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## 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**

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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
  - Nalbandian 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**

### **TANZANIA REPORT**

- I. Findings
- II. Conclusions and Recommendations

#### **Annexes:**

1. Mission Programme
2. Round-table Meeting
3. Status Report Tanzania
4. Job Description Mr. S. Kiruthu
5. Certificate of Incorporation of The Tanzania Leather Industry
6. News Paper Cutting: "Reopen leather technology institute"

## I. FINDINGS

### a) Meeting with UCD and UNDP Deputy Resident Representative

Mr. T. Vissers  
Mr. A. Kراسiakov

The Deputy Resident Representative and the UCD were briefed on the project activities and especially on the results of the round-table meeting. The privatization programme and the assistance to the Morogoro tannery were discussed.

### b) National Experts

The new office of the project was visited. It is located close to UNDP and all relevant ministries. It is recommended that this office should also serve as the office for Leather Association of Tanzania (LAT) for the starting period. It is important that a fax will be delivered urgently so as to facilitate improved communications with the experts.

### c) Ministry of Agriculture

Dr. S.W. Millinga, Principal Veterinary Officer  
Mr. H.S. Muro, Hides Examiner

Detailed discussions took place concerning the application of the revolving fund and related matters. It was suggested that the assistance provided under the second phase in the form of tools etc. should be payable to the RFO operations and the buyers should be requested to pay some levy on the improved quality to the RFO. This matter needs careful study and the national experts together with the international expert (Mr. Kiruthu) should look into this issue and make recommendations.

### d) Ministry of Industry

Mr. W.L. Nyachia, Director of Investments and Project Implementation

I briefed Mr. Nyachia on the present status of the project and invited the Ministry to attend the round-table meeting in order to be informed and to contribute to the discussions which would be of importance to the privatization process of the sector.

### e) African Trade Development

Mr. Rostam Sakari

This company is presently the largest hides and skins dealer of Tanzania and handles about 80,000-100,000 bovine hides per month. According to Mr. Sakari, the present bovine livestock in Tanzania is about 16 million heads. The off-take rate is

estimated to be about 12 per cent or about 1.9 million per annum, which means that the ATD handles more than 50 per cent of the entire trade of bovine hides in Tanzania.

It is obvious that the operations of ATD have managed to check and practically stop the entire unrecorded trade to Kenya.

The fleshing and sammying machine purchase and the effluent treatment equipment were discussed in detail and the following message was included in a telex to Vienna:

KOELLISCH FOR EVERS FROM BERG INFORM LEQUIEN/CALABRO  
AND FELSNER/NAIROBI US/RAF/88/102 MACHINERY FOR NEW MOROGORO TANNERY.

AAA) HAVE EVALUATED THE OFFERS FOR FLESHING AND THROUGH-FEED SAMMYING MACHINES RECEIVED FROM MESSRS. POLETTO, MOSCONI, ALETTI, MERCIER AND RITZI. THE MACHINES' SUITABILITY HAS ALSO BEEN DISCUSSED WITH THE RECIPIENT COMPANY.

IT IS RECOMMENDED THAT THE ORDER WILL BE PLACED WITH MESSRS. POLETTO WHICH IS THE CHEAPEST TECHNICALLY ACCEPTABLE ALTERNATIVE OF ALL OFFERS RECEIVED.

PLEASE NOTE THAT ORDER NEEDS NOT INCLUDE INSTALLATION BY THE COMPANY ENGINEER AS THIS WILL BE ORGANIZED AND PAID BY THE RECIPIENT COMPANY. THE ORDER SHOULD, HOWEVER, MENTION THAT THE TRAVEL AND DSA COST OF LIT 450,000/DAY WILL BE BORNE BY THE RECIPIENT.

LIKEWISE THE RECIPIENT WILL PAY FOR THE C & F COST OF THE MACHINERY.

THE TOTAL ORDER VALUE IS THEREFORE

FLESHING MACHINE \$	83,459
SPARE PARTS	16,224
SAMMYING MACHINE	94,737
SPARE PARTS	6,944

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TOTAL	\$ 201,364
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BBB) EFFLUENT TREATMENT PLANT FOR MOROGORO US/URT/91/110, FINNISH EMBASSY HAS NO OBJECTION TO USING FUNDS FOR MOROGORO TANNERY INSTEAD OF MOSHI.

CCC) I HAVE BEEN INFORMED THAT THE CIVIL ENGINEERING DRAWINGS NEEDED HAVE BEEN SENT BY DHL FROM DAR-ES-SALAAM TO VIENNA AND THE PLANT LAYOUT HAS BEEN DISPATCHED FROM SPAIN. PLEASE SEND COPIES OF THESE DRAWINGS FOR THE COMPANIES REQUESTED TO QUOTE.

During the last day, en route to the airport, I paid another visit to ATD. Mr. Sakari suggested that the machines should be from Mercier and delivered by UNIDO. They would repay to the RFO and pay the difference between the Mercier and the Poletto price. I stated that this was not possible within the UN system and either they should accept the machinery from Poletto or buy the Mercier machines on their own account.

Mr. Sakari then requested that we should deliver, instead of the through-feed sammying machine, a combined sammying/setting machine. I promised to look into this possibility and inform him.

After discussing the matter in the regional office with Mr. Felsner and Mr. Zink, a telephone call was made to ATD to explain the advantage of the Poletto machinery and the agreement was reached that we should recommend the purchase of the Poletto equipment to the Purchase Section.

f) **Round-table Meeting**

The meeting agenda is attached as Annex 2.

Proceedings of the meeting:

The chairman of the meeting, Mr. Himat Shah, opened the meeting and welcomed the participants to this first UNIDO-organized round-table meeting of the leather, footwear and leather goods industry sector of Tanzania.

Mr. Mawji informed about the status of the Leather Association of Tanzania (LAT), stressing the importance of the LAT's role as a common voice of the industry vis-à-vis the government and the international agencies, as well as a suitable tool in general for developing the industry.

I gave a presentation on the regional and associated country projects of the Programme. The main points were:

- The first phase of the programme is nearing its end and according to requests received from the participating countries and recommendations in in-depth evaluation documents, a second phase has been prepared.
- Subsequently, the second phase of the umbrella project was approved by UNIDO for negotiation with donor countries and so far about US\$ 3.1 million commitments have been received.
- The Ethiopia, Uganda and Tanzania second phase funding has been secured and the negotiations are continuing for the other countries.
- The Programme will, therefore, continue and will assist mainly the development of value-added products, environmental protection and export marketing; assistance to the hides and skins improvement will also be continued.
- The Tanzania second phase was approved before the others and Tanzania was fortunate to have already an operational second phase. This phase is financed by the Finnish Government.

A very detailed status report on the operations of US/URT/88/100 and the rehabilitation project US/RAF/88/102 was presented by the national experts Messrs.

Muyinga and Massay. The report followed the terminal report of the Tanzanian project and gave an account of the achievements of the project.

After the presentations the role of women in the development was discussed and suggestions were made to improve their participation. The meeting was informed of the forthcoming seminar in Bulawayo. Two Tanzanian women are expected to participate.

The issue of branding damages was raised and suggestions were made to improve the situation. Branding by color instead of hot iron was suggested as a possible solution.

Salting problems and environmental aspects were discussed and it was informed that the suspension drying was indeed promoted by the project.

Selling/buying by grades was considered and the ATD representative strongly supported the buying of the raw stock in grades.

It was noted that the government institute (previous monopoly) Tanzania Hides and Skins (THS) was not represented at the meeting (in spite of the fact that an invitation was hand-delivered). The same applied to the Ministry of Industry although the ministry had confirmed the previous day that a representative would attend. **This demonstrates clearly the lack of interest by the government institutions.**

The tanning drum delivered to Moshi tannery was discussed and Mr. B. Kiyuga, general manager of the tannery, explained that they have now found an affordable way of making the foundation. The UCD made a strong request that the work be completed urgently and it was agreed that if the drum was not installed by 15 January 1993, UNIDO would take decision to relocate the drum to a factory which had better possibilities to utilize it for the development of the Tanzanian leather sector.

Problems facing the hides and skins, leather and leather products subsectors were presented and the papers will be attached to the minutes of the meeting.

I explained the objectives and modalities of the Revolving Fund Operations (RFO) and stressed the following points:

- The RFO is a Tanzanian operation and fully under the control of the LAT.
- The reason for creating the fund was, firstly, to provide technical and capital assistance for the development of the Tanzanian leather and allied **private industry** sector and, secondly, to sustain the hides and skins improvement process after the international assistance ends.
- It is a unique opportunity for the industry to start cooperation within the framework of an association which was given starting capital through repayments by the members for the assistance received in the tune of half a million US dollars.
- UNIDO had offered this opportunity in the hope that this will give the industry the chance to stand in its own feet and start a new chapter in its - up to now - unsatisfactory history.

- It was further stressed that if this opportunity was not well utilized and results cannot be shown, it was very unlikely that donors could be attracted to provide additional support. The tanning and leather sector lobby in the donor countries must be assured that the private industry is not given an unfair edge in competition by providing equipment on a grant basis - hence the RFO must run in a correct and serious manner and the environment must be taken care of through well operating effluent treatment plants.

In the ensuing discussion the workers' motivation and the social standard of tannery labour were addressed and it was recommended that the LAT should promote the workers' well being and engage in human resource development. It is realized that the labour and the staff is one of the most important assets in the development process of the whole industry sector.

LAT should also look into the possibilities to make the Mwanza Leather Centre operational. This centre could be used as one of the facilities to develop the labour and staff capabilities to a higher level.

g) Liberty Footwear

This factory was visited to explore possible assistance needs. The factory is well equipped. The equipment is mainly of German origin supplied through Fortuna.

Swing-arm clickers and lasting equipment are from Schoen, splitters and skivers from Fortuna, and sewing machines from Pfaff. The sewing department has a direct delivery conveyor and the lasting and making line is also equipped with a transport conveyor. The factory manufactures also some working gloves and has a ten-station Desma injection moulder for canvas footwear and a Bata two-station "sole-master" injector for unit soles.

The plant's capacity is of about 800-1,000 pairs of flat-lasted leather shoes with unit soles and has equipment to produce another 1,000 pairs direct-moulded-sole jogging shoes or similar articles. The company, however, produces only some 150 pairs per day. The main reason was said to be the market situation and the competition from the import of cheap footwear from the Far East.

Assistance needs identified are as follows:

1. fielding of a shoe machinery engineer to re-adjust and maintain some of the equipment;
2. delivery of a grading machine and some suitable moulds with assistance to launch a jogging shoe line;

A pre-feasibility study is, however, needed before any assistance is delivered.

h) **Afrotan**

Mr. Mawji

The company visit showed that the machinery delivered was in place and installed but that very little tanning activities took place. One of the main reasons for this is certainly the 50 per cent retention schemes which attracts Mr. Mawji to export raw hides and skins instead of wet blue.

Mr. Mawji further stated that the present market situation was not favourable for wet-blue exports. The export market absorbed only top grades, i.e. grades 1 - 3. There was no export market for the lower grades and these would be wasted. The only possibility would be to produce finished leathers for the local market from the lower grades but equipment was not available and therefore Afrotan cannot proceed. Mr. Mawji requested UNIDO assistance and hoped that UNIDO could supply a splitting machine as well as some other equipment. He would then invest for the rest.

I proposed that we will prepare a feasibility study for this purpose and send Mr. Kiruthu in February to Tanzania to carry out this activity.

i) **Finnish Embassy**

H.E. Ambassador Kari Karanko was briefed on the activities of the Finnish- financed project US/URT/91/110 and a status report of the project (see Annex 3) was handed over. Information was furnished on the private industry assistance and the RFO. The situation concerning the Moshi Tannery versus Morogoro Tannery was discussed and it was explained that unfortunately the privatization negotiations of the Moshi Tannery have stranded. For this reason it has not been possible to proceed with the effluent plant.

Therefore, it was proposed that this activity be carried out in another tannery, namely, the Morogoro Tannery. This tannery has been privatized and the new owners and the Tanzania Government have officially requested UNIDO to shift the environmental assistance to this tannery. No objections were raised to this proposal.

j) **Regional Office**

Mr. G. Felsner

Mr. A. Zink

Mr. C. Marzo

Briefing was provided on the Tanzania situation and it was agreed that Kiruthu's mission to URT in mid February is necessary. His JD should include the preparation of the feasibility study for Afrotan and prepare a programme for the new target area in H & S improvement.



## **II. CONCLUSIONS AND RECOMMENDATIONS**

The situation in the field of the Tanzanian leather sector has changed radically. Firstly, it seems that the Government is really determined to privatize the sector. It is a pity that the negotiations between the Moshi Tannery and the LIK (and others) have stranded. This forces us to make adjustments to our original plans and provide the assistance foreseen for Moshi to Morogoro.

The Government decision to liberalize fully the raw hides and skins trade is probably a correct move in the present situation. The forex retention for raw material sales should, however, be removed, in due course, to promote the value-added operations, otherwise the tanning industry in Tanzania will not start to operate and survive.

The remaining activities under US/URT/88/100 should be concluded as soon as possible. The following actions under this project are to be carried out urgently:

- Fielding Mr. Kiruthu for one month to Tanzania to carry out a feasibility study for Afrotan and start the hides and skins operations in the new target area. The job description is attached as Annex 4.
- Prepare a plan for completing/closing the project.

The main activity under US/URT/91/110 will be the starting up of the effluent treatment activities at the new Morogoro plant. Unfortunately, the technical partner of the company has been unable to provide us with the new plant layout and thus the offers cannot be completed by the potential suppliers. It is, therefore, strongly recommended that our Nairobi team prepare the new plant layout. This proposal was forwarded to Nairobi and Dar-es-Salaam.

It is further recommended that the TOR for the subcontract, including supervision and installation of the effluent plant, be prepared and that this will be handled in combination with the equipment supply. A prerequisite is that the subcontract will be awarded to the same company as the machinery purchase. The details should be discussed with Purchase Section before completing the TOR.

### **SUMMARY OF THE MAIN RECOMMENDATIONS:**

1. Complete all activities of US/URT/88/100 as soon as possible.
2. Field Mr. Kiruthu to prepare the feasibility study for Afrotan and start the second target activities (under US/URT/88/100)
3. Prepare the TOR for the effluent treatment installation and supervision.
4. Send a shoe technologist to prepare a study on Liberty Shoe.
5. Check the installation of the drum in Moshi and if action not taken, remove the drum to Morogoro.

6. Follow up the recommendations and conclusions of the round-table meeting and the formalization of the RFO. The national experts are requested to send status report by end of February 1993 at the latest.

1.1 Tanzania rep

US/ UCT/ 88/ 100PROGRAMME FOR THE VISIT OF MR. B&GMONDAY 7th Dec 92

8.30	UNDP / UNIDO	DRR /UCD
10.00	Ministry of Agriculture	Dr. Komba/Millinga
11.30	ATD	Mr. Sakarri/Chakar
13.00	Ministry Of Industries	Mr. Nyachia
14.00	Embassy of Finland	Ambassador
15.30	Afro Leather	Mr. Mawji

TUESDAY 8th Dec 92

9.00	Round Table Meeting	Leather Association
14.00	Liberty Shoes	Manager
15.00	UNDP	DRR T. YEESEERS
16.00	Project Offices	National Experts

WEDNESDAY 9th Dec 92

09.30	ATD	
10.30	Departure to Airport	National Experts

ANNEX 2

ROUND TABLE MEETING ON UNIDO ASSISTANCE TO LEATHER  
INDUSTRY IN TANZANIA

DATE: 8th December 1992 at 9.00 AM

VENUE: IFM

AGENDA OF THE MEETING

1. Welcome address by Chairman Mr. Himat Shah
2. Briefing on the Leather Association of Tanzania (Mr. Mawji)
3. Report on UNIDO Regional and Associated country Projects - Source of Funds, Objectives and Achievements ( Mr. Berg)
4. Report on Status of National Project US/URT/88/100 and Regional Rehabilitation Project US/RAF/88/100 (Mr. Muyinga/Mr. Massay)
5. Planned Activities under Phase II of the National Project US/URT/91/110 (Messrs. Berg/Muyinga/Massay)
6. Problems facing Hides & Skins, Leather and Leather Products sub-sector in Tanzania and recommended solutions:  
Mr. Rostam Sakarri - Raw Hides & Skins  
Mr. B. Kiyuga - Tanning Industry  
Mr. Y.J. M'ailolo - Shoe Industry (absent)  
Mrs. M. Nagu - Leather Goods Industry (absent)
7. Objectives and operational modalities of Revolving Trust Fund and its linkage to the Leather Association of Tanzania (Mr. Berg)
8. Signing of Lease Agreements
9. Any other Business

7 December 1992

**STATUS REPORT - US/URT/91/110**

Extension of the National Hides and Skins, Leather and Leather products Improvement Scheme

**I. Background****1. General**

As the project is an integrated part of the large scale African Regional Hides and Skins, Leather and Leather Products Improvement Scheme, this status report should be read together with the status report of the whole scheme.

**Brief description of the project:**

"The project is designed to reinforce the capabilities of the Tanzanian hides and skins, leather and leather products subsectors. Specifically the project is to assist the Mwanza region in hides and skins improvement, Tanzania Tanneries in Moshi in effluent treatment, Morogoro Leather Goods Factory and three private companies in tanning and leather goods manufacture. The assistance in capital equipment will be repaid in Tanzanian shillings to a revolving trust fund to be used for further hides and skins improvement activities within the country."

The project was submitted to the UNIDO appraisal and project review committee April 1991. After UNIDO approval the project was submitted for the financial consideration of the Finnish government authorities. The financial approval through the Project Allotment Document was issued 6 February 1992.

The projects National Experts are the same persons as for the project US/RAF/88/100 namely Mr.S. Massay and Mr. E Muyinga. Mr. Massay is taking care of the Industrial part and Mr. Muyinga of the hide and skin improvements.

The projects international field activities started by fielding of Dr. S. Kiruthu, leather industry consultant to two split missions to Tanzania on 21 April 1992, his technical report refers.

## 2. Status Report

### a) IMMEDIATE OBJECTIVES and STATUS of IMPLEMENTATION

#### Immediate Objective 1

Establish a second national pilot scheme in the Mwanza region (the first one is successfully operating in Shinyanga under US/URT/88/100) for the purpose of demonstrating in practical terms the process of hides and skins improvement from butchering and flaying to conservation, grading and collection.

#### PRESENT STATUS:

The second national pilot scheme has been established and field activities have been started and according to reports proceeding well. The local seminar for hide and skin improvement is expected to take place on early December 1992.

It should be noted that Tanzania has adopted the "Guidelines for grading of hides and skins by quality" prepared by the UNIDO project. (copy enclosed for easy reference)

#### Immediate objective 2

This part of the project is designed to assist the selected tannery in Moshi in minimizing the environmental degradation caused by the expanding activities without placing undue economic burden on them; and to reinforce the local and technical capabilities in the area of tannery environmental technology with the aim of improving the service to the Tanzanian tanning industry.

#### PRESENT STATUS:

Unfortunately the privatization negotiation of this tannery have stranded and been severely delayed. For this reason it has not been possible to proceed with the effluent plant.

It is therefore proposed that this objective will be carried out in another tannery namely the Morogoro Tannery. This tannery has been privatized and the new owners and the Tanzania government have officially requested UNIDO to shift the environmental assistance to this tannery.

For this reason the projects tannery machinery engineer visited the Morogoro plant for initial survey in August -92 (Report of Mr. Zink refers). A meeting with the new owner and his technical and economic advisers was held in Paris during the Semaine du Cuir in 23 September 1992. It was agreed that UNIDO effluent treatment specialist (Mr. Clonfero) should visit the site in October -92 and prepare the equipment specification and inspect the civil works. This mission took place as planned and the equipment specifications has been prepared and a requisition to initiate international bidding has been prepared.

### Immediate Objective 3

Increased production of added-value articles such as travel goods, handbags, small leather goods, leather garments etc. by 15% and creation of additional employment opportunities by 10%.

#### PRESENT STATUS:

The leather goods expert Mr. D. Tracy was fielded to his first mission 27 July - 8 September -92; his technical report refers. Mr. Tracy is presently in his second mission in Tanzania and it has been understood that his work programme is proceeding well.

### Immediate Objective 4

To increase the export capability of the Tanzanian private tanning industry sector and thereby increase the country's export earnings of the leather sector.

#### PRESENT STATUS:

The increased export capability of the sector is presently too early to assess. The privatization process has been much slower than it was expected and it is not possible to obtain concrete results until the private industry has come to a full operations.

The first efforts to improve exports of leather goods was, however, taken by including Messrs. Shah Industries among the participants on the Pirmasenser Leder Woche International in Germany. Good initial business contacts were made during the fair.

## a) FINANCIAL

The financial situation of the project is the following:

Of the total inputs of US\$ 675,000, excluding support cost \$100,000 were transferred to the US/RAF/88/100 to take care of the expert component. It is not possible to make separate delivery report of these expenses except at the end of the year. It will however be of interest to know that the following experts have been on the mission in URT since February 1992

Mr.S. Kiruthu	1	m/m
Mr.D. Tracy	3	m/m
Mr.A. Zink	.5	m/m

In addition to this the FAO/UNIDO joint hide and skin improvement expert Mr. I.B. Leach spent some 4 months in Tanzania during 1992 and initiated the work in the Mwanza region. His 9th report describing the Hide and Skin project in Shinyanga and Mwanza (December 1991 - March 1992) and the FAO draft terminal report refers)

The backstopping officer Mr. J. Berg visited Moshi in a short one day car travel from Nairobi 12 February 1992 and is scheduled to visit Tanzania in December 1992.

The financial status of rest of the project is presented in the enclosed delivery report of the project as at end October 1992.

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## U N I D O

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

## JOB DESCRIPTION

US/RAF/88/100/11-71/J13104

**Post title** Leather Industry Consultant

**Duration** One month

**Date required** End February 1993

**Duty station** Dar-es-Salam 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 a selected Tanzanian tannery with recommendation for investment decision and prepare a plan of action for starting raw hide and skins improvement activities in a new target area and provide an updated plan of action for the project US/URT/91/110.

**Duties** The expert will be attached to the Regional Office and work in close co-operation with the project CTA, National Experts of US/URT/88/100 and other members of the project team. During his mission he will be specifically expected to:

1. Prepare a pre-feasibility study for Messrs. Afrotan concerning the proposed expansion of the tannery to the manufacture of finished leather for the local market. The study should be based on the UNIDO pre-feasibility study format as per UNIDO manual for the preparation of industrial feasibility studies.
2. Assist the national expert to start the operations of the second target area operations under project US/URT/91/110 and prepare an updated work plan for the operations of the entire project.

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

**Qualification** A senior Leather Industry Consultant with thorough knowledge of the Kenyan leather industry sector. Previous experience in Hide and Skin Improvement and in the preparation of industrial pre-feasibility studies for the tanning sector is required.

**Language** English

**Background information**

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## TANZANIA



RECEIVED  
NAIROBI  
26 NOV 1992  
UNIDO  
US/RAF/88/100

## Certificate of Incorporation

No. 22020

## I HEREBY CERTIFY THAT

THE TANZANIA LEATHER INDUSTRY

..... Limited  
is this day incorporated under the Companies  
Ordinance (Cap. 212) and that the Company  
is Limited.

Given under my hand at Dar es Salaam  
this 18TH day of NOVEMBER

One thousand nine hundred and NINETY TWO

Registrar of Companies

HAKUWAKI

institute?

technology

Daily News  
28-12-92  
TANZANIA

ways to revive the Mwanza leather Technology Institute as a way to develop the leather industry sub-sector.

Members of the Leather Association of Tanzania (LAT) who met in Dar es Salaam said the reasons for which the institute was established were still valid and that it should be revived.

According to LAT Chairman Ndugu Salim Mawji the institute which offered Diploma in Leather Technology has remained

...the institute...  
...to make the sub-sector play its role in the economic revival programme.

Ndugu Mawji, who is also the director of the Dar es Salaam-based Afro-Leather Industries

association in order to make it stronger.

LAT was formed four months ago and up to now has 30 members being leather goods manufacturers, exporters, the tanners and related industries.

Ndugu Mawji said LAT could have as many as 100 members if all leather products dealers joined the association.

He said LAT would act as a link between the leather goods dealers and the Government as well as multi-lateral organisations

...which are ready to assist the sub sector.

The association, besides attempting to revive the leather industry, would also act as a platform from where members can put up their cases to the Government.

Ndugu Mawji said despite the country's large livestock population proceeds from the leather products' exports was minimal while the three giant tanneries at Moshi, Mwanza and Morogoro have stopped working.

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