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Ninth Session of the Leather and
Leather Products Industry Panel

Pécs, Hungary, 24-27 October 1988

REPORT*

Prepared by the UNIDO Secretariat

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INTRODUCTION

1. The Ninth Session of the Leather and Leather Products Industry Panel was attended by 19 participants from 15 countries and 4 international organizations, with 4 international observers, and a number of observers from the Hungarian industry. The list of participants is attached as Annex I.

I. ORGANIZATIONAL MATTERS

A. Opening of the session

2. The session was opened by the Vice Minister of the Ministry of Industry Mr. J. Cseh, who welcomed the participants to Pécs and to the Pécs Tannery. In his opening remarks he presented information on the Hungarian leather industry and stressed the importance of international co-operation in the sector. He also highlighted global structural changes which are taking place in this industrial sector to underline the necessity for international deliberations in bodies such as the Leather Panel.

B. Election of chairman and vice-chairman

3. The Panel elected Mr. Veres Lajos (Hungary) as chairman and Mr. R. Arunga (Kenya) as vice-chairman.

C. Adoption of agenda

4. The agenda (work plan) adopted is attached as Annex II.

II. REVIEW OF UNIDO TECHNICAL ASSISTANCE ACTIVITIES

5. The UNIDO IO/T/AGRO Leather Unit briefed the Panel on the structure and highlights of the UNIDO technical assistance programme for the leather industry in all developing regions. It was pointed out that UNIDO assistance to the leather industry was US \$ 2.29 million in 1987 and was expected to reach US \$ 2.9 million in 1988.

6. The Panel took note of this report, and members raised specific issues on individual projects which were discussed at some length. The focus of the discussions turned to the proposed Regional Africa Hides and Skins, Leather and Leather Products Improvement Scheme, as recorded in the following chapter.

III. REVIEW OF THE REGIONAL AFRICA HIDES AND SKINS, LEATHER AND LEATHER PRODUCTS IMPROVEMENT SCHEME

7. In introducing the project, the Secretariat stated that the programme was designed to meet the needs of the two African sub-regions in hides and skins improvement, and tannery and leather products industry rehabilitation. The programme consists of two sub-regional projects, one for selected East African countries and one for selected West African countries. In East Africa there are presently eight countries which are expected to participate in the programme and in West Africa seven countries will take part. A short summary of the whole programme is as follows:

REGIONAL PROJECT I (EAST AFRICA)

			<u>13%</u>	<u>Total</u>
<u>Umbrella Project</u>	US/RAF/88/100	4,061,000	527,930	4,588,930
Ethiopia	US/ETH/88/100	922,480	119,922	1,042,402
Kenya	US/KEN/88/100	443,800	57,694	501,494
Malawi	US/MLW/88/100	476,000	61,880	537,880
Somalia	US/SOM/88/100	335,500	43,615	379,115
Sudan	US/SUD/88/100	355,600	46,228	401,828
Tanzania	US/URT/88/100	605,400	78,702	684,102
Zambia	US/ZAM/88/100	568,000	73,340	641,840
<u>Zimbabwe</u>	<u>US/ZIM/88/100</u>	<u>278,000</u>	<u>36,140</u>	<u>314,140</u>
TOTAL REGION I		8,045,780	1,045,951	9,091,731

REGIONAL PROJECT II (WEST AFRICA)

<u>Umbrella Project</u>	US/RAF/88/101	3,572,000	464,360	4,036,360
Burkina Faso	US/BKF/88/101	672,500	87,425	759,925
Burundi	US/BDI/88/101	497,000	64,610	561,610
Cameroon	US/CMR/88/101	692,000	89,960	781,960
Mali	US/MLI/88/101	555,000	72,150	627,150
Niger	US/NER/88/101	694,500	90,285	784,785
Rwanda	US/RWA/88/101	681,600	88,608	770,208
<u>Senegal</u>	<u>US/SEN/88/101</u>	<u>683,200</u>	<u>89,596</u>	<u>778,796</u>
TOTAL REGION II		8,053,800	1,046,994	9,100,794

GRAND TOTAL COMPLETE PROGRAMME 17,613,280 2,289,727 19,903,007

8. In addition to the above a special project has been formulated for tannery rehabilitation which will provide machinery and equipment to rehabilitate selected tanneries. The project is expected to be financed from a special purpose contribution of US \$ 4.5 million to the IDF from the Government of Italy.

9. In February 1988 an informal expert group meeting was organized to present the newly drafted project documents for this programme and to have a "brainstorming" session for possible improvements of the project approach. After this meeting, a pledging conference took place and several donor countries manifested their interest by announcing generous pre-pledges.

10. The East Africa regional scheme is practically ready to start. The CTA designate of the project is already fielded and working on the completion of the project US/KEN/84/163, the Leather Development Centre in Nairobi, in order to provide suitable headquarters for the regional umbrella project. A "forerunner" project for the West Africa scheme is also expected to start shortly.

11. Thus far the East Africa regional scheme has received firm pledges over US \$ 1 million and another pledge of US \$ 4.5 million is presently being negotiated. Two UNIDO consultants briefed the Panel on individual characteristics of the countries to be covered in each sub-region.

12. In conclusion the Secretariat mentioned that although preparations were well under way, two problems caused some difficulty. These were the pressure by donors to alter vital features of the programme according to their priorities and the lack of response from host countries or changes of their initial counterpart commitments. In either case these developments had prolonged negotiations and the programme could not be made fully operational by now. It was, however, anticipated that full operations for the East Africa sub-region could start by early 1989.

13. The Panel expressed the hope that the scheme would achieve a firm basis for regional co-operation, with the host facilities for the umbrella projects playing an effective part in fostering that co-operation. A suitable system should be established for payment of services from the various countries utilizing the host facility services after the international assistance has been completed.

14. The Panel expressed its support of the programme and it noted with concern that programme financing was not proceeding as anticipated. It was recommended that an element of accountability should be maintained throughout the project to show both donors and recipients that the programme was attempting to realize significant benefits for the African leather sector. In this context it was proposed that an independent project steering committee be constituted to assist UNIDO in pre-implementation negotiations as well as provide policy guidance in project implementation. Some Panel members felt that the idea had merit while others felt that such a committee may introduce

further complications in an already complex programme. The UNIDO Secretariat agreed to consider the idea and suggested that a compromise may be struck in seeking ad hoc support and advice from individual Panel members as necessary. In supporting that suggestion, one member pointed out that the Third Consultation had, in any case, entrusted the Panel with the task of monitoring the programme, therefore, a permanent steering committee may be redundant.

IV. SECTORAL PROGRAMME IN TREATMENT OF TANNERY EFFLUENT IN SELECTED SOUTH-EAST ASIAN COUNTRIES

15. The UNIDO Secretariat presented a concept for an integrated programme in the treatment of tannery effluent in selected South-East Asian countries. After a very constructive and lively discussion with several valuable contributions by the Panel members, observers and the participant from UNEP, it was concluded that UNIDO should continue its efforts in tannery effluent treatment and develop the project concept further. It was suggested that a preparatory assistance project could be undertaken to identify the specific needs of the countries to be covered and to identify potential low cost solutions with particular emphasis on optimum utilization of by-products. It was also suggested that the experiences from the successful UNIDO project in Brazil should be utilized to a maximum extent.

V. INTERNATIONAL FOOT MEASUREMENT PROGRAMME

16. The UNIDO Secretariat presented a project concept for an International Foot Measurement Programme. The concept was discussed at some length and Panel members offered some valuable comments. It was agreed that UNIDO should further develop the proposal and try to obtain funding for a pilot project with the initial objective of establishing a foot measurement methodology along the lines presented.

VI. COMPUTER SOFTWARE DEVELOPMENT

17. A demonstration was conducted to present some computer software for simple leather and shoe costing and 2D shoe size grading, prepared under the UNIDO project UC/UD/GLO/87/268. The Panel members showed great interest in the results obtained so far and it was felt that this development offered suitable solutions to the needs of small and medium-scale industry in this area.

VII. CONTRIBUTIONS BY OTHER AGENCIES

18. The UNEP representative introduced a joint UNEP-UNIDO paper, entitled "Technical Guide to Reducing the Environmental Impact of Tannery Operations". This attempted to describe the environmental issues confronting the tanning industry and a systematic approach to resolving them. The guide is intended to be used by a wide range of industry, government and agency interests. He welcomed the concern expressed by the Panel for environmental protection and solicited the comments of Panel members on the draft paper, after their detailed scrutiny of its contents.

VIII. PREPARATION FOR NEXT CONSULTATION

19. The Panel was informed of plans for the 1992-93 biennium in which a consultation is envisaged for the leather and leather products industry. The members were requested to give consideration to holding the meeting on a regional basis, given developments in the sector and the need to strengthen international co-operation. It was agreed that Panel members would, at a later date, convey their proposals and recommendations on potential issues and other relevant matters, to the System of Consultations Division.

20. The Panel expressed its wish to meet regularly, at least once a year. The UNIDO Secretariat took note of this suggestion.

Annex 1

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Annex 2

AGENDA

1. Opening of the session
2. Adoption of the provisional agenda
3. Review of UNIDO technical assistance activities
4. Review of the Regional Africa Hides and Skins, Leather and Leather Products Improvement Scheme
5. Sectoral programme in treatment of tannery effluent in selected South-East Asian countries
6. International Foot Measurement Programme
7. Computer software development
8. Preparations for next Consultation
9. Contributions by other agencies
10. Other business
11. Adoption of draft Report of ninth session
12. Closing of meeting

Annex 3

LIST OF DOCUMENTS

Provisional agenda

Draft work plan for Leather Panel meeting

Provisional list of participants

UNIDO Technical Assistance Activities in the Field of Leather and Leather Products as at end September 1988

Draft Outline for an International Foot Measurement Programme (IFMP)

Draft Outline of a Sectoral Programme of Technical Assistance to the Leather Industry in Treatment of Tannery Effluents in Selected Countries of South-East Asia