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FINAL REPORT OF CONTRACT NO.98/094 P, PROJECT NO. US/UGA/96/300, ACTIVITY CODE: 072000

I- INTRODUCTION

The subject project entitled: Integrated Programme Assistance to Strengthen the Leather and Leather Products Industry in Uganda.

The implementation of the programme commenced January 1997. In the following the project steering committee meeting convened 09/12/1997 it was concluded that ULAIA should be awarded with a subcontract for the following reasons:

ULAIA being the designated project counterpart requires more administrative and financial flexibility to create the needed recognition and status to become a fully acknowledged and accepted body representing the interests of the local leather industry sector. To achieve the valid objective and deliver the outputs as listed (strategy and strengthening of ULAIA) a higher measure of responsibility and independence in the operation and management of the project should be delegated to ULAIA. Otherwise ULAIA will not be able to generate the expected track record and proofs it's administrative and technical capabilities needed for it's acceptance as duly recognised body by the Government and potential donors. To facilitate the transfer of selected responsibility on administrative/ financial matters from UNIDO headquarters to ULAIA/ steering committee and the local project management which by now has created the needed capacity and the Government support to carry out high level of technical and administrative activities for this reason it is strongly recommended that ULAIA should be awarded with a sub- contract to cover a set of activities and outputs planned within the project plan of implementation namely;

- a- Improved institutional support and policy framework of ULAIA (Immediate Objective 1, reflecting output 4)
- b- Improvement of quality and quantity of hides and skins (reflecting immediate Objective 2, output 1)
- c- National Environmental Management Authority (NEMA) supported in the preparation of standards for tannery effluents (immediate objective 2, output 4)
- d- Improved quality and quantity of footwear and other leather products (reflecting Immediate objective 5, output 4)

ULAIA presented (04/02/1998) to UNIDO the recommended work programme to be carried out under subcontract and financial requirements amounting to \$66,000 to generate the planned results.

The project budget was revised on 09/03/1998 to allocate \$ 66,000 for the subcontract (BL 21.00). In the following the subcontract dated 27/05/1998 was offered to ULAIA through UNDP on 12/06/1998. The contract was accepted and duly signed by ULAIA on 15th /06/1998 and communicated to UNIDO for action.

II- IMPLEMENTATION

a- Payments received

- US\$ 7,000 - Down payment on 09/07/1998
- US\$ 20,000 - First progress payment 20/08/1998
- US\$ 15,000 - Second progress payment 24/11/1998
- US\$ 15,000 - Third progress payment 24/02/1999

b- Reporting

- First progress report covering period 01/05- 31/07/1998, dated 30/07/1998
- Second progress report covering period 01/08- 31/10/1998, dated 30/10/98
- Third progress report covering period 01/11/1998- 31/01/1999, dated 01/02/1999

c- The mechanism employed to carry out the subcontract

The project (US/UGA/96/300) owned by ULAIA is guided in it's implementation by the project steering committee convened quarterly. The workplan being a tool for the co-ordination of activities and outputs regularly updated and amended responding to the changing situation within the sector and it's need. The steering committee endorsed and approved amendments of the workplan and recommended changes within the budget allocated when required.

The steering committee meetings were convened on;

- 1st - 15th /10/1997
- 2nd - 9th /12/ 1997
- 3rd - 2nd /4/1998
- 4th - 08/7/1998
- 5th- 16th/12/1998
- 6th- 13th/4/1999

Therefore the execution the sub- contract by ULAIA was an integrated part of the overall project (US/UGA/96/300) implementation. Supporting information like workplans, reports and any other feedback concerning the activities carried out within the reporting period are presented to the steering committee meetings of which two copies of the relevant information have been part of the progress reports communicated to UNIDO. The documented

information on the project activities and achievements for period December 1998- 01/04/1999 as presented to the 6th SCM held on 13/04/1999 including the signed minutes are part of this report and annexed as listed;

- i- Minutes of the 3rd steering committee meeting – 02/04/1998
- ii- Minutes of the 4th steering committee meeting- 10/07/1998
- iii- Minutes of the 5th steering committee meeting- 16/12/1998
- iv- Minutes of ULAIA board meeting – 11/03/1999
- v- Status report on the project US/UGA/96/300- 31/03/99
- vi- Minutes of the 6th steering committee meeting 13/04/1999
- vii- Workplan April 1998- June 1999
- viii- Contract No. 98/ 094 P
- ix- Progress reports – (First- 30/07/1998)
(Second- 30/10/1998)
(Third – 01/02/1999)
- x- Expenditure analysis for subcontract No.98/ 094 P)

III- PERSONNEL CONTRACTED UNDER THE SUBCONTRACT NO. 98/094 P.

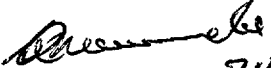
- i- ULAIA Component:
 - Mr.Emmanuel Mwebe ULAIA General Manager
 - Ms.Suzan Achilo ULAIA Administrative Secretary
 - Ms.Milly Katana ULAIA Accountant
 - Mr.Patrick Banya Brochure Consultant
 - Mr.John Othieno ULAIA Business Plan Consultant
 - Mr.Fredrick Ntende ULAIA Legal Advisor
 - Mr.Roy O'Shaughnessy Publication Consultant
- ii- Hides and Skins Component:
 - Mr.Drake John Mutesasira Quality Control Technician
 - Dr.N.T.Ndyanabangi Statistics & Leather Act
 - Mr.Fredrick Ntende Lawyer
- iii- Footwear & Leather Goods Component:
 - Mr.John Byabashajja Senior Footwear Technician
 - Mr.Abati Bakahumura Junior Footwear Technician
- iv- Environmental Component:
 - Mr.Saul Kityo Leather Consultant
 - Mr.Jude Mwoga Makerere University Consultant


IV- Achievements

The tasks carried out under the subcontract, guided by the SCM the summarised achievements are as follow;

- ULAIA component - objective attained as planned
- Hides/ skins component- objective attained more than initially planned
- Footwear & leather goods component - objective attained and results achievement more than planned
- Environmental component less than initially planned due to slow recovery of the tanning industry nationally and internationally. However the national standards and parameters for the discharge of tannery waste will be in place (NEMA) during 1999.

ULAIA wishes to thank you for the support provided through the subcontract which indeed has helped to "create" a new ULAIA with larger responsibilities recognised by the sector and the government as an instrumental body for the further development of the Uganda leather sector.


 Emmanuel Mwebe 24-5-99
 General Manager
 Uganda Leather and Allied
 Industries Association
 21st May, 1999

 24-5-99
 Ahamed Kezzala
 Secretary
 Uganda Leather and Allied
 Industries Association

cc. Ms.A.Calabro
 Industrial Development Officer
 Agro-based Industries Branch
 Leather Unit
 Industrial Sector & Environmental Division
 United Nations Industrial Development Organisation
 Vienna, Austria

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION

C/O UNDP P. O. BOX 7184,
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Kampala



DATE: April 30, 1997

MINUTES OF THE STEERING COMMITTEE MEETING OF PROJECT US/UGA/96/300- IT/26/B- INTEGRATED ASSISTANCE TO THE LEATHER INDUSTRY SECTOR OF UGANDA CONVENED ON THURSDAY 2 APRIL 1998.

1. The meeting was held at Uganda Manufacturers Association board room from 10.00 am to 12.30 pm with the following participants and observers as per list annexed.
2. The meeting was called to order on 10.10 hrs by the chairlady Ms. Robinah Sabano, Senior Industrial Officer of Ministry of Trade and Industry. Ms. Sabano due to other urgent commitments requested the board at 11.30 hrs to be released from the chair. In the following the meeting was chaired by Dr.N.T.Ndyanabangi from the Ministry of Agriculture Animal Industry and Fisheries.
3. The agenda of the meeting was read and adopted.
4. The presented minutes of the second steering committee meeting held on 10/12/1997 was adopted. Comments for the chair on paragraph 9 of the minutes in reference to the status for the establishment of a project imprest account was raised. In response the CTA explained that the negotiated subcontract UNIDO-ULAIA (NO: 98/50) which will be awarded during May 1998 does not warrant an imprest account any more as funds will be transferred direct from UNIDO to the ULAIA account held with Standard Chartered Bank, Kampala.
5. An overview of the situation of the sector (9 pages) as communicated to the invited participants prior to the steering committee meeting was presented by the CTA followed by the presentation of the amended draft for the hides and skins act by the National Expert, Mr.Mwebe and the representative of the Ministry of Agriculture Animal Industry and Fisheries.
6. In covering the environmental issues in respect of tannery waste treatment Mr.Lechner, UNIDO Tannery Pollution Consultant, Mr.Susan, Resident Environmental Expert of the Austrian Regional Bureau, and Mr.Rwothomio of NEMA elaborated on the matter, informing the meeting on the present status of assistance and development including the preparation of environmental standards for the local tanning industry.

7. The presented program/ workplan for period April- September 1998 considered by the ULAlA board and the donor representatives Mr. Wong and Mr. Pilz as overlapping in a number of activities. The CTA explained that a broad based project like the leather project covering integrated programs from slaughter of animals to marketing of finished leather products which in its entirety is structured on five objectives linked to 22 outputs and 54 planned activities is not easy to present in short. It was agreed that the new workplan reflecting the planned programme up to December 1998 should exclude those outputs and activities already completed or which are not achievable in the near future. The revised workplan which detailed parameters were worked out after the steering committee meeting with Mr. Pilz will be presented to the ULAlA board meeting on 05/05/98 for comments and possible approval.

8. Reporting on the status and proposals of the footwear and leather goods subsector by Mr. Becheter, Mr. Daxbacher, Mr. Benkoe and Mrs. Lugwanirya provided an insight of the constraints experienced, but were also elaborating on measures for improvement and enhanced sustainability of the leather product manufacturing sector. Training, product development and customer service will be accorded a larger role within the technical assistance programmes.

9. In reference to the financial status of the project the CTA informed the meeting about the budget revision approved by UNIDO Headquarters on 11/3/1998, a mandatory requirement to process the UNIDO- ULAlA subcontract. The revision B reflects very close the endorsed request made to this effect by the steering committee meeting on 10/12/97. Mr. Wong expressed his disappointment that a report on the financial status of the project was not tabled. In reply the CTA informed that the latest project delivery report (financial status) received dated 29/1/1998 does not provide a true picture of the financial transactions and movements as of date, therefore such a report would be mis-leading. The CTA briefed the meeting on the in-depth reorganization of UNIDO executed during the first quarter of 1998 creating a considerable backlog particularly within the financial administration unit. A report on the financial status of the project will be presented on the next steering committee meeting (08 July, 1998) including the re- evaluation of the equipment supplied to the companies by the project and the status of repayment.

10. The CTA was requested to prepare an intergrated programme for the long term development needs of the sector taking into account the country's healthy raw material base and the existing attractive investment opportunities so as to elaborate on technical and capital requirements to attain the objectives with the purpose to achieve a gradually phased self-sustainability of the sector.

11. The donor representatives aired their concern that placements of orders for spares, equipment etc. endorsed by the steering committee meeting (10/12/97) but processed through UNIDO Headquarters takes too long and in some instances disregards decisions made by the meeting. The CTA was asked to follow up on outstanding requisition.

12. The report on the audited accounts of ULAIA for period 01/7/1996-31/12/1997 was in the form presented not accepted to the meeting as the opinion on the interpretation of the figures differed, Mr. Wong invited the accountant Mr. Isiko to the Austrian Regional Bureau to discuss the issue to find a common understanding on the principles of interpretation. Further, Mr. Isiko was asked to provide detailed information on the fuel spent for the 4 project vehicles and 6 motor bikes (in total about 13,000 l) for the period covered (18 months) and compare the consumption with the first 4 months of 1998.

13. The business plan for ULAIA covering 1998 and projections for 1999 prepared by Mr. J. Othieno was accepted by the steering committee meeting but updating on six month periods was requested which has been agreed by the consultant.

14. The steering committee meeting requested ULAIA to prepare a proposal designed to reduce the use of the revolving/ repayment fund for meeting non specific (miscellaneous) expenditure. Sources to strengthen the financial base of ULAIA should be identified.

15. The meeting requested ULAIA to amend the existing constitution to reflect the new ULAIA in its modified structure and strategy. ULAIA should have a tax identification and VAT number.

16. The establishment of the environmental standards for the Uganda tanning industry is requiring a well defined process of understanding and co-operation from the industry/ stake holders and the authorities concerned, a mechanism facilitated through the workshops planned. The views, opinion and advice of the parliament subcommittee on environmental issues will be sought. The report on the Tannery Pollution Control prepared by Mr. Lechner containing also a plan of action is expected to be ready by mid- May 1998.

17. On the issue of hides and skins improvement based on a model as developed by ULAIA in co-operation with selected butchers, flayers, traders and tanners a signed agreement between parties involved covering price structures for different grades, incentives to flayers, preservation, mode of payment and quality monitoring will be presented to the workshop on hides and skins improvement to be convened 07 July, 1998 for comments together with the proposed policy governing the amended hides and skins act. The establishment of the base line data on livestock, hide and skin production, collection and trade will commence June 1998.

It is expected that the requested pick-up vehicle to be purchased for the programme will be on the road by mid -May 1998 and the local hides/ skins improvement technician under contract as of 15/5/1998.

18. The steering committee took note of the progress made so far in the ongoing monthly meetings with the Commissioner of Customs Excise and the Commissioner of Taxes resulting as a first measures in the upwards adjustment of dutiable value of US\$ 1.95 from US\$ 1.15 per kilo second hand shoes imported which is expected to generate additional revenue of some US\$ 1.17 billion per year.

19. The steering committee meeting requested the ULAIA management to define the legal status of the Training and Common Facility Centre(TCFC) and the planned linkage to the Ministry of Local Government as the training centre is expected to become the focal point for the national training programmes in footwear and leather goods manufacture. The Training and Common Facility Centre will be duly registered by the Registrar of Companies during May 1998 and will have it's own bank account with Greenland Bank, Kampala. The signatories to the account are Mr. Becheter, Mr.Daxbacher and Mr.Felsner.

20. To promote the TCFC nation wide the SCM recommended a monthly placement of an adequately sized advertisement in the print media (as of May 1998).

21. The TCFC/ ULAIA management was requested to prepare a proposal for entering a long term lease agreement with Uganda Shoe Company Ltd. to secure the tenure of the rooms rented for the training centre in full or part in compensation of footwear production equipment supplied by the project (US/UGA/92/200) to Uganda Shoe Company Ltd. in 1996.

22. To encourage and facilitate the start-up operation for the local manufacture of small leather goods made from Nile perch fish skin leather processed by Uganda Fishskin Tannery Ltd. (U.F.S.T) Jinja, the supply of fishskin leather from U.F.S.T to selected local manufacture through T.C.F.C should entail no restrictive conditions. For this reason an agreement between Uganda Fish Skin Tannery and Training and Common Facility Centre will be drawn up (May 1998) to stipulate the terms and conditions of the supply of fish skin leather for the purposes indented.

23. The proposal to produce a film on the Leather Industry of Uganda by Messrs. World Links, Films and Graphics, Vienna, as communicated through UNIDO Headquarters was in view of the high cost (about US\$ 40,000) not considered by the S.C.M and ULAIA as economical. A local ULAIA consultant will at an appropriate time produce a VIDEO film covering Uganda leather sector.

24. The meeting decided to postpone the Fourth Steering Committee Meeting initially planned for 12/5/1998 to Wednesday 08/7/1998 to allow the project adequate time in the delivery of the results expected.

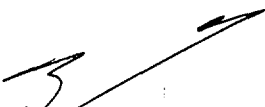
ENDORSED AND SIGNED BY:



Ms. Robinah Sabano
Chairperson
Ministry of Trade and Industry



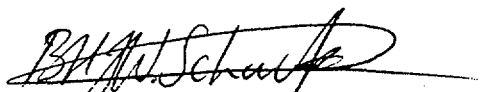
Mr. Micheal Wong
Donor Representative
Austrian Regional Bureau



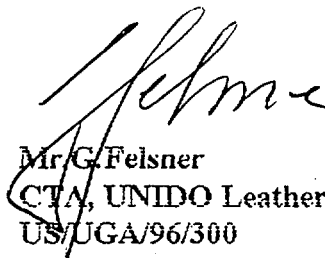
Mr. J.P. Becheter
Chairman
Uganda Leather and Allied Industries
Association



Ms. F. Kuteesa
Ministry of Economic Planning and
Development



Mr. W. Schulte
UNIDO Programme Officer

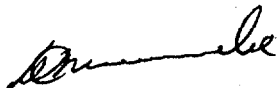


Mr. G. Felsner
CTA, UNIDO Leather Project
US/UGA/96/300



Dr. N. T. Ndyabangi
Ministry of Agriculture Animal Industry
and Fisheries

Mr. M. Kezzala
Secretary, Uganda Leather and Allied
Industries Association



Mr. E. Mwebe
UNIDO National Expert

LIST OF PARTICIPANTS

- Mr. J.P. Becheter
- Ms. R. Sabano
- Dr. N. T. Ndyabangi
- Ms. F. Kuteesa
- Mr. M. Zziwa
- Mr. M. Wong
- Mr. C. Suzan
- Mr. W. Pilz
- Mr. Marc Audibert
- Ms. R. Lwetabe
- Mr. W. Schulte
- Mr. C. Naguyo
- Mr. M. Kezaala
- Mr. C. Scridhran
- Mrs. A. Lugwanirya
- Mr. Z. Felleke
- Mr. T. Rwothomio
- Mr. G. Felsner
- Mr. A. Daxbacher
- Mr. G. Benkoe
- Mr. E. Mwebe
- Ms. S. Achilo
- Chairman, ULAIA
- Ministry of Trade and Industry
- Ministry of Agriculture Animal Industry and Fisheries
- Ministry of Planning and Economic Development
- Ministry of Planning and Economic Development
- Austrian Regional Bureau
- Austrian Regional Bureau
- Austrian Government, Vienna
- European Commission
- Uganda Investment Authority
- UNIDO Programme Officer
- Vice Chairman ULAIA
- ULAIA Board member
- ULAIA Board member
- ULAIA Board member
- CTA, Uganda National Bureau of Standard
- National Environment Management Authority
- CTA, UNIDO Leather Project
- ECOTEC Footwear Expert
- UNIDO Footwear Expert
- UNIDO Footwear Expert
- ULAIA Administrative Assistant

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DATE: 17 July, 1998.

MINUTES OF THE FOURTH STEERING COMMITTEE MEETING OF PROJECT US/UGA/96/300- IT/26/B- INTERGRATED ASSISTANCE TO THE LEATHER INDUSTRY SECTOR OF UGANDA CONVENED ON WEDNESDAY 08/07/1998 AND FRIDAY 10/07/1998.

1. Both sessions (08 and 10 July) of the steering committee meeting were held in the meeting room of the hot loaf restaurant located at Lugogo show ground, Kampala and chaired by Ms. Robinah Sabano, Senior Industrial Officer of Ministry of Tourism, Trade and Industry.
2. The first session of the meeting was called to order by the chairlady at 10.20 hrs, the meeting continued until 13.00 hrs when it was decided to rejoin on Friday 10/07/1998 and continue with the remaining items of the agenda (workplan). The second session of the steering committee meeting closed at 12.00 hrs.
3. The agenda of the 4th steering committee meeting (SCM) was read and adopted at the begin of the first session. In the following the meeting proceeded with a brief review of the minutes of the third steering committee meeting held on 02/04/1998.
4. The donor representatives reminded the meeting that the project US/UGA/96/300 has a documented life span of two years. Therefore the project, which commenced January 1997, is fore seen to be operationally and financially terminated by 31 December 1998 unless ULAIA requests endorsed by SCM, the extension of the project recommending the final use of remaining funds. In this context the meeting was also briefed that utilisation of the uncommitted balance of the project fund validated 31/12/1998 or earlier can not be transferred forward to finance project activities beyond 1998 and will be subject to negotiations between the donor and UNIDO.
5. In reference to the ULAIA brochures presented it was said that the background information does not provide the expected coverage of the project and does not substantiate the previous and ongoing assistance to the leather sector since (1994) funded by the Government of Austria. The CTA will contact the printer of the brochures to discuss the reprint of the text on the particular page.
6. The project workplan presented defining the achievements, present status, planned activities and budget was accepted but required updating to reflect new and modified outputs and activities covering period July- December 1998. The

amended workplan was presented to the second session of the SCM 10/07/1998 and thereby adopted.

In line with the workplan the summarised minutes covering the five objectives are as follows.

7. ULAIA COMPONENT

- 7.1 The SCM requested a better definition of the organisational structure of ULAIA (like UMA, USIA). The articles of ULAIA reflecting a company limited by guarantee have to be amended and more precisely presented.
- 7.2 The audited report for period January –May 1998 as well as the ULAIA budget for May- December 1998 was accepted as presented. However, in order to ascertain the exact cost and expenditures of ULAIA/ SCM approved activities the assessment of the cost for the separate ULAIA executed operations are required.

The assessment should focus on:

- Cost of the ULAIA secretariat in comparison to the whole budget.
- What activities can be funded through ULAIA membership fees?
- TCFC should have it's own accounting.
- ULAIA should not create the demand for additional posts.

These issues will also form part of the ULAIA policy paper.

- 7.3 To facilitate the implementation of a streamlined accounting procedure ULAIA is requested to prepare the particulars for systematic accounting of group activities taken up by an accountant to be employed by ULAIA (UNIDO subcontract) on a part time basis in September 1998.
- 7.4 The UNIDO- ULAIA subcontract No.P 98/50 covering period 28/4/1998 through 27/4/1999 under which ULAIA employed personnel is remunerated commenced in financial/ administrative terms with the first progress payment received from UNIDO on 09/07/1998.
- 7.5 The ULAIA secretariat and the CTA is requested to adhere strictly to the approved workplan thus providing transparency, better planning, budgeting and accounting. Only those activities listed in the approved workplan will be funded.
- 7.6 The SCM requested the ULAIA to prepare a standard agreement for the procurement of goods, supplies and services.

8 HIDES AND SKINS COMPONENTS

- 8.1 The policy workshop on hides and skins was held as planned, the minutes and recommendations would be disseminated not later than 24 July 1998.
- 8.2 The steering committee noted that the representatives of the stakeholder (H/S traders, butchers, tanners) have also agreed to convene a consultative meeting (Friday- 31/7/1998) to discuss and elaborate on modalities and mechanism designed to mobilise financial support through a cost sharing scheme funded by

the stakeholders to ensure the long term sustainability of ULAIA and it's mandated programs.

- 8.3 To provide a stronger reflection of the concept for a market oriented hides/skin, grading, preservation and quality monitoring pilot programme, the SCM requested the CTA and GM that the co-operation between ULAIA and Kishita Young Farmers slaughter house, where the hide grading and preservation facility is being established, caters the long term interest programme executed by ULAIA.
- 8.4 The SCM requested the CTA and G.M to explore the possibility of amending the existing brief agreement between ULAIA and Uganda Meat Industries, Kampala on the terms of repayment for the Hide Puller to be supplied by the project (US/UGA/96/300). Repayment to ULAIA should be effected within one year after commissioning instead of two years.
- 8.5 The MAAIF representative informed the meeting that in his view the Government of Uganda appears to be of the opinion, the hides/skins improvement programme as presently executed by UNIDO- ULAIA has a country wide coverage. The SCM requested ULAIA to inform and update the Government (MTTI and MAAIF) on measures implemented leading to improved raw material supply, but stressing that this project is a pilot project operating in designated areas in co-operation with interested and selected stakeholders but a concept for a national hides and skins improvement programme will be prepared by ULAIA.

9 TANNERY COMPONENT

The updated and improved workplan (July- December 1998) does not foresee any activities apart from technical follow- up maintaining the contacts, with the industry and the exchange of data and information.

10 ENVIRONMENT COMPONENT

- 10.1 To sensitise the Government on the environmental aspects of the tanning industry and inform on the issues raised during the preparation of the draft standards for tannery discharge limits by the stakeholders a workshop on awareness is being organised where parliamentarians will be invited to participate. Recruitment of environmental consultant (Mr.Markus Lechner) will be initiated.
- 10.2 The programme of the energy saving sub component will be implemented as planned and the selected consultant (Mr.Werner Weiss) fielded to Uganda 17/8/1998 (first split mission).

11. FOOTWEAR AND LEATHER GOODS COMPONENT

- 11.1 The SCM concluded a broader based awareness of the TCFC must be created through the media (radio and TV) to address and assist a larger number of entrepreneurs throughout the country in their needs for product development.
- 11.2 Three additional outputs (7,8 & 9) were included in the component namely:

- Leather goods manufacture course, provision of lasts (orthopaedic) improving competitiveness of local shoe producers against imports of new shoes and second hand footwear.

12. A.O.B

12.1 ^{92/200} US/UGA/96/300: The question on the further utilisation of the uncommitted balance being US\$ 17,929 (30/4/1998) the SCM recommended that UNIDO should raise the issue with the donor (Austria) through the established channels of communication.

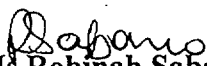
12.2 Re: Human Resources Development Seminar convened in Vienna 28 September- 09 October 1998.

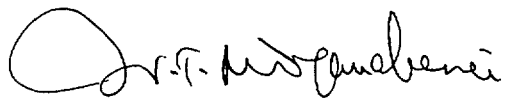
The SCM informed as the cost of the participation would have to be borne by the project, a timely inclusion into the workplan as an activity and it's exact cost is required. The information was received too late.


12.3 ULAIA participation on trade fairs in South Africa, Johannesburg (October 1998) and Cape Town (November 1998): The SCM stated that the representation of ULAIA in such fairs reflected actually a marketing component for which the present workplan has no provisions. It was clearly stated that in future any participation must be referred in the workplan and adequately budgeted for.


13. The next, fifth steering committee meeting is planned to take place second half of October 1998, which in its mandate will also perform the function of a tripartite meeting.

Endorsed and signed by:


 Ms. Robinah Sabano
 Chairperson
 Ministry of Tourism Trade and Industry
 Date: 27/7/98


 Dr. N.T. Ndyabangi 28/7/98
 Ministry of Agriculture
 Animal Industry and Fisheries
 Date:


 Mr. M. Zziwa 28/07/98
 Ministry of Planning and Economic
 Development
 Date:


 Mr. M. Wong 14/08/98
 Donor Representative
 Austrian Regional Bureau
 Date:

27.07.98
Mr. J.P. Becheter
Chairman
Uganda Leather and Allied Industries
Association
Date:

W. Schulte 27.07.98
Mr. W. Schulte
UNIDO Programme Officer
Date:

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION LTD.

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18th December, 1998

MINUTES OF THE 5TH STEERING COMMITTEE MEETING OF PROJECT US/UGA/96/300- IT/26/B- INTERGRATED ASSISTANCE TO THE LEATHER INDUSTRY SECTOR OF UGANDA CONVENED AT UMA BOARDROOM ON WENESDAY 16/12/1998

1. The meeting was called to order by the chairlady Ms.Robinah Sabano at 10.00 hrs and continued until closing at 12.30hrs. The list of participants including apologies is annexed.
2. The agenda of the 5th SCM was read and adopted but it was agreed to elaborate on four main items only as the other agenda items are reflected within the workplan.
3. There were no further comments on the minutes of the 4th SCM already signed and communicated to the members of SCM.
4. The updated workplan presented was accepted but the SCM requested the incorporation of modifications and amendments to reflect the following:

i- **Re: Objective 1- Improved institutional support policy frame work
ULAIA**

Output 1 – ULAIA Strategy and structure

The donor representative stressed that the Training and Common Facility Centre (TCFC) is an integrated part of ULAIA and falls therefore within the administrative responsibility of the ULAIA General Manager

Output 3- Strengthening of ULAIA

Re: Activity 6, - Seek extension of the ongoing project by the Government of Austria

The project operation is extended to 31 December, 1999, however the present workplan refers to activities up to 06/1999 only.

Re: Activity 7, - Establish the need for formal standards contracts-
status of the activity is incomplete but ongoing therefore **not**
completed as stated.

Output 4: Establishment of database

The status of information is **not** completed as referred on the contrary
it is an ongoing process of updating and information gathering.

ii- **Re: Objective II-Improvement of quality and increased quantity of
hides & skins**

Output 1- Preparation of proposals for and hides/ skins improvement,

Re: Activity- 3.

It should read: Review standards for grading and **not** review of
standards.

Output 2- Establishment of H/S grading and preservation facility.

Re: Activity 9 (added 16/12/98)

The SCM requested the project to prepare an elaborated document on
the whole process of H/S improvement referring as an established
model, elaborating on ownership, costing and reproducible results of
sustainable improvement in terms of prices, quality and quantity.

Out put 3- Mechanised hide removal -Hide Puller

Re; Activity 1 (added 16/12/98)

The rentability of the hide puller installed at Uganda Meat Industries
(UMI) terms of repayment for the signed loan agreement and the
difference if repaid on commercial bank rates should be evaluated and
it's findings presented to the next SCM. The evaluation exercise must
not be carried on by the Chief Technical Advisor or General Manager.

Output 4. Establishment of data base

Re: Activity 1

Further pertinent information on the Uganda Meat Master Plan Project
in respect of data on livestock and hides/ skins production should be
collected by the project for comparison and computation.

iii- **Re: Objective III Increased quantity and improved quality of
semi-processed and finished leather.**

Output 1 – Production of high quality sport ball leather.

The activity is on going and **not** completed as referred in the workplan.



vii Re: Objective IV Mitigation of Tannery Pollution and other environmental improvements

Output 2- Reduced consumption of furnace oil and electricity by LIU

Re: Activity 3; The sign of the agreement will be postponed until further information is received from Leather Industries of Uganda

viii Re: Objective V- Improved quality and quantity of footwear and other leather products

Output 1- Basic common production, training, maintenance facility for footwear and leather goods manufacturer established

Re: Activity 5 (added 16/12/98), TCFC Investment- this additional activity refers to the amended workplan. TCFC investment up to US\$ 15,000 for purchase of equipment, tools and essential production inputs. However, UNIDO Headquarter has informed ULAIA on the 17th/12/1998 that the source of funds for further assistance to TCFC has been identified and secured. The project implementation will commence early 1999 having a life span of two years. For this reason only the urgently needed footwear production inputs should be ordered through US/UGA/96/300 up to a value of US\$ 7000.

Output 5-

Re: Activity 3 (added 16/12/98), marketing concept of leather products manufactured under the control of TCFC.

The marketing concept as presented by the ECOTEC expert was accepted in principal up to the total component value of US\$. 2,250,000. The requested photo camera should however be ordered together with the computer through UNIDO headquarter under the new programme.

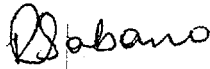
5- The SCM has endorsed the following financial expenditures:


I/1/3	Amendment of ULAIA constitution (Partly utilised already)	2000
I/2/1	Workshop on review of policy paper	700
I/2/3	Adoption of policy by institutions	700
I/5/1	Reprinting of ULAIA brochures	1100
I/5/3	Promotion of ULAIA through media	1000
I/5/4	Video film	900
II/1/6	Purchase of H/S preservation chemicals	2500
II/2/10	Publication in international leather magazine	1000
II/4/	Familiarisation mission of butcher, flayers to Sakina abattoir, Arusha	4800
V/5	TCFC investment	7000
V/7/3	TCFC marketing concept	1600

In addition to the above, the SCM also endorsed payment for covering ULAIA office rent Jan- April 1999 totalling USH. 2,000,000. ULAIA new office premises are tenable by April/1999.


- 6- The presented ULAIA income and expenditure statement for June- October 1998 was accepted, the audited accounts for 1998 will be ready for presentation to the next SCM (March 1999). Detailed budgetary estimates for 1999 will be prepared in January 1999.
- 7- With reference to the UNIDO/ ULAIA subcontract the next SCM will assess the situation/ performance and possible request for the extension of the subject contract through December 1999.
- 8- The meeting further agreed to the request by Leather Industries of Uganda (LIU) to defer the establishment of a solar energy powered hot water plant for a few month, the situation will be reviewed in February/ March 1999.
- 9- The request for assistance in the setting up of a sport ball production facility in Jinja was not supported as the present installed production capacities at the two existing units in Kampala are under utilised and are able to meet the market requirements for the time being.
- 10- The meeting agreed to the disposal of the six motor bikes purchased under US/UGA/92/200 in 1994 used up to 1998 for H/S improvement work in the field and are now in a mechanical state beyond justifiable repairs. The offer should be publicised in the local media after the value has been independently assessed by a reputable workshop (January 1999).

Endorsed and signed by:


Ms. Robinah Sabano 24/12/98
Chairlady
Ministry of Tourism Trade and Industry

 5/1/99
Mrs. J.F. Kamya
Ministry of Agriculture Animal
Industry and Fisheries.

 23/12
Mr. M. Wong
Donor Representative
Austrian Regional Bureau

 23.12.98
Mr. J.P. Becheter
Chairman
Uganda Leather and Allied
Industries Association

THE LIST OF PARTICIPANTS FOR THE 5th STEERING COMMITTEE MEETING ON 16TH DECEMBER, 1998.

NAME	ORGANISATION	POSITION
1- Ms.R.Sabano	Ministry of Tourism Trade and Industry	Chairlady/ SIO
2- Mrs.J.F.Kamya	Ministry of Agriculture Animal Industry and Fisheries	Livestock Marketing Department
3- Mr.M.Wong	Austria Regional Bureau	Donor Country Representative
4- Mr.C.Susan	Austria Regional Bureau	Environment (Consultant)
5- Mr.M.Audibert	ASCIM 04 (EU)	Project Administrator
6- Mr.J.P.Becheter	ULAIA	Chairman
7- Mr.A.Kezaala	ULAIA	Secretary
8- Mr.G.Felsner	UNIDO	Chief Technical Advisor
9- Mr.A Daxbacher	ECOTEC/ ULAIA	Footwear Expert
10 Mr.E.Mwebe	ULAIA	General Manager

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION LTD.

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11 March, 1999

MINUTES OF THE ULAIA BOARD MEETINGS HELD ON 04 AND 11 OF MARCH 1999.

Present:

Mr.J.P. Becheter	- ULAIA, Chairman
Mr.C.Naguyo	- Vice Chairman
Mr.M.Kezzala	- ULAIA, Secretary
Mr.H.Ali Hussain	- Leather Industries of Uganda- Member
Mr.W.Schulte	- UNIDO Programme Officer
Mr.E.Mwebe	- ULAIA General manager
Mr.A.Daxbacher	- ECOTEC Expert – TCFC
Mr.G.Felsner	- CTA, UNIDO Leather Project
Mr. F.Ntende	- ULAIA Legal Advisor
Ms.M.Katana	- ULAIA Accountant
Ms.S.Achilo	- ULAIA Administrative Assistant

Absent with apology:

Mr.H.Basajjabalaba	- Treasurer ULAIA
Mr.A.Lugwanira	- Member

The meeting convened 04/03/99 was chaired by Mr.Becheter whereas the follow- up meeting held on 11/03/99 was chaired by Mr.Naguyo.The meeting started on both days at 10.30 hrs with the needed quorum obtained and ended 13.30 hrs.

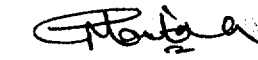
1. The agenda of the meeting was adopted.
2. The minutes of the board meeting held on 29/6/98 were fully endorsed.
3. The amended memorandum and articles of association of ULAIA were presented to the meeting for review and comments. The chairman led the meeting through each item of the articles and requested the members for their substantive comments. The legal advisor to ULAIA informed the meeting on legal aspects in respect of the amended constitution and articles of the association. Due to the remaining work load of open issues and other commitments of the members, it was concluded that the meeting should continue on 11/3/1999, and additional comments should be presented in writing (as attached annex 2). The follow up meeting (11/03) has agreed on the final wording of the amended constitution and

articles of association (annex 1) which will be endorsed by the board and presented to the ULAIA AGM in May 1999 for adoption.

4. It was agreed that ULAIA should expand the electoral committee for the election of the ULAIA chairman.
5. It was emphasised by the meeting that only paid up members are allowed to vote for the election of ULAIA board.
6. It was also agreed that the least quorum for the board meeting should consist of four members.
7. The financial status of ULAIA and the audited accounts for 1998 as presented by Ms.M.Katana were discussed and elaborated, however it was concluded that updating of accounts is needed and should be presented to the AGM (May 1999) for endorsement. Further, the board requested that a cash flow statement should also be presented in the audited accounts.
8. With respect of the transfer of the six motor bikes assigned to hides and skins improvement officers in target areas during 1994/5, the meeting recommended that the six motorbikes should be offered and sold to interested purchasers with duty free number plates and cost of clearance would be borne by the buyer.
9. The status report for the leather project was presented by the CTA, Mr.G.Felsner and accepted by the board.
10. The board meeting appointed JWIS & Co. and Sempasa, Ntende & Co Advocates as ULAIA auditors and legal advisor for the year 1999 respectively.
11. The board agreed that the project steering committee meeting would be convened on 13th April 1999.
12. ULAIA annual general meeting was scheduled for second half of May 1999.

There being no matters raised under A.O.B, the meeting closed at 2:30 hrs.

Signed by:


for
J.P. Becheter

ULAIA Chairman


A. Kezala

Secretary


E. Mwebe

ULAIA General Manager

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14th April, 1999

MINUTES OF THE 6TH STEERING COMMITTEE MEETING OF PROJECT US/UGA/96/300 – IT/26/B- INTERGRATED ASSISTANCE TO THE LEATHER INDUSTRY SECTOR OF UGANDA CONVENED AT UMA BOARD ROOM ON TUESDAY 13/4/1999.

- 1- Apologies received from the Ministries of Planning and Economic Development and Tourism Trade and Industry (13th /04/1999 morning) informing ULAIA that their representatives were unable to attend due to other urgent commitments (preparation of the national budget) as a consequence some participants raised the issue if the meeting should be postponed or to go ahead as planned. The majority of the participants voted in favour not to postpone the meeting.
- 2- The meeting was called to order by the chairlady Dr.Kagoro at 10.30 hrs and continued until closing at 14 hrs. The list of participants and apologies is annexed.
- 3- The agenda of the 6th SCM was read and adopted with the exception of agenda number 13 which on request by UNIDO representative should be covered under A.O.B. Therefore the agenda is listing 13 matters only not 14.

MATTERS ARISING FROM THE AGENDA

- I- There were no further comments or matters arising on the minutes of the 5th SCM already signed and communicated to members of SCM
- II- The status report presented was accepted, highlighting the work carried out on ULAIA strategy and structure as well as on the hides/ skins improvement. Mr. Becheter elaborated further on the negative impact felt by the industry caused by the importation of under valued second hand footwear, whereas Mr.Daxbacher and Mr.Naguyo refereed to the constraints experienced at the TCFC through the limited working space available to establish a leather goods production unit within the rented premises and the issue of possible relocation

of the facility was raised. Mr. Schulte requested the meeting that this issue should not be discussed at this meeting but rather presented to the next SCM (July/ August 1999) as part of a package elaborating future TCFC plans and the subsequent funding requirement.

III- The audited accounts for the year 1998 of ULAIA and TCFC have been accepted by the meeting, however the ULAIA accounts for period 01 January – 30th June 1999 will be prepared, audited and presented to next SCM (July/ August 1999).

IV- The ULAIA constitution and articles of the association were accepted by the meeting as presented, however the donor representative recommended the inclusion of an article setting out the criterias employed for becoming a member of ULAIA (trade, professional and gender issues). Further provision within the constitution should be made that in case the company (ULAIA) is wound up property, equipment etc purchased through donor funds are to be transferred to a locally recognised charity institution.

The sample letters of agreement for procurement and employment (annex 6) were accepted by the meeting. Also the revised agreement (addendum) between ULAIA and Haji Kezaala, annex 10) satisfied the SCM.

V- The meeting was satisfied with the financial status of the project (annex 5). Mr. Schulte confirmed that the project is well managed and the expenditures fully accounted for.

VI- The operational and financial status of the ULAIA/ UNIDO sub-contract No. 8/094 P presented was accepted by the meeting. The final draft report covering the contractual work and achievements including disbursement of funds amounting to US\$ 65,983 is being completed and sent to UNIDO headquarters by 20/04/1999. The contract expires on 30/04/1999 and the total value of the subcontract was US\$ 66,000. The meeting requested UNIDO headquarters to amend and extend the contract to meet the cost of salaries for the staff employed by ULAIA for the period May- through December 1999. The total funds required to cover these future expenditures are US\$ 22,000 which is available within the project finance.

VII Results and the operational experiences obtained so far by the hide puller installed have been discussed. The evaluation exercise of the hide puller employed as a demonstration unit has not been completed yet. The profitability and its economic impact on the leather quality as well as the variable costs of financing and operation in relation to the generated results will be known when all data becomes available by the co-operating tanneries (Leather Industries of Uganda- Jinja, Bata- Limuru). The evaluation will be completed when all hides (about 3,500) and the resulting high quality splits

have been finally converted into finished leather and separately assessed in terms of areas and qualities yielded in comparison to manually flayed material (end May- begin June 1999).

VIII- A concept paper covering the whole area of an incentive based hide and skin improvement programme, its required policies and links of co-ordination, grading and price structures is in the final stage of preparation. The work will be completed when all pertaining information on the processing of the 2,700 hides representing individual grades, weight classes of the raw stock produced by hide puller and by manual means, the resulting splits etc. are available. The furnishing of applicable data and the practical experience gained is expected to enhance the corporate knowledge of the sector and at the same time provide a transparent base of comparable information to the individual stakeholders (flayer, butcher, trader). The documentation will be presented to the next SCM. The report documenting the findings setting out further recommendation on achievable improvements will be compiled in form of a brochure for wider publication.

The meeting was satisfied with the statistics (annex 8) provided, but requested ULAlA to update the information to cover period Jan- June 1999 to be presented to the 7th SCM.

IX- The old number plates of the motorbikes have been collected (Jan 1999) as requested by the registrar of vehicles, the issuance of new log books re-registration is being completed. The motorbikes (6) will be advertised in a local paper for inspection and sale to the highest bidder as soon as all new number plates and logbooks are in possession of ULAlA.

X- ULAlA will relocate it's office to the rented premises at the Uganda Small Scale Industries Association building (USSIA) in due course.


XI- On the issue of the extension of the contract of the CTA the meeting expressed it's satisfaction with the work of the CTA and has no objection to the proposed final extension of his contract for six months (July- December 1999). The meeting requested the CTA to prepare an updated Job description for the post and a project workplan for all ULAlA activities covering period July- December 1999. An extraordinary meeting of the SCM will be convened on May 19th at 10.00 hrs to elaborate on the issue. The conclusion of the SCM will be officially communicated through UNDP to UNIDO headquarters. The cost of the CTA extension will be funded within the financial resources available within the project. The 5th AGM of ULAlA will be convened 19th /05/1999 to take place after the SCM.


XII- The next ordinary 7th SCM is planned to take place end of July/ begin of August 1999. The exact date will be communicated in begin of July 1999.


XIII- A.O.B

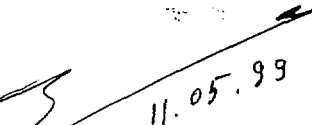
- a- With reference to the environment preparation of standards for the discharge to tannery waste) issues as presented under annex 11, the meeting endorsed the proposal to fund a familiarisation mission of NEMA officials consisting of maximum 2 persons together with a ULAlA representative to visit for about one week environmental Institutions in Harare (Zimbabwe) and Grahamstown (RSA) co-operating with tanneries which have been actively involved in the formulation of specific standards for the tannery waste discharge. One tannery in Harare and one in RSA will be visited as part of the programme. The mission is planned to take place mid July 1999 and should be accompanied by the UNIDO consultant in tannery pollution control Mr.M.Lechner. The consultant is expected to finalise with NEMA environmental standards for national tanning industry after returning from the mission to Uganda. The contractual period of the consultants (BL 11-08) should cover 2 weeks. The consultant when fielded is also expected to propose means for better handling of slaughter house waste at Kishita Young Farmers butchery, Kampala.
- b- Mr.Daxbacher of TCFC elaborated on the funding and activities of the newly commenced ULAlA associated UNIDO project XA/UGA/98/17 and US/UGA/98/16. The mechanism to harmonise the implementation covering all activities of the TCFC directed assistance from different financial sources would be an issue of discussion with the project management, ULAlA, UNIDO Kampala and the donor.

Endorse and signed by:


Ms.R.Sabano
Ministry of Tourism Trade and Industry
14/5/99


Dr.T.Kagoro
Ministry of Agriculture Animal
Industry and Fisheries


Mr.M.Wong
Donor Representative
12.05.99


Mr.J.P.Becheter
ULAlA Chairman
11.05.99

List of attendance:

- | | | |
|-----|------------------------|--|
| 1- | Dr.T.Kagoro | Ministry of Agriculture Animal
Industry and Fisheries |
| 2- | Mr.M.Wong | Donor Representative |
| 3- | Mr.W.Schulte | UNIDO |
| 4- | Mr.J.P.Becheter | ULAIA Chairman |
| 5- | Mr.C.Naguyo | ULAIA Vice chairman |
| 6- | Mr.A.Kezaala | ULAIA Secretary |
| 7- | Mr.G.Felsner | CTA UNIDO Leather Project |
| 8- | Mr.A.Daxbacher | ECOTEC Footwear Expert |
| 9- | Mr.E.Mwebe | ULAIA General Manager |
| 10- | Mr.Isiko | ULAIA, Auditor |
| 11- | Ms.M.Katana | ULAIA Accountant |
| 12- | Ms.S.Achilo | ULAIA Administrative Assistant |

Apology:

- | | | |
|----|--------------------|---|
| 1- | Ms.R.Sabano | Ministry of Tourism Trade and Industry |
| 2- | Mr.M.Ziwa | Ministry Planning and Economic
Development |

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US/UGA/96/300

ASSISTANCE TO STRENGTHEN THE LEATHER AND LEATHER PRODUCTS INDUSTRY OF UGANDA

STATUS REPORT

A summarised status of the project as of 31st March, 1999.

Background information

The project funded through a special purpose contribution of US 756,900 (excluding 13% support costs) by the Government of Austria commenced as a second phase leather industry support programme January 1997.

The initially planned life span of the project covering a period of two years was extended to an operational period of three years based on the recommendation of the fifth steering committee meeting (SCM) convened on 16th December, 1998.

The project is guided by the recommendations and decisions adopted by the steering committee worked out in close co-operation with the stakeholders and the ULAIA management within the framework of the overall monitoring by UNIDO headquarters.

The steering committee has met so far on:	15 th October 1997	1 st meeting
	09 th December 1997	2 nd meeting
	02 nd April 1998	3 rd meeting
	10 th July 1998	4 th meeting
	16 th December 1998	5 th meeting
	13 April 1999 (planned)	6 th meeting

The status of the project implementation amended and updated workplans are presented to each meeting for comments and possible approvals duly reflected in the minutes of the meetings convened.

To facilitate the process of providing ULAIA with the sought status of a higher rated recognition UNIDO subcontracted part of the project management responsibilities to ULAIA for direct implementation. The contractor (ULAIA) has fulfilled its obligation so far, the subcontract expires April 1999. The draft final report will be sent to UNIDO headquarters on 16th April 1999 for comments and possible approval

The project objectives, activities and outputs are summarised under the following:

- 1- ULAIA component
- 2- Hides/ skins component
- 3- Tannery component
- 4- Environmental component
- 5- Footwear and leather goods component

The present status of the project is in accordance with the workplan endorsed by meetings of steering committee.

1- ULAIA COMPONENT

The legal work in amending the constitution of ULAIA incorporating the new policies has been completed. The additional generated responsibilities and the resulting obligations for ULAIA particularly in respect of the hides/ skin leather improvement and monitoring have been endorsed. The amended constitution has been presented to ULAIA board (04/3/1999) for acceptance, which is expected to be approved by the ULAIA annual general meeting to be convened in May 1999. The memorandum and articles of association when accepted and duly signed by the Government will provide ULAIA with the elevated and legal status as the sole representative of the Uganda leather industry sector authorised to solicit and accept funds for the sectorial development.

Updated information on the data with respect to livestock, animal slaughter, hides/ skins production and collection, trade in raw stock and export of wet- blue leather are compiled, verified and completed for the year 1998.

The promotion of the sector is on going. The making of a video film has been completed, the editing will be done first week of April 1999. Further, a special supplement on the Uganda leather industry will appear in the national news paper NEW VISION on 08 April 1999 . Also an article on ULAIA was published in the weekly edition of the East African on 08/03/1999.

The requested draft proposal designed to strengthen the capabilities of the export oriented leather sector of Uganda prepared by ULAIA has been completed submitted to EC/ A.C.I.M – 0/4 Kampala, for elaboration and comments. Requested modifications of the submitted proposal including a detailed- lay out of the envisaged skin pickling facility elaborating on the cost of equipment and start-up operation is under preparation.

2- HIDES AND SKINS COMPONENTS

The programme under this component is producing since end of 1998 the expected broad-based commercial results to the benefit of the stakeholder. In fact the system and principles of the hides and skins improvement as designed and developed by ULAlA together with partners of the subsector has been accepted by the addressed industry.

Presently the system is being implemented by one large hide trading company. In actual fact a shipment containing about 800 first and second grade cattle hides (machine pulled and manual flayed) was bought by a large tannery in Kenya for tanning and finishing last month. The tannery has agreed to provide the feedback on their findings, quality assessments and final evaluation of the lot, which includes also the onward of processing of splits.

A second shipment of hides produced under ULAlA technical supervision with a higher proportion of machine pulled material is expected to be ready for shipment mid of April, thus providing the project further feedback on the industrial based evaluation exercise. The installation of a hide puller supplied by the project on terms of repayment to one selected slaughter house has made a substantial and measurable impact on the hides quality and subsequently enhanced the quality standard of finished leather

An in-depth evaluation of the whole exercise involving some 600 cattle hides will be completed by June 1999. The grading of chrome crusted bovine leather carried out has generated the following results;

(April 1999)

Total No. of sides (halves)	Area (sqft)	Prime splits (sqft)	Lower grade (sqft)
1,182	18,757	7,650	5,600

the sides will onward processed dyed and finished into different types of leather namely:

138 sides selected for	Football leather
352 sides selected for	Service footwear leather
477 sides selected for	Corrected grain, footwear leather
169 sides selected for	Pull-up (natural look leather, shoes and leather goods)
46 sides selected for	Semi aniline leather (best quality material)

The final results/ evaluation of all the leathers is expected in about two-month time. Cost/ quality/ yield assessment carried out during the stages of leather processing confirms that hides and skins improvement can be financially rewarding if all parties engaged co-operate in the vertical integrated and incentive based process.

The commercial impact of the programme will be measured commencing with the delivery of co-ordinated inputs provided by the companies and monitored by ULAlA. It is foreseen that the incentive based and the expected higher financial returns will trigger off the production of larger quantities of quality raw materials entering the channels of the national and international markets (second half of 1999)

To familiarise local butchers and hide traders with modern meat production a study tour for 26 participants was organised to visit Sakina Slaughter house in Arusha, Tanzania begin of February 1999. The hides and skin improvement programme benefits foremost the grass root producer through the payment of quality based incentives to the flayers and butchers. It has been calculated that if only 10% of the total cattle hides produced in Uganda (slightly over one million/ year) could be upgraded to first and second qualities (50:50) the additional value of raw material generated would be in the range of US\$ 400,000 per annum and US\$ 700,000-750,000 if wet- blued for export.

3- TANNERY COMPONENT

The constraints experienced by the international raw hides/ skins and leather trade since begin of 1998 has negatively affected the flow of investments in leather production facilities. The impact on the recession was more felt in land locked countries like Uganda where the costs of transport to and from the coast absorb a large portion of the revenue generated. In fact only one of the two tanneries in Uganda is operating (LIU) Jinja. A wet blue tannery (Mbarara) phased out of production for mainly economic reasons mid last year. With regards to the third plant (Masaka) work on the installation of equipment and provision of utilities is expected to start mid 1999 after the feasibility study is completed conducted by a European tannery interested to enter a joint venture partnership.

However, inspite of the present situation the long term out look for the tanning industry is good and the interests shown by foreign investor to enter into joint venture partnership with local companies is encouraging. Technical assistance to the tanning industry is being provided through dissemination of information and supply of expertise and on the job training.

Over the last two years the project inter alia has supplied the necessary know how for the production of leather suitable for the manufacture of sport balls and heavy vegetable tanned leather required for the production of bicycles saddles, a merchandise which has up to last year been imported.

4- ENVIRONMENT COMPONENT

The project has subcontracted part of the subject component to the University for Agricultural Sciences, (IWGA/ SIG) Vienna to provide the expertise needed for;

- recommending implementable environment standards for the local tanning industry taking into consideration the parameters on the load of pollutants allowed to be discharged into water bodies as proposed by the National Environmental Management Authority (NEMA). The project also funded a study tour for NEMA officials familiarise themselves with existing legislations applicable to the leather industry in neighbouring countries.
- Creation of awareness on the emissions generated by the tanneries within the industry the Government and the respective authorities

The general environmental standards for discharge of any effluent or waste into water or land has been endorsed by the government in January 1999 and will become effective as of 01/08/1999. Industries which for valid reasons are not able to comply with the extremely strict standards can apply for a "pollution licence" pending on the composition and load of pollutants discharge.

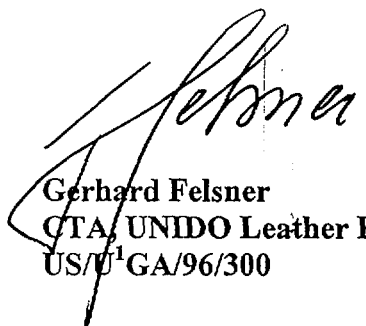
The industry will have to explore ways and means to adopt themselves to the new situation. Lobbying through UMA (Uganda Manufacturers Association) environmental sub-committee of which ULAIA is a member will lead to a better understanding for the affected industry by NEMA is on-going and it is hoped that the regulation for each industrial and agricultural sector in preparation will include the comments and recommendation by the industries submitted as a direct follow up a meeting with the executive chairman of NEMA will be held on 09 April 1999 at UMA providing a sound basis for a constructive dialogue between the representatives of the industry concerned and NEMA.

5- FOOTWEAR AND LEATHER GOODS COMPONENT

The established TCFC (Training and Common Facility Centre) operating under the umbrella of ULAIA substantially supported through the project and ECOTEC has significantly contributed to the upgrading of skills of the local small and medium scale footwear and leather goods manufacturer. The creation of a registered label for quality footwear produced under the control of TCFC has facilitated the promotion of quality footwear produced in Uganda.

TCFC also stocks a wide range of production inputs to assist entrepreneurs in obtaining needed goods at reasonable prices. A part from in-house training courses conducted at TCFC, extension service to upcountry shoemakers is also carried out regularly.

With regards to leather sport ball manufacture both companies established with the assistance of the project (first phase) have been able to enhance and foster their share in the local market. Both companies produce 25-40 leather sport balls per day and employ 25 persons. With increased quality consciousness of the public the demand for locally manufactured leather sport balls is growing.



Gerhard Felsner
CTA, UNIDO Leather Project
US/UGA/96/300



Emmanuel Mwebe
ULAIA General Manager

¹ Status 1
6th April, 1999

WORKPLAN FOR PERIOD APRIL - DECEMBER 1998 BASED ON THE 4TH STEERING COMMITTEE MEETING OF 10/07/1998 AND UPDATED TO REFLECT THE PLANNED ACTIVITIES AND OUTPUTS FOR PERIOD JAN-JUNE 1999 AS PER DECISIONS MADE TO THE 5TH S.C.M 16 DECEMBER 1998 AND AMENDED ACCORDINGLY.

	RESOURCES & EXPERTISE	START TIME	END DATE	TOTAL COST US\$	INDICATOR	COMMENTS/ ACHIEVEMENTS EXPECTED UPTO 30/06/99
OBJECTIVE 1: IMPROVED INSTITUTIONAL SUPPORT POLICY FRAME WORK ULAIA						
OUTPUT 1: ULAIA Strategy and Structure						
1. Define a structure of ULAIA and means of strengthening	CTA/G.M./ Consultant	Completed	07/98			
2. Define a clear organisational structure with responsibilities	ULAIA/ CTA	Completed	11/98			
3. Amend the constitution according to activities and structure	CTA/G.M./Consultant Lawyer	07/98	02/99	2,000	Presented to S.C.M 6 th March 1999	Presented to SCM in March 1999
OUTPUT 2: Amendment of raw hides & skins and leather act						
1. Prepare a policy paper addressing constraints of the sector	CTA/G.M./MAAIF/Consultant	Completed	08/98			
2. Review amended policy paper on workshop with stakeholders	MTTI/G.M./ULAIA/ /CTA/Consultant	Feb 1999	Feb 1999	700	All stakeholders have agreed on revised policy paper	Presented to 6 th SCM March 1999
3. Adoption of policy by relevant institutions	MTTI/CTA/G.M./ Consultant	After workshop held in Feb 1999	March 1999	700	Draft agreement on H/S Act and policies. Agreement and acceptance of revised policies for Government- submission	Involvement of MTTI as a leading government department. Feedback on the issue of the H/S Act by the Law Reform Commission.
OUTPUT 3- Strengthening ULAIA						
1. Clarification of structure of responsibilities of ULAIA staff	G.M./CTA/ULAIA	Completed	07/98			
2. Revision of audited report ULAIA 31/12/97 and preliminary audit of accounts for 01/01- 31/05/98	N.E/CTA/ULAIA	Completed	07/98			
3. Approval of ULAIA budget of 1998	ULAIA Board	Completed	07/98			
4. Up dating of ULAIA budget 06-12/98 and auditing and auditing of accounts 06-10/ 98	CTA/ Accountant	Completed	12/98			

	RESOURCES & EXPERTISE	START TIME	END DATE	TOTAL COST US\$	INDICATOR	COMMENTS/ ACHIEVEMENTS EXPECTED UPTO 30/06/99
5. Contracting of ULALA staff (under UNIDO sub-contract) NO. P. 98/50	CTA/ ULALA/ UNIDO HQ	Completed	1/98			
6. Seek extension of the ongoing project by the Government of Austria	CTA	Completed	10/98			
7. Establish the need for standard contracts (loan, employment, etc.) and develop these with legal adviser...	CTA/GM	Incomplete 09/98	03/99	1,000	Presented for review in ULALA	
8-Preparation of ULALA budget for 01-06/1999	G.M/CTA/ACC	12/98	12/98	Acceptance by ULALA board 01/99	Presented to 5 th S.C.M and acceptance by ULALA board 01/99	Project documents should reflect the whole development policy of the leather sector
OUTPUT 4- ESTABLISHMENT OF DATA BASE						
1. Collection of livestock data (volume, prices, etc.) from MAAIF and FAO	G.M	Completed Up to 06/98 But on-going	12/98 12/99		Report for periods for 01-12/98 ready by 03/99	But not on web site (UMA/TIPS)
2. Collection of H/S production data (volume, prices, etc.) from members and participating partners	G.M	06/98 on-going	12/98 12/99	200	Report for periods for 01-12/98 ready by 03/99	
3. Collection of export of raw H/S and wetblue data (volume, prices, etc.) form customs and BOU	G.M	Completed Up to 06/98	11/98		Report for periods for 01-12/98 ready by 03/99	
4. Annual collection of data on the employment in the sector in Uganda.	CTA/G.M	Partly completed updated 01/99	11/98	300	Report for periods for 01-12/98 ready by 03/99	
OUTPUT 5: PROMOTION OF THE SECTOR AND PROGRAMME						
1. Preparation of ULALA Brochure (1000) Reprinting of 500 brochures	CTA/ CONSULTANT	Completed	06/98 02/99	2000 1100	Printed in Jan 99	
2. Dissemination of brochures	ULALA	Ongoing		100		
3. Publication national/ international media and promotion in Radio and special supplement	ULALA/CTA/ Consultant	On-going	03/04/99	1000		
4. Video film on Uganda Leather sector	G.M/ CTA/ULALA/ CONSULTANT	01/99	02/99	900	Ready for pre-screening and text writing in Feb 99	
5. ULALA AGM	CTA/GM	End Jan 1999			Resolution made by the board	

	RESOURCES & EXPERTISE	START TIME	END DATE	TOTAL COST US\$	INDICATOR	COMMENTS/ ACHIEVEMENTS EXPECTED UPTO 30/06/99
OUTPUT 6: DRAFT PROJECT DOCUMENT ON HIDES AND SKINS IMPROVEMENT FOR SUBMISSION TO EC/A.C.LM/0.4 KAMPALA, FOR POSSIBLE FUNDING						
1. Preparation of draft proposal	CTA/GM	12/98	01/99	N/C	Presented for review to EC/A.CLM	
2. Finalize draft project document	CTA/GM	01/99	02/99	NC	Submission to EC/A.CLM for onward communication and processing between government and EC	The draft project document should reflect the whole development policy of the national leather sector
OBJECTIVE II: IMPROVEMENT OF QUALITY INCREASED QUANTITY OF HIDES & SKIN						
OUTPUT 1: PREPARATION OF PROPOSALS FOR HIDES AND SKINS IMPROVEMENT/ COLLECTION						
1. Development of a grading standard as a model	CTA/NE/ULALA/MAAIF	Completed	05/98	N/C		
2. Monitoring of trial phase of the grading standard model	CTA/GM	Completed	12/98			
3. Review of standard for grading	G.M/CTA	Completed	11/98			
4. Endorsement of standard by ULALA.	ULALA		01/99		ULALA publishes standard	Jan & Feb 1999 (based on finished leather)
5. Evaluation of the system before each S.C.M and H/S workshop	ULALA, MTTI	10/98	Jan 99	100	Second H/S workshop Feb 1999	Feb 1999
6. Purchase of hides preservation chemicals	ULALA	01/99	02/99	2500	Distribution against payment to up-country hide curers	Approved.
OUTPUT 2. ESTABLISHMENT OF H/S GRADING AND PRESERVATION FACILITY						
1. Selection of suitable site/ location	ULALA, CTA,G.M, Stakeholders	Completed	05/98			
2. Preparation of plan and submission of cost for construction	ULALA, CTA,G.M,	Completed	06/98			
3. Prepare concept paper on H/S commodity grading and trading system including cash flow forecast	CTA	Completed	08/98			
4. Presentation of concept to stakeholders in 1/2 day Workshop	CTA/ULALA	Completed	09/98	50		
5. Amendment of the Agreement with Kishita Young Farmers to reflect concept paper	ULALA, Lawyer	Completed	12/98			

	RESOURCES & EXPERTISE	START TIME	END DATE	TOTAL COST US\$	INDICATOR	COMMENTS/ ACHIEVEMENTS EXPECTED UPTO 30/06/99
6. Run and pre-financing of test trials and training of personnel	Butchers/ULALA/Tanners	Completed	11/98			
7. Commissioning	Owner	Completed	12/98	300	Certificate of acceptance	
8-Evaluation of the system	Stakeholders/ Consultant					Meeting by stakeholder at LIU on 10/11/98 to participate in the evaluation of wet-blues Presented to 5 th SCM 12/98
i- First batch (Green hides)		11/98	11/98	Evaluation	Completed	
- Wet blue		12/98	12/98	Evaluation	Completed	
- Crust		01/99	02/99	Evaluation	Feb/99	Presented to 6 th SCM 03/99
- Finished leather						
ii- Second batch (dried hides)		12/98	12/98	Evaluation	01/99	
- Wet blue		01/99	01/99	Evaluation	02/99	Presented to 6 th SCM 03/99
- Crust		02/99	03/99	Evaluation	03/99	
- Finished						
iii- Third batch (mixed green +dried)		01/99	02/99	Evaluation	04/99	
- Wet blue		03/99	04/99	Evaluation	05/99	Presented to 7 th SCM 06/99
- Crust		04/99	05/99	Evaluation	06/99	
- Finished						
9- Establishment of a well functioning and sustaining model for H/S improvement	CTA/GM/Stakeholders	01/98	03/99	N/C	Report	Presented to 6 th SCM 06/98
10.Publication of results in international leather Magazine	G.M/CTA/Consultants		Sep 1999	1000	Publications	
OUTPUT 3. INCREASING QUANTITY OF HIGH GRADE H/S AT A SLAUGHTER FACILITY THROUGH THE ESTABLISHMENT/ INSTALLATION OF TWO MECHANISED HIDE PULLER					Pls note: Expenditures for the purchase of raw hides, preservation materials,tanning and finishing were initially advanced by ULALA through the sale of finished leather	
1- Rentability study on hide puller	CTA/ Stakeholders	01/99	03/99	N/C	Study prepared	
2. Selection of suitable slaughter houses	CTA,GM	11/98			-Kishita Young Farmers Association (KYMA) -Jinja Municipal Abattoir (JMA)	
3. Identification of potential supplier	CTA	12/98		NC		
4. Selection of supplier, agreement on repayment of equipment by the companies and ULAJA	CTA	pending on results of evaluation		NC	Agreement on terms of loan repayment	Presented to the 6 th SCM
5. Request to order hide puller through UNIDO Headquarters	CTA/GM			15,000	Pending on results of evaluation	K.Y.F.A/ J.M.A
6. Preparation of clear concept on usage, fees, grading, evaluation of results etc.	CTA + stakeholders			NC	Pending on acceptance of rentability assessment K.Y.F.A/J.M.A	Presented to the 6 th SCM

	RESOURCES & EXPERTISE	START TIME	END DATE	TOTAL COST US\$	INDICATOR	COMMENTS/ ACHIEVEMENTS EXPECTED UPTO 30/06/99
6. Installation of equipment, training of personnel	ULAIA,K.Y.F./J.M.A (consultant)	Pending on the purchase of equipment				
7. Evaluation	CTA+ stakeholders	05/99 estimate	06/99 estimate	N/C	Report on added value, compared to manual operation presented to stakeholders, traders and tanners	Evaluation up to wet blue leather including splits 07/99. Presented to the following SCM
OUTPUT 4 FAMILIARIZATION TOUR OF SELECTED BUTCHERS AND FLAYERS TO VISIT THE MECHANIZED MEDIUM SIZED SLAUGHTER HOUSE OF SAKINA LTD. IN ARUSHA.		02/99	02/99	4,800 (Bus return fare and two nights at Arusha)	22 participants visit and study the mechanised and streamlined slaughter and meat processing facilities of Sakina Ltd.	Approved by SCM (request ing UNIDO headquarters to use un-utilised funds within the subcontract No.98/094
OBJECTIVE III: INCREASED QUANTITY AND IMPROVED QUALITY OF SEMI-PROCESSED AND FINISHED LEATHER						
OUTPUT 1 PRODUCTION OF HIGH QUALITY SPORT BALL LEATHER FOR LOCAL MANUFACTURE	CTA, ULAIA, UFST	On-going	12/98	N/C		Internal production problems in the tannery experienced
OUTPUT 2. ASSISTANCE IN PLANNING TO EXTEND THE PRODUCTION PLANT AT UGANDA FISH SKIN TANNERY.		Completed	07/98			
OBJECTIVE IV: MITIGATION OF TANNERY POLLUTION AND OTHER ENVIRONMENTAL IMPROVEMENTS						
OUTPUT 1: STUDY ON TECHNOLOGY OF NS ON EXISTING EFFLUENT TREATMENT PLANTS IN AT LEAST TWO TANNERIES(Mbarara and Leather Industries of Uganda)						
1- Assessment of manufacturing practices and identify modification	Pollution control consultant /NEMA	Completed	02/98			
2- Preparation of draft standards	Pollution control consultant /NEMA/ULAIA.	Completed	09/98			
3- Awareness creation Workshop for parliamentarians on emissions and its environmental impacts, method of monitoring and proposed and standards (2 nd workshop)	Environmental expert/ ULAIA, stakeholders, consultant		Feb/99	10,000	Standards for tannery can only be published after publishing the general environmental standards and comments received and processed	

	RESOURCES & EXPERTISE	START TIME	END DATE	TOTAL COST US\$	INDICATOR	COMMENTS/ ACHIEVEMENTS EXPECTED UPTO 30/06/99
4- Preparation of a policy paper for debate between stakeholders and government institutions	Environmental expert/ ULAIA	03/99	05/99	5000	Policy paper agreed upon	
OUTPUT 2. Reduced consumption of furnace oil & electricity by LIU						
1. Assessment and preparation of technical proposal and it's cost for setting up a solar power hot water supply unit at LIU	Solar energy consultant/ARB-expert/LIU/CTA/ ULALA	Completed	08/98			
2. Evaluation of proposal and recommendations in respect of technology and costing	CTA/ULALA/ARB/ LIU	Completed	11/98	N/C	Investment concept presented and accepted by LIU	
3. Agreement based upon standard agreement on scope of services and supply for the plant prepared	ULAIA/ LIU/ UNIDO/ HQ	Delayed			Agreement signed	Postponed until further information from LIU
4. Purchase of materials as listed by the consultant	Consultant/LIU /local entrepreneur/ ARB	Pending on agreement		35,000	International and local purchase	Postponed until further information from LIU
5. Settings up and commissioning of the solar powered hot water supply plant at LIU	LIU/CTA/ARB/ ULAIA/NEMA	Pending on agreement		10,000	Training and upgrading of local expertise will be part of the programme	Postponed until further information from LIU
6. Evaluation of the plant performance	Solar energy consultant/ARB-expert/LIU/CTA/ ULALA/MUK				Final report on the cost and plant performance.	
OBJECTIVE V: IMPROVED QUALITY & QUANTITY OF FOOTWEAR AND OTHER LEATHER PRODUCTS						
<i>OUTPUT 1: BASIC COMMON PRODUCTION, TRAINING, MAINTENANCE AND PROCUREMENT FACILITY FOR FOOTWEAR AND LEATHER GOODS MANUFACTURER ESTABLISHED.</i>						Footwear manufacturer in Kampala area will be assisted as priority
1- Collection of updated information on companies wishing to participate constructively in the programme	ECOTEC Expert ULAIA Technician	Completed	07/98			
2- Covering Training centre with insurance policy	GM/ ECOTEC Exp.	Completed	07/98	300		
3. Clarification of national status of TCFC	G.M.	Completed	10/98			
4. Establishment of quality control system for the trade mark to be registered	ECOTEC Exp./TCFC	Completed	09/98			
5. TCFC investment	ECOTEC/ GM	01/99	03/99	7000	Production inputs ordered	Restocking and up grading of materials at TCFC
<i>OUTPUT 2: AT LEAST 20 FOOTWEAR & OPERATORS, DESIGNERS & SUPERVISORS TRAINED per year</i>		Dec/98		50		
1-Announcement of training course	GM/ ECOTEC Exp	Dec 98	12/98	800	6-8 participants	

	RESOURCES & EXPERTISE	START TIME	END DATE	TOTAL COST US\$	INDICATOR	COMMENTS/ ACHIEVEMENTS EXPECTED UPTO 30/06/99
2- Training of 6 trainees	ECOTEC Exp/TCFC	02-06/99	02-06/99			
3- Improve and streamline production control and accountability of TCFC		02/99	04/99	3000	Computer and program installed personnel trained	To be purchased through UNIDO- new programme including camera
OUTPUT 3: At least 2 SME leather sport ball factories supported		On-going	1998			
OUTPUT 4: Creating public awareness for training centre activities						
1- Develop concept for radio promotion	ULAIA/ Consultant	On-going				
2- Implementation of promotion concept	Radio Uganda, etc.	Completed	12/98			
OUTPUT 5: Public awareness created for crane trademark						
1. Registering of crane trademark	G.M./ECOTEC Expert	Completed	10/98			
2. Participation at Trade fair	G.M./ECOTEC Expert	On-going	10/98			Participation on other fairs/ exhibitions
3. Marketing concept for leather products	G.M./ECOTEC Expert	01/99	06/99	1600	Trade response	
OUTPUT 6: Co-operation between TCFC and Cheshire Home for disabled						
1. Supervision of production of polio boots	ECOTEC Expert	06/98	06/98	N/C		Income through orthopaedic footwear
OUTPUT 7: Agreement of Uganda Fishskin Tannery Ltd and TCFC.		On-going				
Output 8: at least 6 leather goods manufacturer trained						
1. Design of course	ECOTEC Expert/TCFC, local producers	04/98		500	Concept approved	Evening courses
2. Announcement of course	ECOTEC Expert/TCFC, local producers	05/99		50	Invitation letters mailed	
3. Training	ECOTEC Expert/TCFC, local producers	05/99	06/99	300	Products presented at trade fair	Income generating
Output 10: Improving competitiveness of shoe producers through balanced tax regime						
1. Discussing tax regime with revenue authority	CTA/Chairman ULAIA/ECOTEC Expert		Bi-monthly meetings		Increased customs duties	So far increased from 1,15 to 1,95 per kilo
2. Creating public awareness of in-balance	CTA/Chairman ULAIA/ECOTEC Expert		Regular activities		Consultancy on the Socio- economic impact carried by EEC/ DUTCH funded consultant April-Oct 1998	At least lower qualities not to be imported in future. Latest meetings with Customs Department -19/09/98 -22/10/98 next meeting -Jan 99

Accepted and endorsed by:

Is.R.Sabano
Ministry of Tourism Trade and Industry

23/12
Mr M.Wong
Austrian Regional Bureau

23.12.98
Mr.J.P.Bechter
ULAIA, Chairman

Ms.J.F.Kamya
Ministry of Agriculture Animal Industry and Fisheries

ANNEX
VIII



CONTRACT NO. 98/094P

between

THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
(UNIDO)

and the

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION (ULAIA)

UNIDO Project No. US/UGA/96/300

Activity Code: 072000



This Contract comprises this cover page, a table of contents, eleven (11) pages of text and five (5) Annexes (A through E).

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- Annex D : Instructions to Contractors for the Dispatch of Reports
- Annex E : UNIDO Terms of Reference dated 3 March 1998

UNIDO Contract No. 98/094P
Project No. US/UGA/96/300
Activity Code: 072000

CONTRACT
between
THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
and the
UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION (ULAIA)
for Ugrading ULAIA and
for the provision of services to the local Leather
and Leather Products Small and Medium Enterprises
in the
REPUBLIC OF UGANDA

This CONTRACT is entered into between the UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (hereinafter referred to as "UNIDO"), having its headquarters located at Wagramerstrasse 5, A-1220 Vienna, Austria, and the UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION (ULAIA) (hereinafter referred to as "the Contractor"), having its principal office located at c/o P.O. No. 7184, Kampala, Republic of Uganda.

WHEREAS, UNIDO,, in response to a request from the GOVERNMENT OF THE REPUBLIC OF UGANDA (hereinafter referred to as as "the Government"), has agreed to assist the Government in carrying out the project entitled "National Africa Leather and Footwear Industry Scheme (NALFIS)) in the REPUBLIC OF UGANDA hereinafter referred to as "the Project Area");

WHEREAS, in this connection, UNIDO, acting in agreement with the Government, desires to engage a contractor to provide the technical services and supply and perform the work hereinafter set forth; and

WHEREAS, the Contractor represents that he is ready, willing and able to provide such technical services and supply and perform such work;

NOW, THEREFORE, the Parties hereto mutually agree as follows:

1.00 AIM OF THE CONTRACT

1.01 Synopsis

The aim of this Contract is to assist ULAIA to become a fully acknowledged and accepted body representing the interests of the local leather industry sector.

2.00 RESPONSIBILITIES OF THE CONTRACTOR

2.01 Statement of Work

Given the aim of this Contract, the Contractor shall render, on the terms and conditions set forth herein, all the services and facilities necessary to carry out the Contract and, in particular, the work as detailed in the UNIDO Terms of Reference dated 3 March 1998, a copy of which is attached hereto as Annex E. In carrying out the work hereunder, the Contractor shall conform to the methodology, approach and work plan set forth in the Proposal dated 17 March 1998 which the Contractor submitted to UNIDO in response to UNIDO's Proposal Request No. P.98/50 of 10 March 1998. The Contractor's said Proposal, although not attached hereto, is made a part hereof by way of reference.

While the Annexes hereto (Annexes A - E) and the Contractor's Proposal shall form integral parts of the Contract, it is understood that in the event of a conflict between the provisions in the Terms of Reference, in the Contractor's Proposal and in the present Contract and its other Annexes, the provisions in the Contractor's Proposal shall be subject to those in the Terms of Reference and the provisions in Terms of Reference shall be subject to those in the Contract and its other Annexes.

2.02 Contractor's Services

For the performance of his obligations under this Contract, the Contractor shall make available a total of eighty-six (86)

man-weeks of personnel services as specified in sub-paragraph a) of this paragraph. In connection with this Contract, a man-weeks of service in the Project Area and at the Home Office shall consist of five (5) working days per week and eight (8) working hours/day.

a) Project Area Services

eighty-six (86) man-weeks of service shall be carried out in the Project Area by a team of fourteen (14) specialists as named in sub-paragraph 2.03a).

The time spent by the Contractor's Team travelling from their place of residence and/or work to the Project Area and return, is not included in the number of man-months stated above.

b) Home Office Support Services

In addition to the services referred to in sub-paragraphs a) and b) of this paragraph, the Contractor shall provide such other Home Office personnel services and technical facilities as may be necessary for the backstopping support to his personnel serving in the Project Area.

2.03 Contractor's Personnel

a) Name, Project Function and Duration of the Assignments of the Contractor's Personnel

The personnel to be provided by the Contractor and the duration of their assignments shall be as follows:

<u>Name</u>	<u>Duration of Assignment</u>	
	<u>(man-weeks)</u>	
	<u>Project Area</u>	
Immediate Objective 1, Output 4	29	
Mr. Emmanuel Mwebe (Team Leader)	(
Ms. Susan. Achilo	(
Mr. Patrick Turyamuhaki Banyu	(
Mr. John Kadigo Othieno	(
Immediate Objective 5, Output 4	19	
Mr. John Byabashaija	(
Junior Technician (to be nominated)	(

P - W

Immediate Objective 2, Output 1	13
Mr. John Drake Mutesasira	(
Mr. N.T. Ndyanabangi	(
Legal Advisor (to be nominated)	(
Immediate Objective 2, Output 4	25
Mr. Saul Kityo	(
Mr. Thomiko Rwothumio	(
Mr. Tom Okia Okurut	(
Ms. Maimuna Nalubega	(
Mr. Jude Mwoga Ngobi	(
Total in man/weeks	86

b) Replacement of the Contractor's Personnel

The Contractor's personnel named in sub-paragraph a) hereinbefore are considered essential for the work to be performed under this Contract, accordingly:

- i) prior to replacing any of such personnel, the Contractor shall notify UNIDO reasonably in advance and shall submit detailed justifications together with the curriculum vitae of the proposed substitute(s) to permit evaluation by UNIDO of the impact which such replacement(s) would have on the work programme;
- ii) no personnel replacement shall be made by the Contractor without the prior written consent of UNIDO in accordance with Clause 4 of the UNIDO General Conditions of Contract (Annex A hereof).

2.04 Commencement and Completion of the Contractor's Work

The Contractor's Team shall commence performance no later than 28 April 1998 and shall complete all work including submission of the Final Report no later than one (1) calendar year thereafter.

2.05 Responsibilities of the Contractor's Team Leader

The Contractor's Team Leader shall be responsible for ensuring that the work in the Project Area and at the Home Office is performed in accordance with the terms of this Contract and for

supervising, directing and co-ordinating the performance of the duties of the Contractor's personnel.

2.06 Relationship between the Contractor's Team Leader and the Resident Representative of the UNDP in the Project Area

While in the Project Area in connection with the performance of the work hereunder, the Contractor's Team Leader shall maintain a close working relationship and co-operate with the Resident Representative of the UNDP in the Project Area and/or his designated representative(s), and shall keep him/them currently informed of the progress of the assignment and plans for the performance of the work. The Resident Representative of the UNDP and/or his designated representative(s) shall have the right to observe at any time the progress of the work carried out under this Contract and to consult with the Contractor's Team Leader and the other specialists concerning their work performance.

2.07 Facilities and Services provided by the Contractor

The Contractor shall provide all the facilities and services required by the Contractor's personnel for the execution of the Contract. Expenses of every kind incurred in connection with such execution shall be solely for the account of the Contractor. Such expenses shall include, but shall not be limited to, the cost of wages, supply of equipment, housing, food, travel, medical attention and insurance.

2.08 Protests

If the Contractor considers any work demanded of him by the Resident Representative of the UNDP and/or his designated representative(s) and/or by the Government or its co-operating Agency(ies) to be outside the requirements of this Contract, or considers any ruling of the Resident Representative of the UNDP and/or his designated representative(s) and/or the Government or its co-operating Agency(ies) to be unfair, he shall immediately upon such work being demanded, or such ruling being made, ask the CHIEF, PURCHASE AND CONTRACTS SECTION, GENERAL SERVICES BRANCH, FIELD OPERATIONS AND ADMINISTRATION DIVISION (hereinafter referred to as the "Chief, FOA/GES/PAC") for his written instructions or decisions.

2.09 Reports

The Contractor shall submit to UNIDO, Vienna, the reports which are listed below. All reports shall be prepared in conformity with Annex C entitled "Basic Principles of Scientific Report Writing" and dispatched in accordance with Annex D entitled "Instructions to Contractors for the Dispatch of Reports" which are attached hereto.

a) Progress Reports

Three (3) Quarterly Progress Reports, in English, in three (3) copies, covering the work performed in the Project Area and at the Home Office as detailed in Paragraph 6. of the Terms of Reference (Annex E hereof) as follows:

- i) The 1st Progress Report shall be submitted to UNIDO Vienna, no later than 15 August 1998;
- ii) The 2nd Progress Report shall be submitted to UNIDO Vienna, no later than 15 November 1998;
- iii) The 3rd Progress Report shall be submitted to UNIDO Vienna, no later than 15 Fevrier 1999;

The Progress Reports shall include sufficient information for UNIDO to determine the extent of the work carried out at the Contractor's Home Office by the personnel referred to in sub-paragraph 2.03 a) hereinbefore. No invoice submitted for payment, pursuant to the stipulations of sub-paragraph 4.03 b), shall be paid by UNIDO, unless the relevant Progress Report submitted by the Contractor and/or other information, as may be available to UNIDO, confirms that satisfactory progress has been achieved also in the performance of the work at the Contractor's Home Office.

b) Draft Final Report

A Draft Final Report, in English, in two (2) copies, covering all the work performed, in accordance with paragraph 2.01 hereinbefore, which shall be submitted to UNIDO, Vienna, in time to ensure it is received no later than 30 April 1999.

As W

c) Final Report

A Final Report, in English, in five (5) copies, covering the work performed in accordance with paragraph 2.01 hereinbefore. In the preparation of the Final Report, the Contractor shall give due consideration to the comments and recommendations advised in writing by UNIDO to the Contractor within two (2) weeks after UNIDO's receipt of the Draft Final Report from the Contractor. The Final Report shall be submitted to UNIDO, Vienna, in time to ensure it is received no later than three (3) weeks after the Contractor's receipt of UNIDO's written comments on, or approval of, the Draft Final Report.

2.10 Standards of Work

The Contractor shall exercise all reasonable skill, care and diligence in the performance of the work hereunder and shall carry out all his responsibilities in accordance with the highest recognized professional standards.

3.00 CONTRACT PRICE AND TERMS OF PAYMENT3.01 Contract Price

UNIDO shall pay the Contractor for the full and proper performance of his obligations under this Contract, the sum of United States Dollars sixty-six thousand (US\$ 66,000). Payment of this sum shall be made in the currency and in the pro-rated amounts hereinafter set forth. This sum shall cover all expenses incurred by the Contractor including, but not limited to: travels, salaries, indemnities, social charges, overheads, equipment, materials, technical assistance and supervision costs.

3.02 Contract Ceiling

The Contractor shall not do any work, provide any materials or equipment or perform any services which may result in any charges to UNIDO over and above the said sum of US\$ sixty-six thousand (US\$ 66,000) without the prior written consent of UNIDO and a formal amendment to this Contract.

3.03 Progress Payments

Progress payments on account of the Contract price set forth in paragraph 4.01 shall be made against the Contractor's original invoices rendered as follows:

- | | | |
|----|---|-------------------|
| a) | upon UNIDO's receipt of the Contract duly countersigned the sum of..... | US\$ 7,000 |
| b) | upon UNIDO's receipt and acceptance of the First Progress Report referred to in sub-paragraph 2.09 a)i), the sum of..... | US\$ 20,000 |
| c) | upon UNIDO's receipt and acceptance of the Second Progress Report referred to in sub-paragraph 2.09 a)ii), the sum of | US\$ 15,000 |
| d) | upon UNIDO's receipt and acceptance of the Third Progress Report referred to in sub-paragraph 2.09 a)iii), the sum of..... | US\$ 15,000 |
| e) | upon UNIDO's receipt and acceptance of the Contractor's Final Report referred to in sub-paragraph 2.09 b), the sum of..... | <u>US\$ 9,000</u> |
| | Grand Total | US\$ 66,000 |

The making of any payment hereunder by UNIDO shall not be construed as an unconditional acceptance by UNIDO of the work accomplished by the Contractor up to the time of such payment.

3.04 Withholding of Payments

UNIDO may withhold any payment to the Contractor or, on account of subsequently discovered evidence, nullify the whole or part of any payment approval theretofore given, to such an extent as may be necessary to protect UNIDO from loss under this Contract on account of:

- a) the Contractor's failure to carry out the work or to make adequate progress on the work, except for failure arising out of force majeure;

- b) the Contractor's failure to remedy defective work and/or unsatisfactory performance, when such failure has been drawn to his attention by UNIDO;
- c) the Contractor's failure to submit on time the reports required hereunder;
- d) the Contractor's failure to make payments properly for material or labour in the Project Area, or
- e) the existence of damage claims presented by UNIDO or of reasonable evidence indicating the probable basis on which damage claims may be presented by UNIDO.

The withholding by UNIDO of any progress payment shall not affect the Contractor's obligation to continue performance under this Contract.

No interest shall accrue on payments eventually withheld by UNIDO in application of the stipulations of this paragraph.

3.05 Contractor's Invoices

Each payment shall be made by UNIDO on the basis of an original invoice submitted by the Contractor. The Contractor's invoice must reflect Contractor's banking instructions i.e. name and address of bank, account number, sort code number for payment by electronic transfer.

3.06 Mode of Payment

All payments under this Contract shall (subject to receipt of the Contractor's original invoice) be made by UNIDO by bank transfer to the company's account(s) designated by the Contractor.

4.00 GENERAL PROVISIONS

4.01 Entry into Effect of the Contract

This Contract shall be deemed to be effective from 21 May 1998 which was the date of the Contractor's fax confirming acceptance of UNIDO's faxed Contract award of 29 April 1998.

4.02 General Conditions

The Parties hereto agree to be bound by the UNIDO General Conditions of Contract, a copy of which is attached hereto as Annex A and made a part hereof.

4.03 Contract Amendment

No modification of, or change in, this Contract, or waiver of any of its provisions, or additional contractual relationship with the Contractor shall be valid unless approved in the form of a written amendment to this Contract, signed by the Contractor and the Chief, GOA/GES/PAC, or his representative.

4.04 Transmission of Reports, Invoices and Notices

All reports, invoices and notices submitted or given hereunder shall be addressed to the Chief, PAC/GES/FOA, UNIDO, P.O. Box 300, A-1400 Vienna, Austria.

4.05 Covenant against Contingent Fees

The Contractor warrants that:

- a) no person or selling agency has been employed or retained by him to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, contingent fee or retainer, except regular employees or bona fide and officially established commercial or selling agencies maintained by the Contractor for the purpose of securing business;
- b) no official or servant or retired employee of UNIDO, the United Nations, the UNDP and the Participating and Executing Agencies of the UNDP or the Government and/or its co-operating Agency(ies), who is not a bona fide employee of the Contractor, has been or shall be admitted by the Contractor to any direct or indirect benefit arising from this Contract or the award thereof.

For breach of these warranties, UNIDO shall have the right to deduct from the Contract price, or otherwise recover from the Contractor, the full amount of any such commission, percentage, brokerage, contingent fee or retainer so paid.

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4.06 Default by the Contractor

In case the Contractor fails to fulfil his obligations and responsibilities under this Contract, and provided the Contractor has not remedied such failure(s) within thirty (30) days of having been given UNIDO's express written notification of the nature of the failure(s), UNIDO may, at its sole option and without prejudice to its right to withhold payment(s) as hereinbefore provided, hold the Contractor in default under this Contract. When the Contractor is thus in default, UNIDO may, by giving written notice to the Contractor, terminate the Contract as a whole or such part or parts thereof in respect of which the Contractor is in default. Upon such notice, UNIDO shall have the right to seek completion, at the Contractor's expense, of that part or those parts of the Contract with respect to which the Contractor is in default. The Contractor shall, in this case, be solely responsible for any reasonable costs of completion, including such costs which are incurred by UNIDO over and above the originally agreed Contract price stipulated hereinbefore.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract.

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION (ULAIA)

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

By.....
J P BECHETER
CHAIRMAN ULAIA

By.....
Mounira Latrech, Contracts Officer
Purchase and Contracts Section
General Services Branch
Field Operations & Administration Division

c/o UNDP Office
P.O. Box 7184
Kampala
Uganda

UNIDO
P.O. Box 300
A-1400 Vienna
Austria

Date: 15 JUN 1998

Date: 27 May 1998

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION LTD.

UMA Show Ground-Lugogo
P.O. Box 1307, Kampala
Tel: 222551
Fax: 223745
E-mail: ulaia@infocom.co.ug



FIRST PROGRESS REPORT ON CONTRACT NO. 98/094 P FOR PERIOD 01 MAY- 31 JULY 1998.

30th July, 1998

INTRODUCTION:

The purpose of the contract is to assist the strengthening of Uganda Leather and Allied Industries Association (ULAIA) to become a fully acknowledged and recognised body by the Government of Uganda representing the interest of the country's leather sector industries. ULAIA has accepted the proposal submitted by UNIDO ON 17/03/1998, and in the following the agreement to the contract No. 98/094 P between UNIDO and ULAIA signed on 15/06/1998.

The first progress payment of US\$ 7,000 was received by ULAIA on 09/July 1998.

FIRST PROGRESS REPORT

All the activities planned for the first phase of reporting in accordance to the project workplan and within the financial resources of ULAIA have been carried out with the exception of the production of a VIDEO film and the workshop on tannery pollution standards which has been postponed to September 1998.

To follow the sequence of the responsibilities of the subcontractor as communicated by UNIDO on 11/03/1998 the subject progress report consists of four sections reflecting immediate objectives, outputs and activities.

1. Immediate objective 1: Improved Institutional Support and Policy Framework Output 4: ULAIA strengthen and support during the first year

Activities;

- 1- Preparation of workplan – completed (annex I)
- 2- Preparation of ULAIA Business plan 1998 to 1999- completed (annex II)
- 3- Preparation of Uganda leather industries brochures- completed (annex III)
- 4- Recruitment of staff ; General Manager, Administrative secretary, Accountant (September 1998) – completed (annex IV)
- 5- Promotion of ULAIA and Uganda leather sector- On going (annex V)

Expenditures for;

Activity No.1- NIL

No.2- \$ 2000

No.3- \$ 300

No.4- \$ 2600

No.5- \$ 2340 (printing of ULAIA brochures and publication of supplement in the East African)

Immediate Objective 5: Improved Quality and Quantity of Footwear and Other Leather Products

Output 4: Basic common production, training, maintenance and procurement facility for footwear and leather products manufacturers established.

Activities;

- 1- Establish terms for use of the facility- completed (annex VI)
- 2- Recruit staff (1 Senior Technician, 1 Junior Technician)- completed (annex VII)
- 3- Purchase of tools and equipment- offers from suppliers invited

Immediate Objective 2: Improvement of Quality and Increased Quantity of Hides and Skins

Output 1: Proposal for hides and skins improvement and collection system prepared

Activities;

- 1- Establish quality improvement working groups in target area- incomplete
- 2- Elaborate suitable system based on ownership, incentives, grading/ pricing and feedback to farmers from monitoring of defects- complete (annex VIII)
- 3- Present a system to extension officers/ butchers (stakeholders) in a meeting (2 days), finalise proposal- complete
- 4- One- day workshop on hides and skins improvement, grading and marketing – conducted 07/7/1998 (agenda and list of participants attached) (annex IX)
- 5- Finalisation of hides and skins leather act- Draft completed, awaiting comments from stakeholders during second workshop in October and the parliamentary subcommittee. (annex X)

Expenditures for activities carried out:

Activity No.1- NIL

No.2- NIL

No.3- \$ 100

No.4- \$ 1200

No.5- \$ 1000 (for preparation draft act)

No.6- \$ 200 (salary h/s technician)

No.7- \$ 750 (chemicals for hides and skins preservation)

Total **\$ 3050**

Out put 4: National Environmental Management Authority (NEMA) supported in preparation of standards for tannery effluents

Activities;

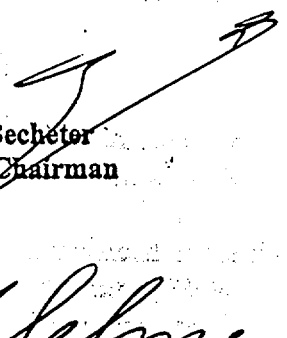
- 1- Preparation of techno-economic study studies for selected tanneries – completed (annex XI)
- 2- Preparation of suggested standards for effluent discharge to public sewers or to lakes or rivers- (draft completed) (annex XII)

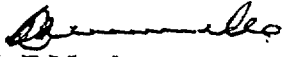
Please note: The other activities will be carried out during the remaining period of the contract.

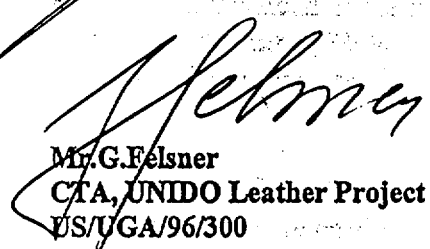
Expenditures so far;

- \$ 300 for the preparation of the techno- economic study of a selected tannery.

The planned activities for the next three months are clearly referred in the project workplan (attached) for period July- December 1998 approved by the project steering committee meeting held on 10/07/1998. Copies of all reports, documentations and proof of payments for service/ consultancies rendered covering the reporting period are herewith attached to this first progress report.


Mr. J.P. Becheter
ULAIA Chairman


Mr. E. Mwebe
ULAIA General Manager


Mr. G. Felsner
CTA, UNIDO Leather Project
US/UGA/96/300

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION LTD.

UMA Show Ground-Lugogo
P.O. Box 1307, Kampala
Tel: 222551
Fax: 223745
E-mail: ulaia@infocom.co.ug



30 October, 1998.

SECOND PROGRESS REPORT ON CONTRACT NO. 98/094 P FOR PERIOD 01 AUGUST- 31 OCTOBER 1998.

INTRODUCTION:

The purpose of the contract is to assist the strengthening of Uganda Leather and Allied Industries Association (ULAIA) to become a fully acknowledged and recognised body by the Government of Uganda representing the interest of the country's leather sector industries. ULAIA has accepted the proposal submitted by UNIDO ON 17/03/1998, and in the following the agreement to the contract No. 98/094 P between UNIDO and ULAIA signed on 15/06/1998.

The first progress payment of US\$ 20,000 was received by ULAIA on 20 August 1998.

SECOND PROGRESS REPORT

The activities planned for the second phase of reporting are coherent with the up-dated workplan (annex I) approved by the 4th meeting of the project steering committee held on 10/07/98 (minutes annex II). Further the mandatory progress report (PPR) dated 28/09/1998 was submitted to headquarters of which part I, summary sheet and comments from Headquarter (annex III) are attached for additional information.

In line with the listed responsibilities of the sub-contractor communicated by UNIDO on 11/03/1998 the progress report covers the four substantive parts of the contract referring to : immediate objectives, activities and outputs and the amount spent for the funding of activities.

1. Immediate objective 1: Improved Institutional Support and Policy Framework Output 4: ULAIA strengthen and support during the first year

Activities;

- No. 1-3 Completed
- No. 4 Recruitment of ULAIA staff (accountant recruited as of Oct '98 (annex IV)
- No.5 Promotion of ULAIA and Uganda Leather Sector
 - ongoing (annex V) pamphlets, radio announcement, participation on Uganda International Trade Fair 6-11 Oct 1998.

Expenditures for;

- Activity No.4- \$ 7930 (ULAIA staff salaries Aug- Oct 1998)
- No. 5- \$ 200 (Reprinting of ULAIA brochures)

Immediate Objective 5: Improved Quality and Quantity of Footwear and Other Leather Products

Output 4: Basic common production, training, maintenance and procurement facility for footwear and leather products manufacturers established.

Activities;

- 1- Establish terms for use of the facility
(completed however relevant information attached- on crane shoe trade mark registration (annex VI))
- 2- Completed (first progress report)
- 3- Completed (annex VII)/A/B/C

Expenditure for:

Activity No. 1-2 Completed
No.3 US\$ 6374

Immediate Objective 2: Improvement of Quality and Increased Quantity of Hides and Skins

Output 1: Proposal for hides and skins improvement and collection system prepared

Activities;

- 1- Establish quality improvement working groups in target area:
(one group has been established in Kampala area since September. preparation for the setting up of a second group in Jinja Nov/ Dec 1998 is in progress).
- 2- Elaborate suitable system based on ownership, incentives, grading/ pricing and feedback to farmers from monitoring of defects-
(complete but more information on the subject provided by -annex VIII)
- 3- Present a system to extension officers/ butchers (stakeholders) in a meeting (2 days), finalise proposal.- complete
(Follow up meetings between ULAIA, stakeholder and the Government are convened regularly, last meeting 23/10/98).
- 4- As a follow up on the workshop conducted 07/07/1998 the Government recommends to convene 5 regional workshops to sensitise also the rural stakeholders of the programme including the mobilisation of parliamentary support.
- 5- According to 23/10/98 the Commissioner of livestock production and animal industry the hide/ skin act will only be presented to parliament after the regional meetings December 98/ January 1999 have provided the feedback. However a modification on the policy paper was submitted was recommended by Government. The changes in the text was carried out by the consultant contracted under the subcontract.

Expenditures for activities carried out:

Activity No.1- NIL

No.2- \$ 1630 (Annex IX) chemical cost for carrying out tanning of different hide qualities to evaluate the resulting leather in the wet- blue stage (Oct 98)and when finished (Nov/Dec 1998) so as to determine the type of leather which can be processed from first, second and third grade raw hides and the generated yield in terms of quality and quantity.

No.3- Nil

No.4- Nil

No.5- \$ 250

Out put 4: National Environmental Management Authority (NEMA) supported in preparation of standards for tannery effluents

Activities;

- 1- Completed (first progress report)
- 2- Preparation of suggested draft standards updated by fielded (17-30 Sep) consultant (11-08) Mr.M. Lechner as an out come of consultative meetings with NEMA, Makerere University, Department of Water Directorate and stakeholders in the industries as well as with members (6) of the parliamentary sub-committee for environment -(annex X)
NEMA informed 28/10/98) that the environmental draft standards for tanneries can only be published after the comments of the general environmental standards planned to be published mid Nov 98 have been evaluated.
Therefore the publication of the environmental draft standards by NEMA is likely delayed to Jan 1999.

Expenditures so far;

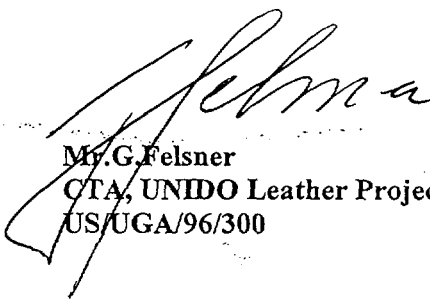
No expenditures in respect of the subcontract were incurred, expect US 100 for the meeting of the parliamentarians.

The planned activities for the period Jan- June 1999 will be reflected in the up dated workplan, which will be presented for approval to the 5th project steering committee to be convened on 26 Nov 1998.

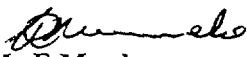
Copies of reports, documentation and proof of payments for service rendered, equipment and chemical purchase cover in the reporting period are herewith attached to this second progress report as well as ULAlA invoice for the amount of US\$ 15.000 in respect of the third progress payment.



J.P. Becheter
ULAlA Chairman



Mr. G. Felsner
CTA, UNIDO Leather Project
US/UGA/96/300



Mr. E. Mwebe
ULAlA General Manager

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION LTD.

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1st February, 1999

THIRD PROGRESS REPORT OF CONTRACT NO. 98/094 P FOR PERIOD 01 NOVEMBER 1998 TO 31 JANUARY 1999.

INTRODUCTION

The first progress payment of US \$7,000 was received by ULAIA on 8th/07/1998, the second on 19th/08/1998 of US \$20,000 and the third on 24th/11/98 of US \$15,000.

THIRD PROGRESS REPORT

The activities planned for the third phase of reporting are co-herent with the up-dated workplans (annex 1) approved by the 4th and 5th project steering committee meetings held on 08/7/1998 and 16/12/1998 respectively, the minutes of the 5th steering committee meeting are attached. (Annex II)

In line with the listed responsibilities of the sub contractor communicated by UNIDO on 11/03/1998 the progress report covers the four substantive parts of the contract referring to: immediate objectives, activities and outputs and the amount spent for the funding of activities.

1- Immediate objective 1: Improved institutional support and policy framework

Out put 4: ULAIA strengthening and support during the year

Activities;

- | | |
|---------|---|
| No. 1-3 | Completed (except video film), viewing of sites concluded in January 1999 |
| No. 4 | Promotion of ULAIA and the leather sector |
| No. 5 | Complete |
| No. 6 | Reprinting of updated ULAIA brochures (February 1999) |

Expenditures for:

Activity No. 2-\$ 8280 (Nov 98- Jan 1999)

No.4- \$ 1100 (Wall painting on Kampala main road- TCFC Crane shoes)
(photo enclosed, Annex III)

- \$ 220- Crane shoe promotion stickers (Annex IV)

Output 4 Basic common production, training, maintenance and procurement facility for footwear and leather products manufacturers established

Activities;

1-3 Completed

Expenditures;

No further expenditures incurred over the reporting period.

Immediate objective 2: Improvement of Quality and increased Quantity of Hides and Skins

Output 1; Proposal for hides and skins improvement and collection system prepared

Activities

- 1- Established quality improvement working groups in target area:
Second target group was formed in Jinja (with butchers/ traders co-operation and Jinja abattoir)
- 2- Elaborate suitable system based on ownership, incentives, grading/ pricing and feedback to farmers from monitoring of defects.
Meeting with stakeholders to monitor and evaluate post mortem defects of semi processed hides of different qualities conducted 13/01/1999 (Annex V)
- 3- Present a system to extension officers/ butchers (stakeholders) in a meeting
(One day meeting with flayers, butchers hides collector, exporter and tanners will be conducted when all bovine hides (620) have been processed into crust leather and the grade/ qualities are evaluated and the values assessed (mid March 1999).
- 4- Finalise proposal
(Complete and accepted by stakeholders)
- 5- One day workshop on hides and skins (incorporated into activity No.3)
- 6- Finalisation of hides / skins act.
With advise and support (November 1998) from the lead ministry of the project (Ministry of Tourism Trade and Industry) the existing Hides /Skins act will in it's content be reformulated to reflect the liberalised economic policies of the country. The ULAIA constitution incorporating now strategies, policies and essence of the adopted hides and skins act (the existing act will therefore be repealed by parliament) is now reflected in one set of document (copy of draft:Annex VI)

Expenditures for activities carried out:

Activity 1	Nil
Activity 2	US\$ 2334 (Annex VII) chemical cost for carrying out tanning of different hide qualities to evaluate the resulting leather

- Activity 3 Workshops (Annex attended 27 stakeholders including news coverage)
 Activity 4 NIL
 Activity 5 NIL
 Activity 6 See ULAIA Consultants -ULAIA amended constitution in-corporation the terms for hides/ skins improvement (Identical with Annex VI)

Output 4: National Environmental Management Authority (NEMA) supported in preparation of standards for tannery effluents

Activities 1 and 2

No further concrete development in the onward processing of the draft environmental standards for the tannery industry as submitted by the UNIDO consultant. NEMA informs that the submitted draft standards have been referred to NEMA legal department for review and comments. The general effluent standards have been approved by the Government in January 1999. Thereafter it is planned to review the comments of the proposed standards for the different industries, including tanneries (March 1999) inform of a round table meeting between NEMA/ UMA and the tanning industry.

Expenditures:

US\$ 1062 for the purchase of a moisture meter (Annex VI) to assess moisture content in dried sludges, rawhides, wet blues etc.

**B
 BREAK DOWN OF EXPENDITURES AND DISURSEMENTS OF FUNDS COVERING PERIOD 01/07/98- 31/01/1999**

	ULAIA COMPONENT		TCFC COMPONENT		HIDES/ SKINS COMPONENT		ENVIRONMENT COMPONENT	
	Alloc. \$	Utilised \$	Alloc. \$	Utilised \$	Alloc. \$	Utilised \$	Alloc.\$	Utilised \$
Personnel/ staff	9,500	13,900	5,900	3,500	2000	1,400	300	300
Consultants	4,100	2,900	NIL	NIL;	3000	250	6,400	NIL
Meeting/ Workshops			NIL	NIL;	1000	1,300	1,800	100
Material/ Equipment			6,000	6374	1000	4,714	9,000	1,062
Promotions	5,000-	2,540	.NIL	1,320	.NIL	NIL	.NIL	NIL
TOTAL UTILISED		\$ 19,340		\$ 11,194		\$ 7,664		\$ 1,462

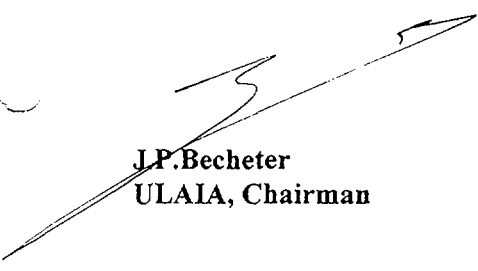
Allocated as per contract \$ 28,600 11,900 \$ 7,000 \$ 17,500
 Balance + \$9,260 + \$ 706 - \$ 664 + \$ 16,038

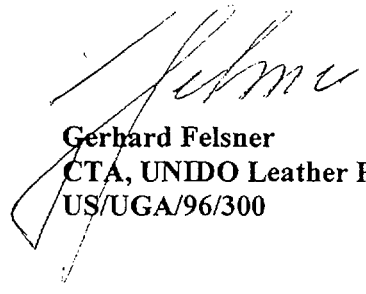
Expenditures indicative for period 1/02/1999 -30/04/1999.

	ULAIA COMPONENT	TCFC COMPONENT	H/S COMPONENT	ENVIRONMENT COMPONENT
	\$	\$	\$	\$
Personnel	6,150	1,500	600	
Consultants	400			
Meetings/ Workshops			1,000	1,000
Material/ Equipment			3,600	1,280
Promotion	2,460			1,000
Sub- total	8,110	1,500	5,200	3,280
Disbursement up to 31/1/99	19,340	11,194	7,664	1,462
Total	27,400	12,694	11,864	3,962

Total allocation		66,000
Disbursed up to 31/01/1999	39,660	
Indicative disbursements for period 01/02/1999- 30/04/1999	<u>18,090</u>	
Total disbursement (actual & indicative for contract period)		<u>57,750</u>
Balance		<u><u>8,250</u></u>

To utilise the balance ULAIA recommends that the remaining funds should meet the cost of salary payments of ULAIA staff for the month of May, June, July 1999


J.P. Becheter
 ULAIA, Chairman


Gerhard Felsner
 CTA, UNIDO Leather Project
 US/UGA/96/300


Emmnauel Mwebe
 ULAIA, General manager

cc. **Ms.A.Calabro**
 UNIDO, Vienna

ANNEX X
US/UGA/96/300

Reference No 1

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION
SUMMARISED FINANCIAL STATUS OF THE UNIDO/UOLAIA SUBCONTRACT NO 98/094 P
AS OF 30th April, 1999

	Initial Allocation \$	Revised Allocation \$	Amount Utilised \$	Variation
Improved Institutional Support and policy Framework (ULAIA Component)	29,600.00	29,600.00	28,847.57	752.43
Improved Quality and Quantity of Footwear & other Leather Products (TCFC Component)	11,900.00	11,900.00	16,469.82	- 4,569.82
Improved Quality and Increase Quantity of Hides and Skins (Hides and Skins Component)	7,000.00	20,500.00	18,504.72	1,995.28
Nat. Environment Management Authority Support in Preparation of Standards (Environment)	17,500.00	4,000.00	2,160.95	1,839.05
Total	66,000.00	66,000.00	65,983.06	16.94
Total Amount Received to date		57,000.00		16.94
Balance Due from UNIDO		8,983.06		

US/UGA/96/300

Reference No.2

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION
EXPENDITURE ANALYSIS FOR THE UNIDO SUBCONTRACT NO 98/094/P
ULAIA POLICY AND SRTRUCTURE COMPONENT

Immediate Objective 1: Improved Institutional Support and policy Framework
Output 4: ULAIA strengthened and supported the 1st year

Date	Particulars	Amount	General Manager	Admin Secretary	Account	Business Plan Consult	Ind. Brochure Consultant	Video Consultant	Promotion Activities	Document Reference
	Amount Allocated	29,600.00	14,400.00	3,300.00	1,800.00	2,000.00	1,200.00	900.00	6,000.00	
20/01/98	Business Plan	416.67				416.67				1
17/04/98	Business Plan	1,250.00				1,250.00				2
06/05/98	Business Plan	333.33				333.33				3
19/05/98	Brochure Devpt	145.83					145.83			4
03/07/98	Brochure Printing	618.29							618.29	5
13/07/98	Brochure Printing	780.08							780.08	6
14/07/98	Brochure Devpt	142.28					142.28			7
24/07/98	Salary	300.00		300.00						8
24/07/98	Salary	1,600.00	1,600.00							9
29/07/98	Brochure Printing	199.76							199.76	10
21/08/98	Policy Paper & Memo	241.94				241.94				11
21/08/98	Newspaper Suppl./East African	667.74							667.74	12
27/08/98	Salary	300.00		300.00						13
27/08/98	Salary	1,600.00	1,600.00							14
21/09/98	Salary	300.00		300.00						15
21/09/98	Salary	1,600.00	1,600.00							16
23/10/98	Salary	300.00		300.00						17
23/10/98	Salary	1,600.00	1,600.00							18
02/11/98	Salary	115.94			115.94					19
26/11/98	Salary	300.00		300.00						20
26/11/98	Salary	1,600.00	1,600.00							21
26/11/98	Salary	150.00			150.00					22
17/12/98	Salary	1,600.00	1,600.00							23
17/12/98	Salary	300.00		300.00						24
17/12/98	Salary	133.00			133.00					25
21/01/99	Wall Painting	1,083.03							1,083.03	26
21/01/99	Crane Shoe Car Stickers	220.00							220.00	27
25/01/99	Salary	1,600.00	1,600.00							28
25/01/99	Salary	300.00		300.00						29
25/01/99	Salary	150.00			150.00					30

US/UGA/96/300

Reference No.2

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION
EXPENDITURE ANALYSIS FOR THE UNIDO SUBCONTRACT NO 98/094/P
ULAIA POLICY AND SRTRUCTURE COMPONENT

Immediate Objective 1: Improved Institutional Support and policy Framework
Output 4: ULAIA strengthened and supported the 1st year

Date	Particulars	Amount	General Manager	Admin Secretary	Account	Business Plan Consult	Ind. Brochure Consultant	Video Consultant	Promotion Activities	Document Reference
	Amount Allocated	29,600.00	14,400.00	3,300.00	1,800.00	2,000.00	1,200.00	900.00	6,000.00	
09/02/99	Video Clip	287.77						287.77		31
26/02/99	Salary	1,600.00	1,600.00							32
26/02/99	Salary	300.00		300.00						33
26/02/99	Salary	150.00			150.00					34
10/03/99	International Supplement	540.00							540.00	35
23/03/99	Salary	1,600.00	1,600.00							36
23/03/99	Salary	300.00		300.00						37
23/03/99	Salary	150.00			150.00					38
26/03/99	New Vision Supplement	524.00							524.00	39
31/03/99	Video Clip	215.05						215.05		40
09/04/99	DSA for Cosultant/Leather Suppl	1,040.00							1,040.00	41
12/04/99	Salary	1,600.00	1,600.00							42
12/04/99	Salary	300.00		300.00						43
12/04/99	Salary	150.00			150.00					44
13/04/99	Video Clip	142.86						142.86		45
	Total	28,847.57	16,000.00	3,000.00	998.94	2,241.94	288.11	645.68	5,672.90	
	Variance	752.43 -	1,600.00	300.00	801.06 -	241.94	911.89	254.32	327.10	

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Reference No. 3

**UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION
EXPENDITURE ANALYSIS FOR THE UNIDO SUBCONTRACT NO 98/094/P
HIDES AND SKINS IMPROVEMENT COMPONENT**

**Immediate Objective 2: Improved Quality and Increase Quantity of Hides and Skins
Output 1: Proposal for Hides and Skins Improvement and Collection System**

Date	Particulars	Amount	H & S Officer	Leather Act Consultant	Legal Advisor	H & S Workshop	Chemicals for Preservation	Statistics/ Data	Document Reference
	Amount Allocated	20,500.00	2,000.00	2,000.00	1,000.00	1,000.00	14,500.00	-	
		7,000.00							
21/05/98	Spring Balance (100kg)	237.50							71
07/07/98	Workshop	325.20				325.20			72
08/07/98	Workshop	451.22				451.22			73
14/07/98	Workshop/Transport	92.68				92.68			74
16/07/98	Consultant	1,000.00		1,000.00					75
24/07/98	Salary	200.00	200.00						76
27/08/98	Salary	200.00	200.00						77
21/09/98	Salary	200.00	200.00						78
23/10/98	Salary	200.00	200.00						79
30/10/98	Chemicals	1,448.17					1,448.17		80
26/11/98	Salary	200.00	200.00						81
26/11/98	Chemicals	746.02					746.02		82
17/12/98	Salary	200.00	200.00						83
30/12/98	Chemicals	2,317.17					2,317.17		84
21/01/99	ULAIA Constitution	600.00			600.00				85
25/01/99	Salary	200.00	200.00						86
26/02/99	Salary	200.00	200.00						87
26/02/99	Consultancy	250.00						250.00	88
04/03/99	Chemicals	994.50					994.50		89
04/03/99	Chemicals	4,367.25					4,367.25		90
19/03/99	Chemicals	2,864.00					2,864.00		91
19/03/99	Chemical Clearing	361.00					361.00		92
24/03/99	Salary	200.00	200.00						93
24/03/99	ULAIA Constitution	450.00			450.00				94
12/04/99	Salary	200.00	200.00						95
	Total	18,504.72	2,000.00	1,000.00	1,050.00	869.11	13,098.11	250.00	
	Variance	1,995.28	-	1,000.00	- 50.00	130.89	1,401.89	- 250.00	

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Reference No 4

UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION
EXPENDITURE ANALYSIS FOR THE UNIDO SUBCONTRACT NO 98/094/ P
ENVIRONMENT COMPONENT

Immediate Objective 2: Improved Quality and Increase Quantity of Hides and Skins
Output 4: National Environment Management Authority Support in Preparation of Standards

Date	Particulars	Amount	Leather Technologist	Environmental Consultants	Lab Technicians	Lab Equipment	Tannery Pollution W.S	Leather Quality W/S	Document Reference
	Amount Allocated	17,500.00	300.00	3,200.00	3,200.00	9,000.00	1,100.00	700.00	
	Less: Reallocation to H/S**	13,500.00							
	Revised Allocation	4,000.00		250.00		3,701.05		48.95	
03/04/98	Technical-Economic Consult.	250.00		250.00					96
22/09/98	Moisture Meter	1,062.00				1,062.00			97
30/09/98	Environment Standards Workshop	48.95						48.95	98
11/03/99	PH Meter	800.00				800.00			99
	Total	2,160.95	-	250.00	-	1,862.00	-	48.95	
	Variance	1,839.05	-	-	-	1,839.05	-	-	

** Reallocation to The Hides and Skins component as per Headquater endorsement 04/02/99

US/UGA/96/300

Reference No. 5

**UGANDA LEATHER AND ALLIED INDUSTRIES ASSOCIATION
EXPENDITURE ANALYSIS FOR THE UNIDO SUBCONTRACT NO 98/094/P
FOOTWARE AND LEATHER GOODS COMPONENT**

**Immediate Objective 5: Improved Quality and Quantity of Footwear and other Leather Products
Output 4: Basic common Production, Training, Maintenance and procurement Facility**

Date	Particulars	Amount	Senior Technician	Junior Technician	Equipment	Document Reference
	Amount Allocated	11,900.00	3,300.00	2,600.00	6,000.00	
11/05/98	Lasts	3708.97			3708.97	46
11/05/98	Lasts Airfreight	2,040.00			2,040.00	47
24/07/98	Salary	300.00	300.00			48
24/07/98	Salary	200.00		200.00		49
27/08/98	Salary	300.00	300.00			50
27/08/98	Salary	200.00		200.00		51
21/09/98	Salary	300.00	300.00			52
21/09/98	Salary	200.00		200.00		53
21/09/98	Spaying Gun	1,470.00			1,470.00	54
21/09/98	TCFC Machines	2,124.30			2,124.30	55
22/10/98	Lasts	2,126.55			2,126.55	56
23/10/98	Salary	300.00	300.00			57
23/10/98	Salary	200.00		200.00		58
26/11/98	Salary	300.00	300.00			59
26/11/98	Salary	200.00		200.00		60
17/12/98	Salary	300.00	300.00			61
17/12/98	Salary	200.00		200.00		62
25/01/99	Salary	300.00	300.00			63
25/01/99	Salary	200.00		200.00		64
26/02/99	Salary	300.00	300.00			65
26/02/99	Salary	200.00		200.00		66
23/03/99	Salary	300.00	300.00			67
23/03/99	Salary	200.00		200.00		68
12/04/99	Salary	300.00	300.00			69
12/04/99	Salary	200.00		200.00		70
	Total	16,469.82	3,000.00	2,000.00	11,469.82	
	Variance	- 4,569.82	300.00	600.00	- 5,469.82	