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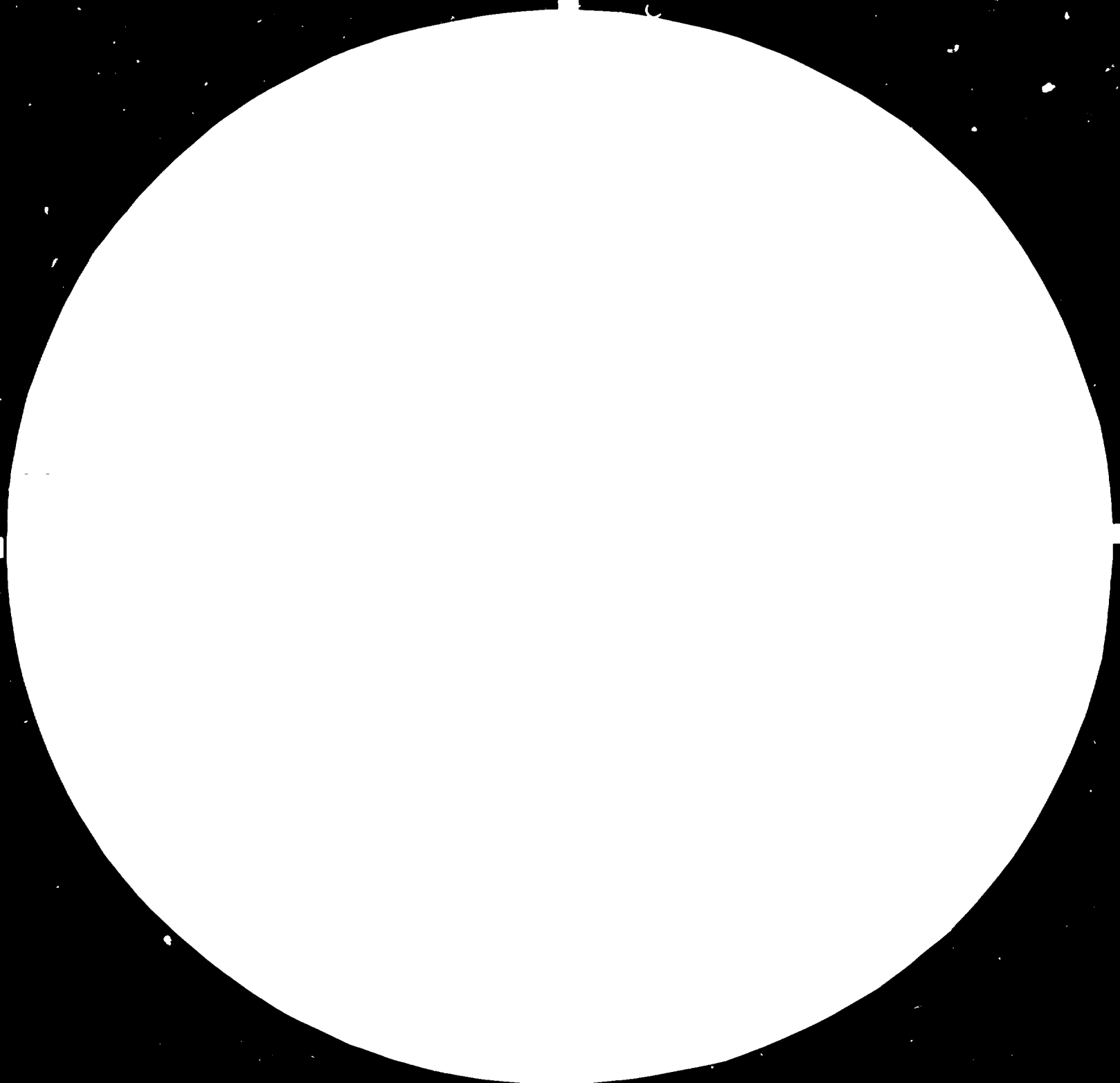
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THE LEATHER AND LEATHER PRODUCTS SECTOR

SI/GAM/79/801

THE GAMBIA

Terminal report*

Prepared For the Government of The Gambia
by the United Nations Industrial Development Organization,
executing agency for the United Nations Development Programme

Based on the work of David Winters, consultant

United Nations Industrial Development Organization
Vienna

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I. SUMMARY

This report covers some aspects of a three month UNIDO consultancy directed towards developing The Gambian Leather and Leather Products sectors.

Following an in-depth study of local conditions, raw material available and market demand, it is shown that an export orientated tannery, fully mechanised, but with small capacity, could be established in The Gambia.

It is envisaged that the tannery will be able to process all the hides and skins produced in The Gambia which are now exported raw. The majority of the products of the tannery will be initially exported in a semi-processed state, but over 20% will be finished in various forms to satisfy local demand.

Due to the low volume of availability of Gambian hides and skins, it has been necessary to propose the employment of reconditioned machinery to achieve a balanced capital input. A total capital requirement of 1.4 million Dalasis should yield profits rising from D216,000 in year 3 to D408,000 in year 8. The cash flow would suggest that a long term loan of 1.2 million Dalasis, at current interest rates, could be amortized by year 7.

In addition to the profit which will be generated by the tannery it must be accepted that the availability of a range of leathers will catalyse the development of the Gambian Leather Products Industry and subsequently allow a domestic footwear industry to be developed. (Possibly a semi-mechanised unit now under consideration by the Gambia Commercial and Development Bank).

The detailed data relating to the Tannery Project is given in a separate document. This mini Report outlines the sectoral development strategy that should be employed and details the requirements for external assistance that would be needed to develop the tannery, leather goods and leather footwear production.

The external assistance requirements may be summarised:-

Tannery Technical Manager/ag. General Manager	-	3 years
Tannery Machinery - Conclusion of Private Treaty - Consultant		3 - 6 weeks

Manager, G.A.M.C.O. - Study Four	- 4 - 6 weeks
2 Leather Goods Instructors - Practical Training	- 4 - 6 months each
Pre-Feasibility Study - Semi-Mechanised Footwear Production	- 1 week.

II INTRODUCTION

A. PROJECT BACKGROUND

The Government of The Gambia requested assistance from the United Nations Industrial Development Organisation for Special Industrial Services in two associated areas :-

1. SI/GAM/79/801/11-01 - Economist Consultant on Feasibility Study preparation.
2. SI/GAM/79/801/11-02 - Leather and Leather Products Expert.

Each of the above assignments (see Annexes I and II for relevant Job Descriptions), were to be of one & a half months' duration. In response to these requests UNIDO recruited and fielded D. Winters, a U.K. Leather Industry Consultant and asked him to combine the two posts into a three month assignment.

A previous UNIDO/UNDP mission by Mohamed Maher Abou El-Khair * had prepared a pre-feasibility study recommending an integrated tannery cum leather products production and demonstration unit. This earlier mission had not been of sufficient duration to allow full detailing of the proposed project, and the current mission was to expand and detail the earlier proposal.

There was, however, some reservation in the minds of The Gambian Government officers that the "El-Khair" proposal would not be the most suitable means to obtain development in the Leather and Leather Products sector, as:-

- (1) The project did not appear to be sufficiently commercially orientated;
- (2) Due to the integrated nature of the proposed project it was felt that managerial responsibility would not easily be allocated, given the existing sectoral structure in The Gambia.

/3.

* "Development of the Leather Industry" RP/GAM/77/002 - "The Republic of Gambia - Project Findings and Recommendations - Terminal Report Prepared for The Government of The Gambia" - Mohamed Maher Abou El-Khair
23rd September 1977

B. SUMMARY OUTLINE OF OFFICIAL ARRANGEMENTS

The Consultant was fielded on this project from 21st November 1979 until 19th February 1980, and was at the Duty Station from 26th November 1979 until 16th February 1980.

The Consultant was to be attached to the Ministry of Economic Planning and Industrial Development (M.E.P.I.D.), who supplied a counterpart for the entire duration of the mission. However, it soon became apparent that in order to maximise the efficiency of the mission assistance from other available sources should be harnessed. Accordingly, with the permission of M.E.P.I.D. the consultant co-opted from the Ministry of Agriculture and Natural Resources (M.A.N.R.), a Senior Livestock Officer (Hides & Skins) as a technical counterpart. (The only Gambian official with formal training in Tanning Technology).

Shortly after arrival at the Duty Station the Consultant's two job descriptions were amalgamated and reorientated (with the agreement of the office of the Resident Representative, U.N.D.P., Banjul). These may be seen at Annex III.

In order to effectively report on the revised Terms of Reference/ Job Description, and avoid duplication, it was felt expedient to produce:-

- 1) A tannery Feasibility Study, as a separate document, such study to fully complete the obligations at 1, 2, and 3 of the revised duties (Annex III) (Referred to as the "Feasibility Study").
- 2) A mini report covering other areas of activity and general topics (this document).

C. OBJECTIVES OF THE PROJECT

Given the reorientation of duties outlined above, the objectives of the mission may be summarized :-

- 1) Prepare a tannery feasibility study with sufficient detail to allow early implementation.
- 2) Advise the Government on short or long term developments which could be attained in the Leather Products Sector.

The value of Hides and Skins is relatively insignificant when compared with the value of groundnuts and vegetable oils produced in The Gambia, however, it is recognised that Hides and Skins represent one of the few domestically produced materials, which can be industrialised within The Gambia with relatively low level technology, and low level capital requirements. It is also recognised that the spin-off from a tannery, i.e. leather products and footwear production, could generate significant employment and economic advantage.

III FINDINGS

NOTE: All findings related to hides' and skins' availability, supply, demand and the parameters of the tannery project shown to be feasible are detailed in the "Feasibility Study for a Tannery" - prepared in parallel to this Report and will not be repeated here.

A TANNERY

In the "Feasibility Study" the consultant has shown that a mechanised tannery could be installed in The Gambia. To offset the relatively low throughput it is suggested that reconditioned machinery is employed (with guarantees, as new machinery).

At a meeting held at M.E.P.I.D. on 15.2.1980 representatives of M.E.P.I.D., M.A.N.R. and the Livestock Marketing Board (L.M.B.) accepted the "Feasibility Study" with reservations on one point only.

The consultant in the Feasibility Study had strongly urged that a new parastatal body (GAMTAN?) be formed to operate the tannery. Government officials suggested that this would be in contravention of current policy which is to avoid proliferation of new parastatals.

As a compromise it was agreed that "Gamtan" could be a wholly owned subsidiary of the L.M.B. but it must be able to purchase all its hides and skins from "up country" sources at prices and conditions that the tannery management may determine. The tannery would employ such staff of the Hide and Skin section of the M.A.N.R., as was found expedient. The balance of the Hide and Skin section would continue their current field activities, but these could be expanded to include the purchasing of Hides and Skins under the direct control of the tannery. The meeting also decided that the tannery project, when implemented, should be a direct responsibility of M.A.N.R.

B. LEATHER GOODS

1. It was reported (El-Khair et. al.), that pot tanning was carried out in The Gambia. However, on a brief visit "up-country" the consultant only found one operational pot

tanner (output = 6 sheep or goat skins per week). All artisan leather goods workers reported that they purchased their leather from Senegalese sources, and that only crude, not tanned sheep or goat were available, and even these were in short supply and were a major production constraint.

2. The majority of leather goods production is directed towards the tourist market with only a limited, static domestic market for traditional leather products (knife and sword handles and scabbards).

In general one must agree (with El-Khair et. al.) that the leather goods are of poor quality, however, the consultant does not believe that the major cause is poor workmanship and design. It is felt that the major problem is the poor and limited quality of material available, together with the nonavailability of auxiliaries (suitable dyes, fitments and adhesives). Certainly the products are not up to acceptable international standards, and are of limited durability, but considering the materials available it must be admitted that the products produced show some flair and ingenuity.

A typical example may be the leather sandals produced. These are said to be 100% leather, and are sold at between 8 and 30 Dalasi per pair. A superficial examination reveals an attractive product, with a sewn effect neatly embossed around the sole edge. Normally sandals would have soles prepared from hide leather, but due to non-availability of hide leather, the soles are made from thin skin leather wrapped around and stuck to cardboard carton offcuts, employed as a "thickener". Unfortunately, the skins employed, being thin, have minimal durability and the adhesive utilised (a proprietary wood adhesive) is not suitable for this usage and the bond is destroyed if in contact with salt water. (Certainly not suitable for tourist beach usage). The consultant is convinced that if suitable hide sole leather was available, together with correct adhesives, a first class product could be produced.

Some of the smaller articles produced, especially those with interwoven raffia ornamentation, would be considered of high quality workmanship if fast dyestuffs were utilized.

3. It is estimated that between 10 and 20% of Gambian leather goods are handled by The Gambia Artisans Marketing Co-Operative (G.A.M.C.O.), a direct subsidiary of M.E.P.I.D., which received UNDP/ILO assistance during establishment. G.A.M.C.O. itself purchases from up to 30 leather goods artisans. (Thus 200 - 300 artisans exist in the country?).

Without doubt, G.A.M.C.O. must be the catalytic agency to help upgrade The Gambian artisanal leather goods.

4. When the tannery project is being implemented, and it is known that supplies of a variety of suitable leathers will be available to Gambian leather goods artisans, a training programme will need to be implemented. This should ensure that the skill is available to employ such new materials to best advantage.

It would seem essential that the manager of G.A.M.C.O. should undergo a four to six week study tour in countries where artisan leather goods are produced; (Morocco, Kenya or India) to broaden his experience.

Two potential instructors from G.A.M.C.O. should receive four to six months training in Morocco (or elsewhere) to enable them to instruct practising artisans in the utilization of a full range of leathers in the production of improved leather goods.

G.A.M.C.O. should be in a prime position to disseminate these developed techniques and design, as G.A.M.C.O., in effect, commissions work from the artisan producers, i.e. in effect, G.A.M.C.O. can give a sample to a producer and ask him to produce exactly as sample. When G.A.M.C.O. artisans produce an improved product, non-G.A.M.C.O. artisans will soon copy, and the whole sector will be upraised in quality, which should encourage increased market acceptance, leading to greatly increased sales, especially to tourists.

C. LEATHER FOOTWEAR

Reliable statistics are not available regarding imports of footwear (leather, rubber and plastic) to The Gambia.

Plastic footwear is made in The Gambia (assembled?). Virtually all leather footwear is imported, much from Senegal, unofficially, with the majority of official imports being from Senegal, U.K. and Czechoslovakia. Prices range from 40 Dalasi per pair upwards.

When a tannery is being implemented, it would be realistic to consider establishing a small Leather Footwear Production unit, to utilize the leather available. This could be of semi-mechanised technology, e.g. "Standard Graduate" style of plant. It has relatively low capital requirement - i.e. for a production of 200 pairs per day (50,000 pairs p.a.) - imported machinery costs would only be circa 100,000 D.

An annual market must exist in The Gambia for 50,000 pairs of leather footwear (less than 0.1 pairs per capita p.a.). Shoes from such a semi-mechanised unit could be available at an ex factory price of 20 - 25 D. per pair. Certainly, if initially, childrens' and non-fashion mens' footwear is produced, no serious technical and marketing problems should be encountered.

50,000 pairs of leather footwear per annum could require 100,000 ft² of upper leather = 3,333 hides = only 15% of the projected tannery output.

The installation/commissioning time for a Standard Graduate type of footwear plant is far less than that of a tannery. It would be realistic to expect the tannery technical manager, who will have some limited knowledge of the footwear industry, to assist with plans to install such footwear plant, and ensure the plant is available at such time as domestic leathers are available from "Gamtan".

The development section of the Gambia Commercial & Development Bank (G.C.D.B.) are currently said to be preparing a feasibility study for a "Standard Graduate" unit, and it is hoped that they can find an entrepreneur who will work in close co-operation with "Gamtan".

G.C.D.B. staff members have talked of installing the footwear plant before a tannery is available. This seems quite unrealistic, as it would negate most of the economic advantages of such a unit, as all leather would need to be imported. Given the poor transport connections into The Gambia, such dependence on imports would make the administration of such a footwear unit impossible. Thus it is hoped that G.C.D.B. will schedule their project to coincide with "Gamtan's" development.

IV RECOMMENDATIONS

A. GENERAL

The Government should implement a sectoral development plan to ensure full economic advantage is achieved in utilizing indigenous hides and skins in the production of leather, leather goods and leather footwear.

Such development plan must take as its cornerstone the implementation of the proposed tannery project.

It will be necessary to ensure that secondary developments (leather goods and leather footwear) are phased to coincide with the Gamtan commissioning and subsequent availability of a range of leathers of superior quality.

B. DEVELOPMENT OF LEATHER INDUSTRY

1. The Government should implement the tannery project detailed in the "Feasibility Study". It will be necessary to ensure the tannery's independence, especially in the area of raw material purchase.

2. External Assistance should be sought to assist implementation of the tannery project:-
 - a) A tannery technical manager/acting General Manager may be required for up to 3 years. (See Feasibility Study III B.1 at Page III - 1).

 - b) Further assistance, 3 - 6 weeks, may be necessary in the tannery project preparatory stages to conclude the private treaty discussions with potential machinery suppliers. (See Feasibility Study III B.2 at Page III - 2).

 - c) It is not recommended that external aid be sought to assist with the purchase of the tannery plant and machinery, as this may lead to an increase in capital costs. Most donors wish to inject some "prestige element" into the project

with concomitant increase in capital.

The tannery economics will not allow "servicing" of higher valued plant.

C. LEATHER PRODUCTS DEVELOPMENT

1. Following the implementation of the Tannery Project it will be possible to greatly improve and expand the production of leather products. It is suggest that G.A.M.C.O. be given the key role in this area, and act as a catalyst to the whole sector to ensure correct utilization of the expanded availability of leathers from the tannery.

2. External Assistance Should be sought to assist the development of the leather goods sector :-
 - a) The manager of G.A.M.C.O. should undergo a 4 - 6 week study tour to broaden his horizons regarding the utilization of leather, production of new and improved leather products and the organisation of artisan co-operatives. Such a study tour should cover two countries with accepted skills in leather products manufacture at artisanal level. e.g. Morocco, Kenya or India. (It is understood that bilateral discussions have already taken place (Morocco - The Gambia) to obtain assistance in this area, but no final assistance plan has been agreed).

 - b) Two potential practical instructors should be sent by G.A.M.C.O. to train in improved artisanal leather goods production and design so that on their return they may instruct G.A.M.C.O. artisans to raise quality standards in this sector. Thus catalysing the whole industry. 4 - 6 months training each (see a) above).

3. No centralised leather goods production unit should be established as it would unfairly compete with rural artisans and would be in direct contravention of the Government's Rural Development Policy.

(G.C.D.B. are investigating the possibility of establishing a central semi-mechanised leather goods production unit).

D. LEATHER FOOTWEAR PRODUCTION

1. Following the implementation of the tannery project, it should be feasible to establish a semi-mechanised Leather Footwear Production unit. Such a unit could be of the "Standard Graduate" style, with output initially of 150 - 200 pairs of childrens' and non-fashion mens' footwear daily.

2. Although the development section at G.C.D.B. is preparing data for a Feasibility Study for a "Standard Graduate" footwear plant, it may be advisable to seek External Aid to evaluate the proposal. Such aid could be :-
 - a) External expertise could be sought to evaluate the G.C.D.B. Feasibility Study, when completed (one week).

 - OR

 - b) External aid could be sought to prepare a pre-Feasibility Study for a "Standard Graduate" unit.

(With the data given in the Tannery Feasibility Study such a Footwear pre-Feasibility Study should only require one week of consultancy, without any need to visit The Gambia).

ANNEX I

JOB DESCRIPTION

SI/GAM/79/801/11-01/31.7.D.

POST TITLE Economist - Consultant on feasibility study preparation

DURATION One and a half months

PURPOSE OF PROJECT To advise on the preparation of the final Feasibility Study for the establishment of an industrial-minded Leather and Leather Products sector in the country

DUTIES The expert will be attached to the Ministry of Economic Planning and Industrial Development and will be expected to prepare a Feasibility Study for the tannery project. The expert will specifically be expected to :

1. Prepare a Feasibility Study in collaboration with the Leather and Leather Products Expert.
2. Assist the Leather and Leather Products expert in evaluating the further development potential of the leather products sector in the country.

ANNEX II

JOB DESCRIPTION

SI/GAM/79/801/11-02/31.7.D

POST TITLE Leather and Leather Products Expert.

DURATION One and half months

PURPOSE OF PROJECT To advise the Government on the possibilities of establishing an industrial-minded leather and leather products sector in The Gambia.

 The expert will be attached to the Ministry of Economic Planning and Industrial Development and will in particular be expected to :-

1. Draw up the organizational and technical requirements of a small tannery and prepare public tenders for the equipment needed.
2. Assess the need for training in the proposed tanning techniques;
3. Assist in selecting the machines, tools and equipment as well as auxiliary supplies and materials required for establishing and operating a leather products manufacturing training and demonstration centre;
4. Assist the Economist, Consultant on Feasibility Studies, in leather technological matters for preparing a Feasibility Study.

ANNEX III

COMBINED JOB DESCRIPTION

SI/GAM/79/801/11-01 and 02

DURATION

3 months

DUTIES

The revised duties were:-

"The expert will be attached to the Ministry of Economic Planning and Industrial Development and will in particular be required to :-

- (1) Prepare a Feasibility Study for an export orientated "Wet Blue" tannery ensuring as far as possible the commercial viability of such project is of paramount importance;
- (2) Advise the Government in drawing up the organizational and technical requirements of such a tannery and prepare public tenders for the equipment needed;
- (3) Advise the Government on the need for training in the proposed tanning techniques;
- (4) Advise the Government on possible means by which the existing artisanal leather products industry may be upgraded.

The expert will also be expected to prepare a final report, setting out the findings of his mission and his recommendations to the Government on further actions which might be taken."



