organized. Unfortunately an unexpected, nearly full-day, power cut spoiled somewhat the occasion.

The programme of the opening ceremony and the invitation letters are attached as Annex 2.

The plant is now in quite an impressive shape and the effluent plant seems to be working very well. A container load of wet-blue leather, ready for export, looked to be of very god quality.

h) **Round-table Meeting**

The agenda of the round-table meeting and the list of participants is presented in Annex 3.

I gave a presentation on the present (financial) status of the second phase of the Programme and made a plea to the meeting to recommend that the Kenyan project document be approved in its present format and sent to donors for financial negotiations. This was endorsed by the meeting.

The export of raw hides and skins is now without restrictions and subject to 50 per cent retention of forex. This will definitely hurt the tanning industry of Kenya if no change of policy is forthcoming. The details are attached as Annex 4.

It was agreed that Mr. Kiruthu should be engaged to prepare the case of the leather industry for presentation to the Kenyan Government. Mr. Kiruthu should be engaged as of 15 January 1993 for a period of two weeks (see draft job description Annex 6).

i) **African Development Bank (ADB)**

I had a very positive meeting with Mr. C. Kahangi. The ADB has a new facility which can provide loans from a minimum of US\$ 100,000 up to the maximum of US\$ 15 million. The ADB would be most interested in working with the UNIDO projects and in case a feasibility study is prepared, they would be happy to look into financing possibilities. The loan should not exceed 1/3 of the total capital needs. The present interest rate was said to be 7 per cent per annum.

Details of the ADB facility are in Annex 5, including information on a follow-up meeting with the CTA and the UCD.

j) **KIRDI**

Dr. R. Arunga

The subcontract amendment which I carried with me was discussed and it was agreed that:

1. There is no point in signing the present amendment to the contract as a new amendment will be needed immediately.
2. Mr. Felsner will prepare jointly with the LDC management a list of machinery, spare parts, chemicals etc. for the balance of funds, separating the local and forex components.
3. KIRDI will send a letter to UNIDO requesting a contract amendment and the transfer of the funds needed for the purchase of equipment to be transferred to BI 42 in order to purchase the machines through the normal UNIDO purchasing procedure.

4. Funds for the rent at the rate of Ksh 30,000 per month are to be reserved for the period of 1 January to 30 June 1993 (electricity and water to be excluded and to be taken care of by KIRDI).

k) **Pachar (Sana) Shoe, Thika**

Mr. Charles N'gethe

The company participated in the Pirmasens fair. The new sample shoes with leather soles from Zimbabwe are selling very well at the price of Ksh 1,250 ex factory and retailing Ksh 2,500 in Nairobi shops.

The idea of the "model shoe factory" was discussed in informal terms with Mr. N'gethe and he is very interested to study such possibilities.

A study should be prepared for establishment of such a factory. This study should have all the ingredients of:

- Transfer of technology (ask Messrs. Bodwell/Foran to do some leg work)
- TCDC/ECDC (propose to Mr. Alan Feigenbaum to participate)
- Create a women component; large participation of women for training.

The study should be based on gent's moccasins and flat-lasted good quality footwear for the production of about 600-800 pairs/day for the local market and for exports. Estimated percentage 25/75 export/local.

An outline for the study is presented in Annex 7.

l) **Discussion with Messrs. Weru and Murungi**

Mr. Weru had some interesting proposals and ideas which were discussed with the CTA.

1. Assistance to the Dagoretti market. Annex 9 includes details of this unofficial request. This is certainly something that AGRO/animal-based unit should look into.
2. Discussions on the preparation of an educational film for tannery effluent treatment were held and Mr. Weru felt that there was a real need for this type of video film. This idea should be discussed with Mr. J. Buljan; perhaps a small project could be made for this purpose within the Africa Programme.
3. One-week training course for technical personnel in effluent treatment; similar to the Nairobi effluent treatment seminar but on technician level (no managers) and

the course syllabi should provide real "hands on" exercises such as making analyses, etc. This should be carried out under the second phase and should be discussed with Messrs. Buljan and Clonfero.

Mr. Murungi should be sent to assist Bata in Kafue in the initial assessment of the effluent treatment. A telex was received from Zambia requesting such assistance and access to the Sagana plans and drawings (again, the Sagana model seem to be really effective). After discussion with the CTA and Mr. Murungi it was agreed that we will propose to Bata that they will bring Mr. Murungi to Kafue at their expense and Mr. Murungi will carry the plans and drawings with him and make an initial assessment. Mr. Clonfero could be connected to this matter later. A telex was sent accordingly to Zambia.

II. CONCLUSIONS AND RECOMMENDATIONS

It was evident from the discussions during the round-table meeting that the UNIDO-initiated cooperation between the various subsectors of the leather-based sector is starting to work for the benefit of the industry. The meeting was very timely to take note of the new government regulations concerning free trade in the raw hides and skins and the 50 per cent forex retention connected with it. It was a good opportunity to decide on counter measures from the industry, including UNIDO support through providing funds for a consultant on this subject.

The UNIDO-initiated Kenya Footwear Manufacturers Association (KFMA) has started to function. The constitution and the rules of the KFMA are given in Annex 11 with the presentation of the KFMA at the round-table meeting.

The main recommendations of the mission are as follows:

1. The Kenyan project document, after clearance by the UNIDO/PRC, should be forwarded to selected donors with a convincing explanation of the importance of the project for the entire Programme.
2. The model shoe factory with ECDC/TCDC, technology transfer and women development components, should be vigorously promoted. It is a rare occasion to have identified such well-suited partners for this interesting development model.
3. Preparation of an educational video on tannery effluent and a training course for technical personnel in effluent treatment should be included in the Programme.
4. A work plan for the second phase should be prepared and discussed in a Programme management meeting in Nairobi at the earliest opportunity. The timing could be possibly end of February/early March, during the BSO and SIRA's visit to Nairobi.
5. Follow up the subcontracts of the by-products utilization with the Reutlingen institute and the Deras finishing plant.

6. Follow up the work of Mr. Clonfero, especially the work carried out during last Africa mission and check on the travel plan and the TOR of the next mission. A summary of all expected effluent treatment activities within US/RAF/88/100 and associated projects and the second phase should be prepared and a work programme prepared.

1.1:KENYA.REP

ANNEX 1

PROGRAMM OF MR. BERG (SIDO) MISSION TO KENYA
28 NOVEMBER - 06 DECEMBER 1992

SATURDAY 28 NOVEMBER 1992

11H45 Arrival in Nairobi
 Booking for period 28/11/92-05/12/92 at Hotel Boulevard

SUNDAY 29 NOVEMBER 1992

Work in office. Ethiopia report/Nalbadian. Briefing of experts. Financial matter. Phone Ethiopia/Ms, Calabrò. Sub-contract. Duty tax (boiler, lab). Print documents. Phone national expert Siulapwa. National expert Hail)'s TSSI. Phone Colomer.

TUESDAY 1 DECEMBER 1992

08H30 UNIDO/UNDP (UCD, RR)

10H00 Mr. A. Combos (Chairman, Kenya Tanners Association)

11H30 Nalina

13H00 Mr. L. Kassam (Managing Director, Leather Industries of Kenya).
 Bawali Tannery.

15H00 Visit to New Deras Wet-Blue Tannery.

WEDNESDAY 2 DECEMBER 1992

08h30 Pachar Shoe

10H30 Commission of Sagana Tannery wet-blue processing unit and Effluent
 Treatment Plant

THURSDAY 3 DECEMBER 1992

08H30 Round Table Meeting (Agenda attached)

15H00 ADB

16H00 KIRDI

FRIDAY 4 DECEMBER 1992

Regional Office/Project matters

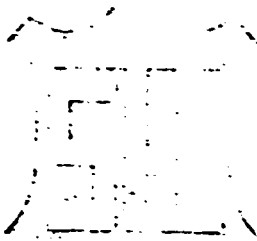
SUNDAY 6 DECEMBER 1992

16H45 Departure for Dar-es-Salaam

THE PROPOSAL PROGRAMME

- | | | |
|------------|---|--|
| 10.00 A.M | - | GUESTS ARRIVE |
| 10.15 A.M | - | THE GENERAL MANAGER TO CALL UPON THE CHAIRMAN TO WELCOME THE GUESTS |
| 10.30 A.M | - | THE CHAIRMAN TO WELCOME THE GUESTS |
| 10.45 A.M | - | THE MANAGING DIRECTOR TO GIVE A SHORT HISTORY OF THE COMPANY |
| 11.00 A.M | - | UNIDO REPRESENTATIVE TO GIVE A SHORT HISTORY OF THE PROJECT |
| 11.30 A.M | - | MR. MURUNGI TO GIVE TECHNICAL AND CONSTRUCTION OUTLINE |
| 12.00 NOON | - | UNITED NATIONS RESIDENT REPRESENTATIVE MR J.D. WHALEY TO FORMALLY COMMISSION THE REHABILITATED FACTORY |
| | - | ITALIAN AMBASSADOR TO OPEN THE EFFLUENT TREATMENT PLANT |
| | - | A GUIDED TOUR OF THE FACTORY |
| 12.45 P.M | - | VOTE OF THANKS BY A MEMBER OF THE BOARD |
| | - | GUESTS TO LEAVE AT THEIR PLEASURE |

Telephone: 0163-
46029
46205
KERUGOYA
Telex:



SAGANA TANNERIES LIMITED

LEATHER MANUFACTURERS

P.O. Box 94,
SAGANA,
KENYA.

Our Ref: JM/STL/555

Your Ref:

Date: 24th Nov. 1992

Mr. Gerhard Felsner

UNIDO

P.O. Box 30218

NAIROBI

Dear Mr. Felsner,

RE: COMMISSIONING OF TANNING SECTION SAGANA TANNERIES LTD

The Chairman of Sagana Tanneries Limited wishes to invite you for the commissioning of the tanning section and the Effluent Treatment Plant of the Sagana Tanneries Ltd, Sagana on Wednesday, 02 December 1992 at 1000 Hrs.

During the commissioning, the UNDP Resident Representative, Mr. J.D. Whaley and Mr. Juhani Berg, Senior Industrial Development Officer, and Head of the Leather Unit at UNIDO Headquarters will also be present. Mr. Berg will be on a mission to Kenya, from 28 November - 06 December 1992.

The tanning machinery and the effluent treatment plant equipment have been supplied by UNIDO. UNIDO has also supported Sagana Tannery with expert assistance.

The tannery was rehabilitated in order to act as a model for demonstration since it has the most modern effluent treatment equipment in the Region.

However, it is worth mentioning that all the machinery and equipment thus supplied was purchased from Italy which is worth approximately US\$ 700,000.


JAMES MUGO
CHAIRMAN

THE PROPOSAL PROGRAMME

- 10.00 A.M. - GUESTS ARRIVE
- 10.15 A.M. - THE GENERAL MANAGER TO CALL UPON THE CHAIRMAN TO WELCOME THE GUESTS
- 10.30 A.M. - THE CHAIRMAN TO WELCOME THE GUESTS
- 10.45 A.M. - THE MANAGING DIRECTOR TO GIVE A SHORT HISTORY OF THE COMPANY
- 11.00 A.M. - UNION REPRESENTATIVE TO GIVE A SHORT HISTORY OF THE PROJECT
- 11.30 A.M. - MR. MURPHY TO GIVE TECHNICAL AND CONSTRUCTION DETAILS
- 12.00 NOON - UNITED NATIONS RESIDENT REPRESENTATIVE MR. J. D. SHAWBY TO FORMALLY COMMISSION THE REHABILITATED FACTORY
- ITALIAN AMBASSADOR TO OPEN THE REHABILITATED TREATMENT PLANT
- A WEDDED HOUR OF THE FACTORY
- 12.45 P.M. - VOCS OF THANKS BY A MEMBER OF THE BOARD
- GUESTS TO LEAVE AT THEIR LEISURE

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

US/RAF/88/100



HIDES & SKINS, LEATHER AND LEATHER PRODUCTS
IMPROVEMENT SCHEME IN COOPERATION WITH ASSOCIATED
PROJECTS IN ETHIOPIA, KENYA, MALAWI, SOMALIA,
SUDAN, TANZANIA, ZAMBIA AND ZIMBABWE



YOUR REF:

NAIROBI,
06 November 1992

OUR REF:

Dear Mr. Volpini,

Re: Commissioning of Tanning Section Sagana Tanneries Ltd
under US/RAF/88/102 - Rehabilitation Project
. Wednesday, 02 December 1992

UNIDO Regional Leather Project, US/RAF/88/100 wishes to invite you for the commissioning of the tanning section and the Effluent Treatment Plant of the Sagana Tanneries Ltd, Sagana on Wednesday, 02 December 1992 at 1000 Hrs.

During the commissioning, the UNDP Resident Representative, Mr. J.D. Whaley and Mr. Juhani Berg, Senior Industrial Development Officer, and Head of the Leather Unit at UNIDO Headquarters will also be present. Mr. Berg will be on a mission to Kenya, from 28 November - 06 December 1992.

The tanning machinery and the Effluent Treatment Plant equipment have been supplied by UNIDO under UNIDO rehabilitation project (US/RAF/88/102) which is a supplementary project to Regional Hides and Skins, Leather and Leather Products Scheme (US/RAF/88/100). UNIDO has also supported Sagana Tannery with expert assistance.

The tannery was rehabilitated in order to act as a model for demonstration since it has the most modern effluent treatment equipment in the Region.

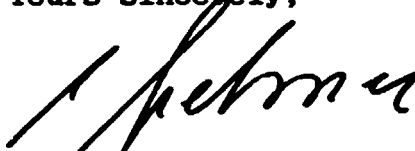
However, it is worth mentioning that all the machinery and equipment thus supplied was purchased from Italy which is worth approximately US\$700.000.

H.E. Mr. R. Volpini
Ambassador
Italian Embassy
P.O. Box 30107
Nairobi

cc: Juhani for info.
M.

Your attendance will be highly appreciated.

Yours sincerely,



G. Felsner
Chief Technical Adviser
UNIDO Regional Leather Project
US/RAF/88/100

cc Mr. Stefano Bologna
UNIDO Country Director
c/o United Nations Development Programme
P.O. Box 30218
Nairobi

✓ Mr. J. Berg
Senior Industrial Development Officer
Agro-Based Industries Branch
Head, Leather Unit
UNIDO Headquarters
P.O. Box 300
A-1400 Vienna
Austria

ANNEX 3

**ROUND TABLE MEETING ON UNIDO ASSISTANCE TO
THE LEATHER INDUSTRY SECTOR**

Date: Thursday, 03 December 1992
Time: 0830 Hrs
Venue: Utalii Hotel

A G E N D A

1. Welcome by the Chairman/Secretary (Combos/Awale)
Adoption of minutes of last meeting held on 17 July 1992
2. Briefing on the present financial status of the project covered under phase II program with reference to the sources of project funding (Mr. J. Berg)
3. Report on the activities of US/KEN/88/100, July-December 1992 (Mr. J. Muriuki)
4. Report on the formation of the Kenya Footwear Manufacturers Association, its planned activities and issues related to the establishment of a footwear component production unit including training (Mr. C. Ng'ethe, Pachar Shoe Ltd, Thika)
5. Briefing on the development prospects and further industrialization process in the leather goods manufacturing sector, with reference to the UNIDO organized participation in the Leather Fair held in Pirmasens, Germany, November 02-06, 1992 (Mr. I. Rupani, Leather Masters, Nairobi)
6. Overview of the present situation of the Kenyan tanning industry referring to raw material supply, quality and price structures, increased cost of chemicals, etc. (Combos, Awale, Kassam)
7. Sectorial development in neighbouring countries, the possible consequences to the Kenyan tanning industry with regards to the raw material supply and export of wet blue hides and skins (Felsner)
8. Follow-up on recommendations presented as a result of the last Round Table Meeting held on 17 July 1992.
9. Any Other Business

MINUTES OF THE SECOND ROUND TABLE MEETING ON UNIDO ASSISTANCE
TO THE LEATHER INDUSTRY SECTOR HELD AT SAFARI PARK
HOTEL, THIKA ROAD, ON THURSDAY,
03 DECEMBER 1992 AT 0900 HRS

Present:

J.W. Kuria	Chief Executive, Kenya Association of Manufacturers (Chairman)
Prof. F.M. Luti	Chairman, KIRDI
H. Awale	Chairman, Kenya Tanners Association
M.G. Wanjohi	Sagana Tanneries Ltd
M.C.Z. Moturi	KIRDI
A.A. Karim	Abdulwadood Tanners
B.O.F. Odongo	KIRDI
A.M.R. Odipo	KIRDI
J. Gigante	Bata Shoe Co.
A. Jama	Bata Shoe Co.
J. Nishida	UNIDO Nairobi
I. Rupani	Leather Masters Ltd
G. Murungi	Technical Associates
G.M. Ng'onjo	Department of Veterinary Services, Ministry of Livestock Development
P.M. Gakwa	Gakwa Shoes
J.M. Muriuki	UNIDO Nairobi
M.W. Mwangi, Ms	UNIDO Nairobi
C. Marzo	UNIDO Nairobi
S. Hinson	Blutan
Charles Ng'ethe	Chairman, Kenya Footwear and Manufacturers Association
Juhani Berg	UNIDO, Vienna
R.O. Arunga	KIRDI
G. Felsner	UNIDO Nairobi
Szumbah Mwanaongoro	Ministry of Industry
S.M. Kiruthu	Guest
M.W. Gatu, Mrs	Kays Shoes
N.K. Njugi	Kenya Bureau of Standards
M. Jama Madhar	Kitale Tanneries
George Alexandrakis	Deras Ltd
J. Jayakumar Dass	Bawazir Tannery Ltd
Simon J. Ng'ang'a	Simjon Shoes
Mbugua Kiarie	Country Shoes
Nalina Rupani, Mrs	Nalina Ltd
Aziz Din	Aziz Din Tanners
Wanjau Kirima	Chairman, Butchers Association
P. Kinya	Bulleys Tannery

Apologies

P.K. Weru Ministry of Water Development

The Chairman, Mr. J.W. Kuria opened the meeting by welcoming the participants and thanking them for their attendance. He also thanked UNIDO for the assistance and support to the leather industry. He said that the first meeting which was held on 17 July 1992 was a big success. Mr. Kuria then called upon the Chairman of the Kenya Tanners Association to address the meeting.

Mr. Awale started by saying that when the leather industry was started it had a lot of problems but through the exchange of ideas some of them have been ironed out. This could not have happened without the cooperation that exist between the tanners.

Mr. Awale further explained that demand and supply of leather is fluctuating all the time. Sometimes the demand is high and it becomes extremely difficult to satisfy the demand.

The Chairman stressed the need for the entire leather sector to improve production of leathersgoods in order to enhance the industry. He further pointed out if goods are of high quality value it would be very easy to get a market for them. He then called upon Mr. Berg to brief the meeting on the financial status of the phase I of the US/KEN/92/200 .

Present Financial Status of the project US/KEN/92/200

Mr. Berg said that he was happy to be in Kenya again and to be in a position to attend this meeting. He was glad to note the cooperation between the hides and skins dealers, butchers, shoe makers and Government Ministries which is expected to be fruitful for the sectors development.

Mr. Berg informed the meeting about the inauguration and commissioning of equipment and the effluent treatment plant at Sagana Tanneries on 02 December 1992 which were rehabilitated under the supplementary project US/RAF/88/102. The occasion was considered to be a great success. Sagana Tanneries now having a model treatment plant in the region and due to the successful rehabilitation of the Effluent Treatment Plant UNIDO has already received an enquiry on the plant layout from one of the other African countries.

On the second phase financing, Mr. Berg informed the meeting that a donor country meeting was held in Vienna in February 1992. A lot of work has been put in the preparation of the individual country projects since February and the exercise is still going on. The total budget for this project US/KEN/92/200 is US\$ 670,000. He requested the meeting to consider that as the project could not be started without funding it was of utmost importance that the project document should be presented without further amendments to the donors. He reiterated that Government official request for the extension of the project is

urgently needed and he noted that a request from the Ministries of Industry and Livestock Development was received but with certain conditions. These conditions would need the amendment of the entire documents and would delay the presentation of the document to the donors.

A representative of the Ministry of Industry, Mr. S. Mwanaongoro, however, clarified that his Ministry supported the project document fully and that what he presented after going through the document were merely comments but not conditions.

Mr. Berg observed that during the phase 1 project UNIDO worked well with the Ministry of Livestock Development despite some conflicts between the Kenyan International Hides/Skins Expert and some personnel of the Ministry. These conflicts had, however, jeopardized the smooth running of the national project.

As regards the mapping out of the target areas, UNIDO was not getting the required cooperation from the Ministry of Livestock Development. At this stage, Mr. Muriuki said that the Ministry was approached to give ideas and information on this subject but to no avail. Finally, and after waiting for too long, UNIDO had no alternative but to send Mr. Muriuki to the areas with a heavy population of livestock e.g. Kiambu, Nyahururu, Mount Kenya Region, i.e. Nanyuki and Nyeri. The criteria that was used to map out the target areas was the availability of counterpart inputs and resources which would make the administration and collection of data very easy. Mr. Muriuki stressed that UNIDO's interest is basically to improve the hides and skins sector in these target areas which would benefit the entire Kenyan economy.

The Chairman supported UNIDO as it is non-partisan and their interest is to solely to promote the leather industry in this country. This eventually creates more employment.

At this point, Dr. Kiruthu said that hides/skins improvement should be privatized and this idea was earlier proposed by a Senior Hides/Skins Officer in the Ministry of Livestock Development, Mr. Ronoh who also felt that if this area is privatized, the project would work very efficiently.

The Chairman said that request for the extension of the Kenya project should not be conditional because these funds are for the support of the entire Kenyan economy. The Chairman also said that the industry was ready to meet the Permanent Secretary and the Minister for the Ministry of Livestock in order to give their views on why the project should be extended without further delay.

However, after a long discussion on this matter, the meeting unanimously agreed that the document should be presented for approval without further amendments.

It was also proposed that once the project document has been presented and approved, a committee should be appointed to look into the minor details and comments by the Ministries of Industry and Livestock Development on the document and iron out any bottlenecks. Mr. Berg can then make a document revision.

The Chairman called upon Mr. Muriuki to give a report on the activities of US/KEN/88/100 from July-December 1992.

Mr Muriuki informed the meeting that as reported during the last round table meeting in July, the project s budget was exhausted and therefore there were no activities going on.

However, Mr Muriuki said that a lot has been achieved on the industry side, for example the leathergoods, shoe manufacturers etc.

He also noted that it was difficult to have any activities in Nakuru target area because of internal conflicts in the MOLD

In Kiambu target area, the senior hides and skins improvement officer retired and his replacement is being training on hides and skins operations.

On the industrial component, 3 consultants were fielded, namely:

1. Dr. Clonfero, Effluent Treatment was in Kenya on a short mission to Kenya and he carried out tests at LDC which proved that the plant was very efficient.
2. Tannery Machinery Maintenance expert, Mr. Zink installed a drier for finished leather.
3. Leathergoods Expert, Mr. Sinturel visited the country in order to advise leathergoods and shoe manufacturers on how to make good articles for display during the Pirmasens Leather Fair in Germany, 3-6 November 1992

Regarding the regional project activities, the CTA, Mr Felsner and Mr. Muriuki were involved in the preparation of the project s phase II document.

During the same period, Mr. Muriuki was also able to travel extensively to all the target areas and held discussions with field personnel in the Ministry of Livestock Development and at the same time collect data in preparation of phase II project. The Chairman asked whether there were any comments from the floor and since there were none, he called on Mr. Charles N'gethe, Pachar Shoes to give a report on the formation of the Kenya Footwear and Manufacturers Association, its planned activities and issues related to the establishment of a footwear component production unit including training.

Mr N'gethe informed the meeting that since the last meeting in July, the Association and its office bearers have been registered.

Members of the association have been meeting regularly to review the following:

- the constitution in order to suit their needs putting emphasis on upper leather
- sole materials and in this regard they have to work closely with the Kenya Tanners Association
- consider formation of a special task force to monitor shoe dumping in the country and in this context the association will seek to work closely with the Kenya Association of Manufacturers, Kenya Bureau of Standards, Ministries of Commerce and Industry
- establishment of a training institute for the shoe industry especially in the area of design, etc. Such a training centre should be established at the Leather Development Centre on condition that the Association will be responsible for the management, recruitment, financial management etc.

- LDC should be an autonomous body.

Other details on such a center will be presented to UNIDO/LDC in due course.

Mr. N'gethe further informed the meeting through UNIDO assistance, he was able to visit some shoe factories in Zimbabwe and he was able to learn a lot from that exposure. He has even been able to incorporate some of the designs in his factory range.

He observed that the shoe industry has been experiencing a lot of problems because of the dumping, lack of foreign exchange and unavailability of good quality leather.

At this point, the Chairman commented that in order for the local shoe manufacturers to be able to compete locally and internationally, they should be able to produce good quality products. This can be achieved only when the personnel are properly trained and qualified. Therefore the establishment of a training centre cannot be overlooked.

Dr. Arunga said that although the establishment of a training centre at LDC was a very important issue, it touched on policy matters which has been discussed with UNIDO for several years. He accepted the conditions proposed by the Footwear Association since Kenya is moving towards privatization of its industries. Dr. Arunga further explained that when the management is controlled by the private sector, the degree of efficiency increases. He also said that the tooling and cutting die and mould design made in such a centre could be assisted by the UNIDO engineering project which is

situated at KIRDI. In principal the establishment of a training centre at LDC was acceptable.

Mr. Berg commented that the provision of a training centre has been incorporated in the phase II of both National and the Regional rehabilitation projects. More discussions on this were to be held same day at KIRDI offices.

Mr. Rupani of the Leather Masters was called upon to give a short brief on the development prospects and further industrialization process in the leather goods manufacturing sector, with reference to the UNIDO organized participation in the Leather Fair held in Pirmasens, Germany, 02-06 November 1992

Mr Rupani said that in 1982, manufacture of leathersgoods was a problem because good quality leather was lacking. Later on, quality improved with the upcoming tanneries like LIK. Leathersgoods manufacturers are now getting reasonable supply from tanneries He informed the meeting that with a good supply of good quality leather, Nalina Ltd is even able to export leathersgoods articles e.g. wallets and stationery to France on a regular basis.

Mr. Rupani lamented that some tanners are unwilling to supply good quality leather locally although leathersgoods manufacturers are ready to pay for those leathers which are meant for export market. On this note, Mr. Awale answered Mr. Rupani and told him that he appreciated that the fact that he was not able to get good quality leather but it was also not easy for tanners to meet their export orders which are a priority. As a result of the tanners importing chemicals, it was also not easy for tanners to supply leather in small quantities. However, Mr. Awale assured the leathersgoods manufacturers that if they wish to be supplied with embossed leather or any other type of leather then there would be no problem in supply.

Mr. Rupani also complained to the Kenya Association of manufacturers about the VAT which has been rising all the time For example initially VAT was 30%, then went up to 50% and currently it stands at 55% which is killing the initiatives of leathersgoods manufacturers. This is because whatever profit is accrued from the exports is taken up by VAT and import duty

He told the meeting that he was grateful to UNIDO to have been selected to display his leathersgoods articles at the Pirmasens. He said it was a good showcase for leathersgoods manufacturers although the fair seemed to be solely for the shoe manufacturers. Mr. Rupani was quick to mention that prior to the fair he had already received very good background information from the UNIDO experts who were fielded at Leathersmasters and Nalina for a period one-two weeks. The expert who is himself a manufacturer and an exporter of

leathergoods showed him how to respond to enquiries, do costing, cutting of leather, design as applicable to some european countries.

He commended the Pirmasens fair as he was able to visit some factories and was amazed on how developed they were. Within the first 10 days after coming back to Kenya, production at Leathermasters Ltd. increased tremendously due to the experience he gathered during the fair

The Chairman commented that 50-75% of the budget proposals from KAM members was agreed upon and the rest was rejected but with reasons He further said that the Export Council, Messrs Awale and Kuria will hold discussions on budget proposals on 15 December 1992.

Leather industry needs to be assisted to develop. KAM will do everything possible to make exports possible. Dr. Kiruthu said that may be if the Government stopped viewing this leather sector solely as a tourist market, then the rapid increase on duties would cease.

Mr. Awale was called upon to give an overview of the present situation of the Kenyan tanning industry referring to raw material supply, quality and price structures, and increased cost of chemicals.

He said that there was no export levy on raw hides. However, an additional mistake was made by introducing export retention of 50% on export of raw materials when tanneries are operating under capacity. Consequently, tanners also fund the import of chemicals by buying foreign exchange which is not available. With this trend of events, the tanners have no alternative but to lay-off their staff for lack of materials to process. Prices of raw materials have risen from Shs 35-55 per kilo Export of raw hides has contributed to the current shortage and the situation is aggravated by the drought

Mr. Felsner gave a short brief on the sectorial development in neighboring countries, and possible consequences to the Kenyan tanning industry with regards to the raw material supply and export of wet blue hides and skins.

He stated that two years ago about 2.6 million hides were tanned in Kenya. However, with the upcoming tanneries, this number is most likely to decrease drastically Consequently, tanneries in Uganda and Tanzania are currently being privatized which means that the flow of hides coming from these two countries will eventually cease. In Ethiopia, leather industry is of top priority in the Government and therefore farmers are encouraged to produce more hides and thereby increase the offtake collection.

Dr Kiruthu said that this country is definitely going to be

faced with a major problem and the industry should address itself to it urgently.

The Chairman said that there was need to form a committee comprised of the Ministries of Industry, Livestock Development, KAM, UNIDO, Kenya Tanners Association and the Kenya Footwear and Manufacturers Association to look into this problem.

Finally it was agreed that UNIDO's experience in other countries was requested. Mr. Berg said that the same problem was observed during the FAO meeting in Zimbabwe in 1991 and in Zambia a committee has been formed to look into this kind of problem.

A follow-up of the recommendations presented as a result of the last Round Table Meeting held on 17 July 1992 done and following observations were noted:

Recommendation on formation of a task force has been difficult due to the Ministry of Livestock representative's absence. Members were requested to follow-up.

Mr. Kirima, Chairman of the Butchers Association was asked to call a meeting to discuss:

a) Butchers incorporation of big slaughter houses b) Ministry of Livestock Development on privatization of hides and skins sector

Dr. Kiruthu was asked to follow up.

2. Recommendation for KIRDI/LDC to the Tanners Association of Kenya through KAM outlining the planned co-operation on the sectoral involvement of KIRDI/LDC in assisting to formulate a short and medium term industry oriented development programmes.

Mr. Odongo said that the budget is still under discussion and he proposed to have a meeting with parties involved Mr Odongo also explained that he was waiting for comments from the industry and since he has not received any feedback, he was not able to formulate the proposals.

3. Recommendation on project cost sharing It was agreed that the industry should pay Daily Subsistence Allowance (DSA) as per the UN rates to fielded experts/consultants to meet their local expenditure.

Recommendation on the payment of rent for the national office. The issue was going to be discussed between KIRDI and UNIDO same day.

Recommendation to have a levy by KBS to LDC/KIRDI. The Chairman said that discussions need to be held on this matter because levies to KBS do not help the leather industry. However, Mr.

Njugi of KBS said that it was not possible to waive this levy on leather industry because other companies will demand the same treatment

Recommendation on Senior technical staff and marketing executives of the tanning industry to discuss on a quarterly basis the work and product development programmes with LDC/KIRDI and make recommendations regarding LDC involvement.

The meeting was informed that no discussions have taken place.

Recommendation by Tanners Association to fund a study tour for local expertise i.e. Messrs. P. Weru, G. Murungi and J.Muriuki to Zimbabwe and South Africa.

Mr. Murungi explained that the study tour was a big success. He said that the system on pollution control used in Zimbabwe and South Africa called SIFLO could also be applied here.

Copies of the reports on the study tour were circulated to tanners during the meeting.

Recommendation on the utilization of fleshing waste to animal feed products were discussed. Mr. Felsner said that discussion with representatives of tanneries, machine manufacturers and leather institutes were held during the Paris Leather fair in September 1992 and information on the technical process employed was obtained. He observed that an economic study on this subject will be done once funds are available and the report presented to the Kenya Tanners Association. He further stated that UNIDO could supply, pending on the availability of funds, equipment which could eventually be repaid through the Revolving Fund.

The following resolutions were recommended to be presented to the Government through KAM:

1. The project document, National Africa Leather and Footwear Industry Scheme (NALFIS) should be presented to the donors for funding as it is without making further amendments.
2. Government to discourage export of raw hides by using the tariff and try to help the local leather industry. Export retention should also be waived
3. Government to restrict export of raw hides which is a raw material of the local tanning industry. This will add more value and create employment opportunities.

After the meeting deliberations, Mr. Awale gave a vote of thanks.

The meeting started at 09.30 Hrs and ended at 13.20 Hrs.

**BARCLAYS**

BARCLAYS BANK OF KENYA
 Market Branch
 PO Box 30018, Nairobi, Kenya
 Telephone 229434, 222476, 223507
 Cables BARCLAWEST NAIROBI

OUR REF. EXCH/CONT.

DATE 26.11.92.

THE DIRECTORS
 BLUTAN LTD.
 P.O. Box 45480
 NAIROBI

Dear Sir(s) / Madam,

REF: FOREIGN CURRENCY RETENTION ACCOUNTS

The Central Bank of Kenya has recently revised the regulations covering Foreign Currency Retention Accounts for eligible exporters, for transactions on or after the 6th November, 1992.

We attach the amendment to Exchange Control Notice No. 38 issued by the Central Bank of Kenya on the 6th November, 1992 outlining eligibility. Exports of services including the hotel industry do not qualify for the scheme. Exports of goods listed on the annexure are eligible for 50% retention. Exports of other goods are eligible for 100% retention.

From our records, it would appear that your company is eligible to participate and we would be pleased to discuss details of the scheme and to open foreign currency account (s) on your behalf.

Foreign Currency Retention Accounts will:-

1. Be available in US Dollar, Sterling Pound, German Mark, French Franc, Swiss Franc, Dutch Guilder.
 2. Be provided through all main branches.
 3. Pay interest at a market rate.
 4. Be subject to commission charges per transaction.
 5. Be accessed via your account holding branch.
- And can be used for normal outgoings.
 - Importation of goods and related services.
 - Business Travel.
 - Advertising and Marketing Expenses.
 - International debt service (verified by Central Bank.)
 - Remittance of post-tax dividends for foreign owned enterprises.

There is no time limit on the use of funds by retention account holders. Funds can also be sold through banks at market determined rates.

MANAGER

Annexation sheet 7

Heading No.	H.S. Code	Tariff No.	SITC No.	Description of Item
27.15	2715.00	2715.00.00	335 430 00	Bituminous mixtures based on natural asphalt on natural bitumen, on petroleum bitumen, on mineral tar or on mineral tar pitch (for example, bituminous mastics, cut-backs).
32.01	3201.20	3201.20.00	532 212 00	Wattle extract
41.01				Raw hides and skins of bovine or equine animals (fresh, or salted dried, lined, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split).
	4101.10			Whole hides and skins of bovine animals, of a weight per skin not exceeding 8 kg when simply dried, 10 kg when dry-salted, or 14 kg when fresh, wet-salted or otherwise preserved
		4101.10.10	211 210 00	Dried
		4101.10.20	211 223 00	Wet salted
		4101.10.90	211 290 00	Other
	4101.21			Other hides and skins of bovine animals, fresh or wet-salted:
		4101.21.10	211 111 10	Whole
		4101.21.20	211 111 20	Fresh
	4101.22			Wet-salted
		4101.22.10	211 112 10	Butts and bends
		4101.22.20	211 112 20	Fresh
	4101.29			Wet-salted
		4101.29.10	211 119 10	Other
		4101.29.20	211 119 20	Fresh
	4101.30			Wet-salted
		4101.30.10	211 121 00	Other hides and skins of bovine animals, otherwise preserved
		4101.30.20	211 122 00	Dried
		4101.30.90	211 129 00	Pickled
	4101.40			Other
		4101.40.00	211 130 00	Hides and skins of equine animals
41.02				Raw skins of sheep or lambs (fresh or salted, dried, lined, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not with wool on or split, other than those excluded by Note 1(c) to this Chapter.
	4102.10	4102.10.00	211 600 00	With wool on
	4102.21	4102.21.00	211 710 00	Without wool on:
	4102.29			<u>Pickled</u>
		4102.29.10	211 791 00	Other
		4102.29.90	211 799 00	Dried
				Other

50%
Retention

ADB to start export bank

By SAMUEL NDUATI

The African Development Bank (ADB) plans to establish an African export-import bank to provide short-term trade financing and discount bills, the bank's regional representative, Mr C. Kahangi, says.

He said plans for the bank's establishment are at an advanced stage and a feasibility study had confirmed its viability.

Mr Kahangi was speaking before presenting awards to the best counsellors of the Kenya Management Assistance Programme (K-MAP) during their annual dinner in Nairobi last Friday.

He said the proposal had attracted interest from potential shareholders, including central banks and other financial institutions within and outside Africa.

Mr Kahangi said a meeting of interested parties would be convened soon to decide on the bank's implementation of matters such as its structure and size of capital, legal and institutional framework, operational modal-

ities and its location.

He said since its inception 28 years ago, the ADB had provided assistance to the private sector. Most of its credit assistance was channeled through regional development banks. In Kenya, ADB aid is sent through the Industrial Development Bank and the East African Development Bank.

The official said that by the end of last year, cumulative commitments in credit amounted to \$2.47 billion (about Sh38 billion).

The ADB had constituted a group of prominent African businessmen and women to advise the bank on the best strategy for the development of the private sector on the continent.

The group, comprising African chief executives of companies, had initiated programmes aimed at attracting foreign investment.

Mr Kahangi said the bank had also instituted dialogue with African governments to promote free market-oriented reform programmes aimed at establishing a one-stop clearing house which

will include information on investment, opportunities and joint ventures.

In its other efforts to assist the private sector, the bank collaborated with the International Finance Corporation - the lending arm to the private sector of the World Bank - and the United Nations Development Programme to establish the African Project Development Facility (APDF) and the African Management Services Company (AMSCO).

The APDF's objectives include helping African entrepreneurs to prepare viable business ventures.

Mr Kahangi said that since 1986, the APDF had completed more than 100 projects representing investment of \$204 million.

He said ADB had also established the Private Sector Development Unit to provide direct assistance to private enterprises without government guarantee.

The official said the Unit had received more than 400 investment proposals.

**AFRICAN DEVELOPMENT BANK
PRIVATE SECTOR DEVELOPMENT UNIT**

**Checklist for the Preparation of an Application to the African Development Bank
for a Loan and/ or an Equity Investment in a Privately Owned Project**

This checklist is designed to serve as a guide for the preparation of an application to the Private Sector Development Unit for a loan or equity investment. It will not be applicable to all projects and merely indicates the type of issues which should be addressed.

Name of Potential Borrower and/or Name of the Project

Location

1. Give the exact location of the project.

Name of Sponsoring Company and Brief Description of Project

- 2.. Describe the proposed or existing company, its capital structure, location, land ownership details, nature of major activities, sponsors, history, management, financial results for past five years, bank references etc.
- 3: Project description and rationale.
4. Review of the Sector. Describe how the project fits within the country's development objectives.

Market

5. Describe the market for the product or service, give production and sales data including imports and exports. Provide forecasts and justification.
6. Describe marketing channels, sales arrangements, usual commercial arrangements.
7. Competition, both domestic and foreign, past and current market trends and developments.
8. Tariff and non-tariff barriers.
9. Price structures, price controls, subsidies, rebates, import regulations, government involvement etc.

Technical Aspects

10. Detailed description of technical, construction or other aspects of putting together the project.
- 11.. Technical process. Basis for its selection, suitability, relative costs, Describe processes, rated capacity and anticipated output.

Raw Materials and Procurement

- 12.. Materials needed, sources, order time, stability of supply, concessions, import licenses, supply contracts. Likelihood of cost increases.

Infrastructure, Transportation

13. Adequacy of electricity, water and other utilities and transportation facilities. Costs. Possible installation delays. Possible port delays.

Environmental Aspects

14. Detailed description of waste disposal systems, how project affects the physical and social environment and what project sponsors are doing to mitigate effects.

Organization and Management

15. Describe the structure of the Board and Management.
16. How is the project construction and supervision organized? How are costs to be determined and negotiated? Construction schedule.
17. Provide details of technical assistance or management contracts or other agreements. Provide information on competence of those involved.
18. Provide details on availability and costs of appropriately skilled workers, as well as information on labor laws, union organizations, ease of workforce reduction and so forth.
19. Describe the company's program for Africanization of management.

Government role, taxation, regulations, insurance, special incentives

20. Does the government have any direct or indirect role. What government approvals are required and current status?
21. Are there any investment incentives or privileges accorded to the project.
22. Describe applicable taxes, provisions for repatriation of capital, dividends, royalties, foreign exchange regulations etc
23. Provide details on all insurance policies related to the company, the project, the management and the board.

Project Investment Costs and Financing Plan

24. Provide detailed capital cost estimates, including land, buildings, earthworks, machinery, equipment, licensing, permanent working capital, interest during construction, contingencies. Allocate costs among local and foreign currency requirements.
25. Financing plan, including details of shareholding structure, various sources of loan funds and loan conditions.
26. Disbursement schedule and rationale.

Proposed financial and technical assistance from African Development Bank (See "Assistance to Private Enterprise" an ADB publication for outline of Bank policies.

27. Provide details of assistance requested and reasons why the Bank should be of

assistance to the project.

Financial and Economic Evaluation

28. Projections of output, revenues, costs and profits for ten years or more. Cost items should include raw materials, labour, power and other utilities, repair and maintenance, administration expenses, sales expenses, depreciation, taxes and so forth. Provide calculations of gross operating profit, cash flow projections, projected income statements, summary balance sheet projections, etc. Supply detailed schedules as appendixes.
29. Provide a complete financial evaluation of the project including computation of internal rate of return. If an expansion project provide comparisons of forecasts with and without the project.
30. Provide an economic evaluation with economic rate of return and the assumptions used in its calculation.

Risks and Safeguards

31. Discuss realistically the risks involved in carrying out the project, including weather, infrastructure, government, labor, supplier, market and other factors. Then review how the project sponsors intend to guard against the risks.

Appendixes

32. Provide maps, lists of affiliated companies, information on individual shareholders and managers, detailed process, equipment or product descriptions, market statistics, financial schedules and so forth.

How to Apply

Inquiries and applications may be addressed to:

Head, Private Sector Development Unit
African Development Bank
B.P. 1387
Abidjan 01
Cote d'Ivoire

Phone : (225) 20-41-68
Telex : 23717 or 23498
Fax: : (225) 20-49-64

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Introduction

The African Development Bank Group consists of three institutions, the African Development Bank ("ADB"), the African Development Fund and the Nigeria Trust Fund. Individually and collectively, they mobilize resources in and outside Africa for the continent's economic and social development by providing loans and technical assistance for specific projects and programs. Today, the ADB has a total of 76 members comprising 51 regional and 25 non-regional countries.

Private enterprise plays an important role in economic development in a growing number of the Bank's regional member countries (RMCs). Many have recently adopted policies to encourage the development of private enterprise and are now creating a conducive environment for business and are limiting public sector involvement in the economy.

In response to these developments which reflect changing priorities of RMCs, the Bank offers assistance to the private sector to promote efficient use of resources and to help accelerate economic development. Specifically, the Bank's role is to assist private enterprises to undertake financially viable projects which also have significant economic merit and to catalyze the flow of domestic and external resources to such projects.

Types of Assistance to Private Enterprises

Bank assistance is provided directly to private enterprises and financial institutions and is also available indirectly through

private financial institutions, such as development, commercial and merchant banks. The Bank also provides advisory services to RMCs on ways to improve the environment for private enterprise and to develop capital markets.

Direct Financial Assistance

The Bank may provide financial assistance to enterprises using a number of financial instruments which fall within the categories of equity and term loans. The nature, terms and conditions of the Bank's investment in a particular venture depend on the risks and expected returns of the venture, as well as the characteristics of the corporate entity receiving the investment.

Indirect Assistance Through Financial Institutions

The Bank extends lines of credit to financial institutions for loan to small and medium enterprises (SMEs). The Bank also makes funding available to SMEs under agency arrangements with local financial intermediaries. Bank agents are normally well established financial institutions with a strong private sector orientation and a proven track record as providers of term financing to productive private enterprises.

Eligibility for Bank Assistance

Financial assistance may be considered for specific projects and investment programs to establish, expand, diversify, rehabilitate and modernize productive facilities in various sectors including energy,

manufacturing, transportation, forestry, fisheries, mining, tourism, health and agriculture. The project should produce or provide essential goods or services and serve national development objectives. Projects to produce non-essential or luxury consumer goods may be eligible provided the products are primarily for export. Preference is given to projects which use domestic raw material, create jobs, employ modern management techniques and technology and those which are export oriented or lead to import substitution and induce foreign investment.

..... To be eligible for Bank financial assistance an enterprise should be privately owned and managed. It may be partially foreign owned. An enterprise partly owned by the government may also exceptionally and in special circumstances be eligible when the Bank's assistance is needed and when the Bank's involvement is consistent with the basic objectives of private sector development and direct foreign investment.

For the Bank to be involved in a project it needs to be satisfied that the project is consistent with the country's economic development objectives and possesses sufficient comparative advantage to have a very good chance of success. The Bank will satisfy itself that the project concept, technology, sponsorship and management are sound, that a market exists for the products or services, that the project cost is reasonable and the financing plan adequate. In making its investment decisions, the Bank takes into consideration the economic circumstances in the country concerned and the policies of the government with regard to business generally and private enterprise in particular. Enterprises in

which the Bank may invest must be in satisfactory legal form and have adequate accounting and cost control arrangements.

Scope of Bank Assistance

The total amount of Bank assistance to an enterprise, including loans and equity investment, will not normally exceed 33 1/3 percent of the total costs of the project. The size of a Bank loan will generally be in the range of US \$ 100,000 to US \$ 10 million. The Bank aims to play a catalytic role to encourage growth of private enterprise in Africa and does not wish to compete with private sources of finance. Its role is to stimulate and support initiatives by private entrepreneurs, investors and bankers, and to provide direct financial support for worthy projects.

A Bank equity investment will not normally exceed 25 percent of the share capital of the enterprise and will normally not be smaller than US \$ 100,000. The Bank will not agree to be the largest single shareholder in a venture.

Equity Investments

Bank equity investment may take a variety of forms, including ordinary (common) shares and preferred stock, with or without participating features. In most instances, equity investments will be denominated in local currency. The Bank will not assume responsibility for managing an enterprise in which it invests but will closely monitor the activities of the company. The Bank will reserve the right to have a seat on the board of the investee company. In making equity investment decisions, the

Bank will assess the prospects of selling the investment in due course and establishing a divestment mechanism when the Bank's role in the enterprise has been fulfilled.

Loan Terms

The Bank offers term loans denominated, normally, in US Dollars, Deutsche Marks, Swiss Francs, Yen, Pounds Sterling and French Francs. Other currencies, including the local currency, may also be lent. Choice of the currency of the loan is made by the borrower subject to the availability of funding. Interest rates and other charges are set to reflect the risks and other characteristics of projects being financed, taking into account the terms available from market sources, as well as the need for the Bank to be adequately compensated. The Bank takes no foreign exchange risk in connection with its loans, which must be serviced in the same currency in which they are disbursed.

• Interest Rates

The Bank charges market rates of interest to its borrowers. Spreads are set with reference to the credit worthiness of the borrower and, whenever possible, to market rates for loans made to private sector companies in the relevant country. Bank loans will be priced at a spread above an appropriate market indicator or, alternatively, above the Bank's cost of funding the loan.

The Bank will endeavor, at the borrower's request, to limit the risk of interest rates rising above a certain level, by offering a cap on the variable in-

interest rate at a desirable level in return for a one time fee.

• **Maturities and Repayment**

Bank loans generally run for terms of 5 to 12 years with suitable grace periods reflecting the implementation schedule and projected cash flow of the borrower. Loans may be prepaid without charges on any date when interest is due. There are no restrictions or charges in connection with the cancellation of undrawn loan balances.

• **Front-end Fee**

The Bank charges a standard one percent front-end fee on all investments or other credit commitments to private enterprises to compensate the Bank, at least in part, for costs associated with project appraisal and investment processing. The front-end fee is due at the time of signing and in the event of subsequent cancellation of the investment or credit commitment, the Bank retains the fee.

• **Legal Fees**

Expenses incurred by the Bank for services rendered by legal counsel to the Bank in connection with the appraisal and the preparation of loan and other documents for a Bank-financed project will normally be for the account of the borrower. Legal fees may be included in the expenditures eligible for financing by the Bank.

Security

The Bank will seek various security mechanisms to safeguard its investment.

Security may take the form of any or all of the following : a mortgage on real property, a chattel mortgage or industrial pledge on movables and a floating charge on cash, inventories and other current assets. The Bank may also require guarantees or other support arrangements from financial institutions or corporate sponsors. The Bank does not require a government guarantee for its investments.

Advisory Services

The Bank will provide advisory services to RMCs as well as individual enterprises in the following ways :

- a) Technical and advisory services on project structuring and financial packaging provided by the Bank staff during investment appraisal.
- b) Financial advisory services provided to RMC governments for privatization projects, or to private enterprises.
- c) Policy advice provided to RMC governments on private sector development, foreign investment, capital market development and similar issues.

Where the advisory services provided by the Bank in the course of its investment operations exceed the normal level of assistance involved in developing and processing projects, the Bank seeks compensation in the form of fees for services rendered. When the Bank provides advice or technical assistance unrelated to an investment proposal to private investors, it will charge fees related to market rates for such services. Fees

for advice and assistance to member governments are billed at negotiated rates.

Co-Financing

The Bank will assist enterprises in arranging financing to mobilize the required domestic and external financing from other multilateral and bilateral agencies and private financial institutions. It will work closely with other organizations, such as the African Business Round Table, which promote private enterprise in Africa.

Bank-Enterprise Relationship

The Bank will not seek a controlling interest in an assisted enterprise, and will not normally assume any management responsibilities. The Bank does, however, reserve the right to appoint its nominee to the board of enterprise and will exercise its voting rights as a shareholder when appropriate. The Bank will maintain regular contact with the management of the enterprise and will require periodic reports to keep itself informed of the progress and condition of the enterprise.

Bank-RMC Relationship

To facilitate investments in RMCs, the Bank seeks prior assurances from governments concerned as to tax exemption and unrestricted repatriation of loan repayments, interest, dividends and any other income from or sale proceeds of Bank investments or security held in the country. Therefore, before approving an investment operation, the Bank requires from the government an indication that it has no objection to the proposed Bank investment.

Accounting and Auditing Arrangements

The Bank requires an assisted enterprise to adopt appropriate accounting systems to achieve adequate financial control during project implementation and operation. Accounts and financial statements of the enterprise must be audited at least annually by an independent auditor acceptable to the Bank.

Sale of Bank Equity Investments

The Bank will endeavor to dispose of its equity investments in mature investee companies so as to revolve its funds and have those resources available for investment elsewhere, and also to realize capital gains. In general, the Bank will attempt to sell its equity investment when it no longer has a useful role to play as a shareholder in a company. Once the development role has been achieved, the focus turns to selling the investment with the timing and method based mainly on financial considerations.

The Bank seeks mainly to sell mature equity investments to private investors of the country where the company is located, preferably through a stock exchange. Sales to foreign or public sector investors may also be considered.

Appraisal Criteria

The Bank will undertake a comprehensive appraisal of the applicant enterprise and the project for which assistance is sought. In addition to evaluating the technical feasibility, marketing prospects, financial soundness, economic viability and en-

environmental impact of the project, the Bank attaches considerable importance to the integrity, experience and competence of the project sponsors and management.

Application Procedure

To enable the Bank to promptly assess the eligibility of a project for investment, interested enterprises should submit a brief project outline including the following information :

1. description of the project ;
2. the sponsors, including financial and managerial background ;
3. cost estimates, including foreign exchange requirements ;
4. financing plan, indicating the amount of ADB financing desired ;
5. market prospects, including proposed marketing arrangements ; and
6. implementation plan, including the status of government approvals.

After this information is assessed, the Bank will convey its preliminary views to the applicant enterprise and may also ask for additional details and documents for further processing. The Bank will observe confidentiality in its dealing with project sponsors.

It is important to note that the Bank may not be able to assist all projects even when they meet the criteria outlined above. This may be due to such factors as staff

limitations, the need for industry and country risk diversification, or simple differences of opinion on the quality of a project or of its sponsors.

Inquiries and correspondence may be addressed to :

Head,
Private Sector Development Unit
African Development Bank
P. O. Box 1387
Abidjan 01
Côte d'Ivoire

Phone : (225) 20-41-68
Telex : 23717 / 23498
Facsimile : (225) 20-49-64

U N I D O

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

JOB DESCRIPTION

US/RAF/88/100/11-77/J13104

Post title Leather Industry Consultant

Duration 15 days

Date required End January 1993

Duty station Nairobi with travel within the country as required

Purpose of project The project is a part of the large scale Regional Africa Hides and Skins, Leather and Leather Products Improvement Scheme and will be expected to provide the competent Kenyan authorities with policy recommendation and present the view of the tanning, leather and footwear manufacturing industry on the issue of raw hide and skins export and the foreign exchange retention scheme connected with the export of these commodities.

Duties The expert will be attached to the and work in close co-operation with the project CTA and other members of the project team. During his mission he will be specifically expected to:

1. Visit the main tanners and shoe manufacturers of the country and discuss the export policy of raw hides and skins and the implication of fre export conected with 50% retention scheme to the leather sector.
2. Prepare a policy paper draft to be discussed in a round table meeting wit the leather sector at the end January 1993. Present the paper to the meeting and prepare a final version of the policy recommendations to be sent to the Government from the KAM/Taners Association. The paper should be structured to provide full information on the Kenya leather sectors present situation including raw material availability, tanning capacity and reference to the added value on the industrial processing of the raw hides and skins to finished products.

The expert will also be expected to prepare a short technical report after his mission, setting out his recommendations to the Government of Kenya and UNIDO Headquarters for actions which may be taken.

Qualification A senior Leather Industry Consultant with thorough knowledge of the Kenyan leather in dustury sector. Previous experience in preparing country wide industrial policy papers is required.

14 January 1993

MODEL SHOE FACTORY**DEVELOPMENT CONCEPT FOR A MODEL SHOE FACTORY IN KENYA WITH ECONOMIC AND TECHNICAL COOPERATION BETWEEN DEVELOPING COUNTRIES (ECDC AND TCDC), INCLUDING TECHNOLOGY TRANSFER AND WOMEN DEVELOPMENT COMPONENTS.****I. INTRODUCTION**

This development concept is based on the fact that, firstly, the Kenyan shoe industry needs fresh ideas and a new approach to solve their present problems and, secondly, the whole African region needs a model of a well conceived and executed shoe industry project. A project

- which provides the formula and the know-how, in practical terms, for the successful implementation of a development project
- for a fully mechanized medium-scale shoe factory, using indigenous raw materials and maximum of local and regional inputs, with a well defined export potential
- which promotes and develops local private entrepreneurship and gives development possibility for women in the industry.

The project would be supported by US/RAF/92/200, Regional Africa Leather and Footwear Industry Scheme (Phase 2 of the UNIDO large-scale Regional Africa Hides and Skins, Leather and Leather Products Improvement Scheme) through technical services of a shoe designer, a shoe technologist and a marketing expert.

The concept foresees ECDC and TCDC cooperation between a large-scale Zimbabwean-based leather and footwear enterprise and a Kenyan-based small-scale shoe industry plant presently producing good quality men's shoes for the local market. Initial cooperation between these two companies has started (initiated by the UNIDO Phase 1 project) and the Zimbabwean company already supplies shoe components (leather unit soles) to the Kenyan factory.

The project promoters are:

Mr. Charles N'gethe, Managing Director of Pachar Shoe, Kenya;
Mr. Alan. Feigenbaum, Managing Director of G and D Shoe Factory, Zimbabwe.

The technical assistance partners are the UNIDO projects US/RAF/92/200 and US/KEN/92/200.

The project is expected to be located in Thika, Kenya.

The financing of the project is expected to be arranged through a combination of:

1. Investment capital provided by the promoters
2. Loan to be negotiated with African Development Bank

3. UNIDO project inputs through pay back arrangements to the Kenya revolving fund and technical services provided by the UNIDO projects on grant bases.

II. FACTORY

The plant is expected to be a fully mechanized medium-size shoe factory with a production capacity of 800 - 1,200 pairs of gent's moccasins and flat lasted shoes with unit soles. A large part of the shoes are expected to be with leather unit soles. In initial stage, the soles are to be imported from Zimbabwe and later to be manufactured in Kenya.

The Main materials including upper and lining leather and the unit soles are all materials of local or regional origin and only some items, such as sewing threads, toe-puffs and counters, adhesives and finishing dies, are to be imported.

III. FEASIBILITY STUDY

The project is to start with a feasibility study to be conducted by the UNIDO leather unit and the Regional Africa Hides and Skins, Leather and Leather Products Improvement Scheme.

The study will be based on the UNIDO developed shoe costing system using actual data from a sample collection to be prepared. Alternative layouts, mechanization/sophistication equipment, staffing and training patterns will be elaborated and presented together with financial requirements to start up the operation, working capital, economic viability computations, and sensitivity analysis. Several alternatives will be examined, including the possibility of launching the project as an off-shore operation.

The machinery will be of the latest technology and preliminary quotations have already been requested from reputable European machinery companies. The company is expected to have well trained staff in the designing/pattern making department, capable of producing samples of new styles in a minimum time.

The export marketing channels are to be specified in the study and a practical market research exercise will be carried out prior to making the final investment decision.

IV. ESTIMATED TIME FRAME

Project Workplan

Model Shoe factory - Feasibility Study

Starting date: 1993.01.03

Activity	Act Bl	M	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
		W	123456789012345678901234567890123456789012345678										
AGREEM. OF PROMOTERS	01			X						X		X	X
MEET ON MAIN ISSUES	02				X							X	X
PREPARE COLLECTION	03				XXXXXX								
FEASIBILITY STUDY	04				XXXXXXXXXXXXXXXXXXXX								
FINANC. PREPARATIONS	05									XXXXXXXXXXXXXX			
MARKET STUDY	06							XXXXXXXXXX					
FINAL EVALUATION	07											XXXX	
INVESTMENT DECISION	08												X
SIRA (BERG)	09				X				XXX			XX	X
SHOE TECHNOLOGIST	11-07					XXXXXX							
MARKETING EXP	11-09							YXXX	XX				
FINANCIAL ANAL	11-51					XXXXXX				XXXX			

The above preliminary work plan is to be modified after the first meeting on the main issues.

V. ACTION TO BE TAKEN

A principle agreement of the promoters should be obtained to start with the preparation of the collection and of the feasibility study.

As soon as the agreement is received the collection should be prepared/selected and the data for material and direct labor costing obtained. At the same time a questionnaire should be sent to the promoters to collect data for indirect and overhead costs.

A meeting with the Leather Unit personnel, UNIDO project management and the project promoters should be organized. Possible dates end of February/early March 1993 in Nairobi.

ANNEX 8



Leather Masters Ltd.

P.O. BOX 10293, NAIROBI, KENYA, TELEPHONE: 543482/545240
OUR FAX: 254-2-215417

31st December 1992

Michael Bauer
U. N. I. D. O.
Fax no. 221 12 04 56
GERMANY

Dear Sir,

Further to our discussion on the matter of a Programme for Leather Masters to carry out marketing of Leather Stationary goods and Leather Travel goods I take this opportunity of formally requesting the following:-

1. Arrangement to attend the Cologne Fair for Leather stationary items - I believe this takes place in March/April 1993.
2. Special meeting with the following categories of buyers in Germany who show a definite interest in our goods.
 - a) Direct contact with sellers of Leather Travel goods - I mean direct in the sense that there could be a possibility of eliminating one or two intermediate parties, who otherwise could load the price of the items heavily.
 - b) The same as a) but for Leather Stationary goods.
 - c) A visit to a Leather goods factory for up to 2/3 days to enable a better understanding of quality manufacturing process and possibility of any joint production programme or manufacturing under licence.



Leather Masters Ltd.

P.O. BOX 10283, NAIROBI, KENYA. TELEPHONE: 542482/545340
OUR FAX: 254-2-215417

-2-

31st December 1992

I envisage a Programme of about ten days which will be well coordinated with advance ground work carried out to enable a very high possibility of positive results within a period of six to twelve months.

On the matter of funding, please note that for a Programme which shows a high probability of success Leather Masters may be able to obtain some funding in Kenya on its own.

It would be very good if the Programme can have an input from your department or Pro trade where Personnel Assistance can be provided for specified meetings and/or visits.

With best regards,

I. KUPANI
MANAGING DIRECTOR

ROUTING SLIP

TO:

1. Mr. Lequien

3. Mr. Galat

2. Mr. Buljan

4. Mr. Ououich

FROM:

Juhani Bery, IO/AGRO/Leather

Room No.	Extension	Date
D1314	3849	

FOR ACTION		ADVISE
FOR APPROVAL		REPLY DIRECTLY
FOR SIGNATURE		CO-ORDINATE
FOR COMMENTS		PREPARE BRIEFING
MAY WE DISCUSS?	XX	SEE ME
YOUR ATTENTION		CALL ME
AS DISCUSSED		PREPARE REPLY FOR MY SIGN
AS REQUESTED		I AGREE. PLEASE PROCEED
NOTE AND RETURN		THIS IS NONSENSE
FOR INFORMATION		PLEASE RECONSIDER
FOR YOUR FILES		WELL DONE

Unofficial assistance request - Dagoretti, Kenya; Abattoir effluent

I met Mr. Weru in Nairobi and promised to bring this matter to the attention of our Agro branch competent officers. What is your view?

47

WD/4/5/3057/47

26th November

92

The Regional Co-ordinator,
UNIDO/UNDP
P. O. Box 30218,
NAIROBI.

UNIDO SUPPORT - DAGORETTI MARKET

1. Dagoretti Market has over the years been growing to be a centre of intense activity as a source of meat and other animal products. The Market is famous for its slaughter houses which are three(3) in number and are involved in slaughtering goats, sheep and cattle. The daily kill is between 500 - 1000 animals. As a source of meat supply to Nairobi City and environs Dagoretti Market only compares to Kenya Meat Commission.
2. Due to the historical development of Dagoretti from a one individual operation to a full fledged abattoir the necessary infrastructure has never been provided. This includes proper sanitary facilities including an effluent treatment plant for the waste water arising from the slaughter house operations. As a result the whole place is in a very unhygienic state with blood streams, manure, fleshings, skin cuttings, bones etc scattered all around. This prevailing situation should be brought to a halt in order to keep our meat supply in a hygienic state.
3. In this respect, it would be appreciated if you could use your esteemed position and your organization to come to our support and consider and where possible offer financial support to provide a proper effluent treatment plant as a priority and an incinerator for disposal of condemned animals.

P. K. WERU

for: **P. K. Weru**
DIRECTOR OF WATER DEVELOPMENT

TO BE DISCUSSED
WITH LEQUEN / GAZAS / BULJAN.

MINISTRY OF INDUSTRY

Telegrams: "INDMIN", Nairobi
 Telephone: Nairobi 340250-6
 When replying please quote
 Ref. No. IND/36/01
 and date
 When telephoning or calling
 please ask for

P.O. Box 30418
 NAIROBI
 3rd November, 1992



Mr. J. M Muriuki,
 Regional Coordinator,
 Regional Office,
 → UNDP-UNIDO
 P. O. Box 30218,
Nairobi.

Dear Mr. Muriuki

REF: COMMENTS ON US/KEN/92/200- NATIONAL LEATHER AND FOOTWEAR INDUSTRY
 SCHEME (NALFIS) - PROJECT DOCUMENT

Further to our recent meeting to discuss the draft project document on
 US/KEN/92/200 - please find herewith the attached copy of further comments
 by this Ministry for your inclusion in the final document.

Yours faithfully,

Szumbah Mwanaongoro
For: PERMANENT SECRETARY

DATE <u>13 NOV 1992</u>	
FILE	
ACTION REQUESTED	ACTION TAKEN
<u>SR</u>	<u>SR 16/11/92</u>
<u>SF</u>	
ACTION REQUESTED BY	

COMMENTS ON THE PROJECT DOCUMENT ON NATIONAL AFRICA
LEATHER AND FOOTWEAR INDUSTRY SCHEME. (NALFIS)

A. Page 1

Government Counterpart Agency.

The word "through" should be deleted from the first sentence and replaced by "in cooperation with" to read the Ministry of Industry in cooperation with KAM, KAT e.t.c.

This should be so since the Ministry of Industry is the host and the implementor of the project and being a government body it cannot work through but work with a private institutions.

B. Page 3

Hides and Skins Trade

Paragraph I & II

The Ministry of Livestock responsibility in as far as the leather industry is concerned ceases to be effective as soon as the raw hides and skins enter the tannery gates for further processing into leather. From here the Ministry of Industry takes over.

The conversion or rather processing of all raw-materials into semi - or finished products, activities which are undertaken in industries in general, in this case the raw hides and skins tanning into leather and further into leather goods is the onus of the Ministry of Industry. There is no way there can be an exemption as far as the hides and skins processing is concerned.

Both paragraphs should therefore be rephrased to reflect the true picture of the situation as it is by separating the jurisdiction or responsibilities of each Ministry accordingly to avoid overlapping which would have adverse effect on this vital industry.

The act as mentioned in the document has been overtaken by events as the act was enacted when the industry was still

beginning to take shape. The act ought to be reformulated to reflect the current situation. Initially UNIDO came under the M.O.I. but was highjacked by Ministry of Livestock using the act as the clout despite the true/possiton (current).

C. Page 6

Host Country Strategy:

Paragraph II

The Ministry of Industry is given the impression of not having any role to play in the management of the "revolving fund" created through UNIDO to assist the ailing leather industries in their rehabilitation.

The Ministry of Industry should play a more active or rather supervisory role in order to make sure that justice is done to all industries whether small, medium or large mechanised tanneries.

Not all industries are members of Kenya Tanners Association or Kenya Association of manufactures. This should be taken into consideration and especially the small upcoming indigeneous tanneries who show capability for growth.

The paragraph should therefore be rephrased accordingly.

D. Page 9

Institutional Framework for Subsector

Paragraph I

As the host of the project the Ministry of Industry should be the focal point when it comes to project implementation of the institutional framework. KIRDI/LDC and the Ministry of Science and Technology should cooperate with MOI. The Ministry of Industry should be given the respect it deserves despite KIRDI/LDC being under the M.O.S.T. not to forget that the project was the MOI baby. The MOI should therefore be given a more larger role to play than to merely play a participating role as shown in this paragraph. It should be rephrased.

Paragraph 11

There is no quarrel with the Ministry of Livestock cooperating in the project execution but only in as far as its jurisdiction is concerned and that is outside the factory gates.

E. Page 12

Expected end-of-Project Situation.

Paragraph 4

More should be said about the criteria used to select tanneries deserving the aid package from the revolving fund. It seems only medium and large scale tanneries qualify for the fund. Small scale tanners for fish skin leather should be seen to be promoted along the shore to benefit a larger number of people and transfer technologies among the locals. This should also be considered when planning the fish tannery near the shore.

F. Page 25

Government Input

The word "through" in the first sentence on this page should be replaced with the word "and" to read the Ministry of Industry and the Kenya Association of Manufacturers/KAT e.t.c.

The Ministry which is the Government Agent cannot work through a private institution but with a institution however important it may be.

Further more to the following sentence/ the National expert like any other from other member countries should be taken care of financially by UNIDO this includes the local coordinator.

It should be born in mind that KIRDI/LDC premises where the headquarters of the project is located was financed by the Ministry of Industry before KIRDI was tranfered to the Ministry of Science and Technology. This should be taken into consideration when requesting for government inputs from individual Ministries. This huge investment alone ought to qualify the Ministry for exemption in the contribution of fund towards this project.

C. In conclusion the impression given by this document on the part of Ministry of Industry is that the Ministry's role is merely more participatory rather than active despite it being the host Government Agency and also the implementor.

This Ministry should be involved and be seen to be playing a key role in every activity pertaining to this project. All that the Ministry would like to see is a successful implementation of the project to the satisfaction of both the local industry and the donor agencies

Ministry of Industry

23rd October 1992



THE KENYA ASSOCIATION OF MANUFACTURERS

(A company limited by Guarantee)

Chairman

L. RITHO NDUNGI

Chief Executive

J.W. KURIA B.A. M.A.

P.O. Box 30225

NAIROBI

TELEPHONE 221402/221452/

221448/221470

Grams: FEDAG

Telex: 25715 KAM KE

13th November 1992

Mr. H. G. Combos,
Secretary,
Kenya Tanners Association,
P.O. Box 45480,
NAIROBI.

Dear Mr. Combos,

RE: LEVY PAID TO KBS TO BE DIVERTED TO LDC AT KIRDI

Following our meeting at Utalii Hotel Thika Road in July 1992 a request was made that both KAM and the Ministry of Industry make formal approach to the Kenya Bureau of Standards with a view to have the standards levy paid to them by Tanners be diverted to the Leather Development Centre (LDC) at KIRDI where the Tanners and Leather Industry in general would benefit more.

I personally took up this matter with the Director of the Kenya Bureau of Standards who advised me that KBS has developed standards for the leather development and that payment of the levy to the Bureau is backed up by law and nobody including himself can change the law. He said it will also be against the interest of the Bureau. He suggested that KIRDI and the Tanners devise other method of raising the revenue for the Leather Development Centre.

Yours sincerely,


J.W. KURIA
CHIEF EXECUTIVE

c.c. Mr. S. Mwanangoro
Ministry of Industry
P.O. Box 30418
NAIROBI

c.c. Mr. H. Awala ✓
Bulleys Tanneries
P.O. Box 15
THIKA



REPUBLIC OF KENYA

NAIROBI
17 NOV 1992
UNIDO
US/RAF/88/100

MINISTRY OF LIVESTOCK DEVELOPMENT

Telegraphic Address MIFUGO NAIROBI
Telex: 22766
Telephone: 718870/9

**KILIMO HOUSE
CATHEDRAL ROAD
P.O. Box 34188
NAIROBI.**

When replying please quote
Ref. No. MLD/OFTA/14 Vol.V/(57)

13th November, 1992

The Chief Technical Advisor
US/RAF/88/100
UNDP-UNIDO
P.O. Box 30218
NAIROBI

Dear Sir

UNIDO PROJECT - PROPOSED US/KEN/92/100

In reference to the proposed Natural Leather and Footwar Industry Scheme, US/KEN/92/100, this Ministry gives you the go-ahead in soliciting the funds from the donor agencies subject to the following changes in the project document:-

- (a) The sole implementation agency in as far as the hides and skins improvement is concerned is the Ministry of Livestock Development, Department of Veterinary Services (Hides & Skins Improvement Section).
- (b) The project should address itself to the eradication of the major defects which degrade the quality of hides and skins. These are rated as follows:-
 - (i) flay cuts and marks - 60%
 - (ii) brands - 15%
 - (iii) curing defects - 15%

Although these defects occur in almost every part of the country, they are, however, predominant in areas not targeted by the draft document. It is therefore important that the project covers the whole country.

- (c) The project should involve all hides and skins improvement services technical personnel. There is no need of a National Expert and Co-ordinator. This role will be covered by the Head of Hides and Skins Improvement Services.

...../2

*Received
5/11/92
[Signature]*

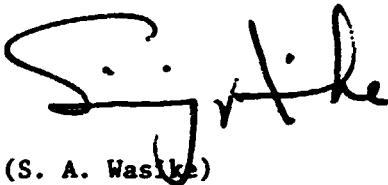
(d) It is proposed that the main equipment and tools should include:-

- (i) flay masters
- (ii) compressors
- (iii) block and tackles
- (iv) fleshing and ripping knives

All rural slaughterhouses, slabs and curing premises should be supplied with flaying knives at nominal cost.

(e) Transport - logistics will have to be agreed upon. Motor cycles should be the mode of transport although it is recommended that the Supervisor and the Headquarter staff be provided with 4-wheel drive passenger cars or double cabin pick-ups.

Yours faithfully



(S. A. Wasike)
PERMANENT SECRETARY

KENYA FOOTWEAR MANUFACTURERS ASSOCIATION

Since the last round table meeting held in July, 1992 in which the association reported that office bearers had been elected, all members decided that a constitution be drafted for the purpose of registration. The draft constitution was presented to the office of the registrar of societies who recommended certain changes after which the document was finally accepted and the necessary registration fees paid. However, a "Logistics" problem has since surfaced and the office bearers are doing their best to resolve the matter and it is our hope that before the year end we shall be in possession of a registration certificate. It is important to emphasise that for all practical purposes the association is legally recognised.

Members of the association have continued to meet regularly to review the constitution document in order to tailor it to our specific needs in the following areas:-

- a) Policy guidelines on marketing and pricing of our commodities.
- b) General agreement on the minimum standards of raw materials used for manufacturing of shoes with special emphasis on upper leather and soles. The association will work closely with the tanners association to achieve this goal.
- c) Introduction of a special "Task Force" to monitor the dumping of shoes in Kenya which has had a detrimental effect on the existence and growth of the footwear industry in this country.
- d) Provision of training and design in the footwear industry.

TRAINING CENTRE AND FOOTWEAR COMPONENTS PRODUCTION UNIT.

The footwear association fully supports the setting up of a training centre. It is generally felt that the centre should be set up within the LDC provided that the association will be allowed to be wholly responsible of the following.

- i) Management and financial control.
- ii) Employment of technicians and technical administrative support.
- iii) LDC to be autonomous.
- iv) The space requirement would be 2,000 sq initially.

Once the above key requirements have been met then the footwear association will work out the financial requirements in detail together with UNIDO (C.T.A) with a view to realising the objectives.

The footwear components production unit has also featured in our discussion and members are in full agreement that the project is viable provided that higher inputs of locally available raw materials e.g leather are given the first consideration.

KENYA FOOTWEAR MANUFACTURERS ASSOCIATION CONSTITUTION AND RULES

1. NAME

The name of the society shall be KENYA FOOTWEAR MANUFACTURERS ASSOCIATION (In this constitution referred to as the society).

2. OBJECTS.

- a) To co-ordinate local activities of the footwear industry.
- b) To promote the footwear industry in providing training and design of footwear skills.
- c) It shall be non political.
- d) To promote both local and Export sales of footwear.

3. MEMBERSHIP.

- a) Any person over the age of eighteen years shall be eligible for membership of the society and shall, subject to the approval of the committee, become a member on payment of an entrance fee of Ksh.1000/=.
- b) Every member shall pay a monthly subscription of Ksh.500/= not later than the 15th day of each month.
- c) Any member desiring to resign from the society shall submit his resignation to the secretary, which shall take effect from the date of receipt by the secretary of such notice.
- d) Any member may be expelled from membership if the committee so recommends and if a general meeting of the society shall resolve by a two thirds majority of the members present that such a member should be expelled on the grounds that his conduct has adversely affected the reputation or dignity of the society or that he has contravened any of the provisions of the constitution of the society. The committee shall have power to suspend a member from his membership until the next general meeting of the society following such suspension but not with standing such suspension a member whose expulsion is proposed shall have the right to address the general meeting at which is his expulsion is to be considered.
- e) Any person who resigns or is removed from membership shall not be entitled to a refund of his subscription or any part thereof or any money contributed by him at any time.
- f) Any member who fall into arrears with his monthly subscription for more than six months shall automatically cease to be a member of the society and his name shall be struck off the register of members. The committee may however, at its discretion, reinstate such member on payment of the local amount of subscription outstanding.

4. OFFICE BEARERS

a) The office bearers of the society shall be:-

- a) The Chairman - The Vice Chairman
- b) The Secretary - The Assistant Secretary
- c) The Treasurer - The Assistant Treasurer

all of whom shall be fully paid up by members of the society and shall be elected at the annual general meeting to be held in each year.(see also 6(b) below.)

b) All office bearers shall hold office from the date of election until the succeeding annual general meeting subject to the conditions contained in sub-paragraphs (c) and (d) of this rule but shall be eligible for re-election.

c) Any office bearers who ceases to be a member of the society shall automatically cease to be an office bearer thereof.

d) Office bearers may be removed from office in the same way as is laid down for the expulsion of members in rule 3(d) and vacancies thus created shall be filled by persons elected at the general meeting resolving the expulsion.

5. DUTIES OF OFFICE BEARERS.

a) Chairman - The chairman shall unless prevented by illness or other sufficient cause preside over all meetings of the committee and at all general meetings.

b) Vice-Chairman - The vice Chairman shall perform any duties of the chairman in his absence.

c) Secretary - The secretary shall deal with all the correspondence of the society under the general supervision of the committee. In cases of urgent matters where the committee cannot be consulted, he shall consult the chairman or if he is not available the vice chairman. The decisions reached shall be subject to ratification or otherwise at the next committee meeting. He shall issue notices convening all meetings of the committee and all general meetings of the society and shall be responsible for keeping minutes of all such meetings and for the preservation of all records of proceedings of the society and of the committee.

d) Assistant Secretary - The assistant secretary shall in the absence of the secretary perform all the duties of the secretary and such other duties as shall be assigned to him by the secretary or committee whether the secretary is present or not.

e) Treasurer - The treasurer shall receive and shall also disburse, under the direction of the committee all the money belonging to the society and shall issue receipts for all money received by him and preserve vouchers for all the money paid by him. The treasurer is responsible to the committee and to the members that proper books of accounts of all money received and paid by the society are written up, preserved and available for inspection.

f) Assistant Treasurer - The assistant treasurer shall perform such duties as may specifically assigned to him by the treasurer or by the committee and in the absence of the treasurer shall perform the duties of the treasurer.

6. THE COMMITTEE.

a) The committee shall consist of all office bearers of the society and 6 other members elected at the annual general meeting in each year, such committee members shall hold office until the following annual general meeting. The committee shall meet at such times and places as it shall resolve but shall meet not less than once in any three months.

b) Any casual vacancies for members of the committee caused by death or resignation shall be filled by the committee until the next annual general meeting of the society. Vacancies caused by members of the committee removed from the office will be dealt with as shown in rule 4(d).

7. DUTIES OF THE COMMITTEE.

a) The committee shall be responsible for the management of the society and for that purpose may give directions to the office bearers as to the manner in which, within the law, they shall perform their duties. The committee shall have power to appoint sub committees as it may deem desirable to make reports to the committee upon which such action shall be taken as seems to the committee.

b) All money disbursed on behalf of the society shall be authorised by the committee except as specified in rule 12 (d).

c) The quorum for meetings of the committee shall be not less than $3/4$ members.

8. GENERAL MEETINGS.

a) There shall be two classes of general meetings - Annual general meetings and special general meetings.

b) The annual general meeting shall be held not later than 31st December in each year. Notice in writing of such annual general meeting, accompanied by the annual statement of account (see rule 11 (b) and the agenda for the meeting shall be sent to all members not less than 21 days before the date of the meeting and, where practicable, by press advertisement not less than 14 days before the date of the meeting.

ii) The agenda for any annual general meeting shall consist of the following:-

a) Confirmation of the minutes of the previous annual general meeting.

b) Consideration of the accounts.

c) Election of office bearers and the committee members (and trustees where necessary in accordance with rule 10 (c)).

d) Appointment of auditors in accordance with rule 11 (a).

e) Such other matters as the committee may decide or as to which notice shall have been given in writing by a member or members to the secretary at least four weeks before the date of the meeting.

f) Any other business with the approval of the chairman.

c) A special general meeting may be called for any specific purpose by the committee. Notice in writing of such meeting shall be sent to all members not less than 7 days before the date thereof and where practicable by press advertisement not less than 7 days before the date of such meeting.

d) A special general meeting may also be requisitioned for a specific purpose by order in writing to the secretary of not less than 1/4 members and such meetings shall be held with 21 days of the date of the requisition. The notice for such meetings shall be shown in rule 8 (c) and no matter shall be discussed other than that stated in the requisition.

e) Quorum for general meetings shall be not less than 3/4 of the registered members of the society.

9. PROCEDURE AT MEETINGS.

a) At all meetings of the society the chairman, or in his absence the chairman, or in the absence of both these officers, a member selected by the committee shall take the chair.

b) The chairman may at his discretion limit the number of persons permitted to speak in favour of and against any motion.

c) Resolutions shall be decided by simple voting by a show of hands. In the case of equality of votes, the chairman shall have a second or casting vote.

10. TRUSTEES.

a) All land, building and other immovable property and all investments and securities which shall be acquired by the society shall be vested in the names of not less than 3 trustees who shall be members of the society and shall be appointed at an annual general meeting for a period of three years. On retirement such trustees shall be eligible for re-election. A general meeting shall have the power to remove any of the trustees and all vacancies occurring by removal, resignation or death shall be filled at the same or next general meeting.

b) The trustees shall pay all income received from property vested in the trustees to the treasurer. Any expenditure in respect of such property which in the opinion of the trustees is necessary or desirable shall be reported by the trustees to the committee which shall authorise expenditure of such money as it thinks fit.

11. AUDITORS.

a) An auditor shall be appointed for the following year by the annual general meeting. All the societys account records and documents shall be opened to the inspection of the auditor at any time.

The treasurer shall produce an account of his receipts and payments and not more than three months before the date of the annual general meeting. The auditor shall examine such annual accounts and statements and either clarify that they are correct, duly vouched and in accordance with the law or report to the society in what respect they are found to be incorrect, unvouched or not in accordance with the law.

b) A copy of the auditors report on the accounts and statements together with such accounts and statements shall be furnished to all members at the same time as the notice convening the annual general meeting is sent out. An auditor may be paid such honorarium for his duties as may be resolved by the annual general meeting appointing him.

c) No auditor shall be an office bearer or a member of the committee of the society.

12. FUNDS

a) The funds of the society may only be used for the following purpose: -

a) As per the objects

b) All the money and funds shall be received and paid to the treasurer and shall be deposited by him in the name of the society in any bank or banks approved by the committee.

c) No payments shall be made out of the bank account without a resolution of the committee authorising such payment and all cheques on such bank account shall be signed by the treasurer or the assistant treasurer and tor other office bearers of the society who shall be appointed by the committee.

d) A sum not exceeding Ksh.100/= may be kept by the treasurer for petty disbursements of which proper account shall be kept.

e) The committee shall have power to suspend any office bearer who isit has reasonable cause to believe is not properly accounting for any of the sfunds or property of the society and shall have power to appoint another person in his place. Such suspension shall be reported to a general meeting to be convened on a date not later than two months from the date of such suspension and the general meeting shall have full power to decide what further action should be taken in the matter.

f) The financial year of the society shall be from 1st January to 31st December.

13. AMENDMENTS TO THE CONSTITUTION

Amendments to the constitution of the society must be approved by at least a two thirds majority of members ata a general meeting of the society. They cannot however be implemented without the prior consent in writing of the registrar, obtained upon application to him made in writing and signed by three of the office bearers.

14. DISSOLUTION.

a) The society shall not be dissolved except by a resolution passed at a general meeting of members by a vote of two thirds of the members present. The quorum at the meeting shall be shown in rule 8 (e). If no quorum is obtained, the proposal to dissolve the society shall be submitted to a further general meeting which shall be held one month later. Notice of this meeting shall be given to all members of the society at least 14 days before the date of the meeting. Then quorum for this second meeting shall be the number of members present.

b) Provided however, that no dissolution shall be effected without prior permission in writing of the registrar, obtained upon application to him made in writing and signed by three of the office bearers.

c) When the dissolution of the society has been approved by the registrar, no further action shall be taken by the committee or any office bearer of the society in connection with the aims of the society other than to get in hand liquidate all the assets of the society. Subject to the payment of all the debts of the society, the balance thereof shall be distributed in such other manner as may be resolved by the meeting at which the resolution is passed.

15. INSPECTION OF ACCOUNTS AND LIST OF MEMBERS.

The books of accounts and all documents related thereto and list of members of the society shall be available for inspection at the registered office of the society by any office or member of the society on giving not less than seven days notice in writing to the society.

(This rule applies to registered societies only).