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22 December 1989

HIDES AND SKINS, LEATHER AND LEATHER PRODUCTS IMPROVEMENT SCHEME  
TANNERY REHABILITATION SCHEME

US/RAF/88/100 - US/RAF/88/102

AND ASSOCIATED PROJECTS

US/ETH/88/100, US/KEN/88/100, US/MLW/88/100, US/SOM/88/100, US/SUD/88/100  
US/URT/88/100, US/ZAM/88/100, US/ZIM/88/100

Mission Report: Backstopping Mission to Ethiopia, Kenya, Malawi,  
Somalia, Sudan, Zambia and Zimbabwe

16 November - 14 December 1989 \*

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## I. SUMMARY

### a) GENERAL

The mission is part of the regular programme and project monitoring process and was the first backstopping mission to seven of the eight involved countries by the backstopping officer of the programme. The purpose of the mission was to obtain up-to-date information on the programme's present status, provide advice and assistance to the international and national experts, assist in updating the work plan for the whole programme as well as for the individual projects, inform and have discussions with the various competent government authorities and agencies, UNDP and the associated sister agencies. During the Kenya visit I also participated in the terminal tripartite review meeting of the forerunner project US/KEN/84/163 "Leather Development Centre". This project laid the foundation for the KIRDI Leather Development Centre which today functions as the field headquarters for the regional programme.

The mission programme was as follows:

16-19 November -	Sudan
20-23 November -	Ethiopia
24-28 November -	Kenya
29-30 November -	Malawi
01-04 December -	Zimbabwe
05-08 December -	Zambia
08-09 December -	Kenya
10-13 December -	Somalia

In spite of the very compact and tight schedule the mission programme was completed without any problems, which is to be attributed to the excellent arrangements made by the national experts in the various countries visited and the project management in Nairobi.

### b) FINDINGS

Generally speaking it can be said that the programme, in spite of its complex nature, has started very well. The project implementation during the first year of operations has been on an acceptable level and is expected to further improve and accelerate during the second year. Project revisions are being prepared for each project and will be based on the end-1989 delivery reports expected to be available mid-February 1990.

One of the major problems has been the recruitment of qualified international experts. It seems that the exceptionally tough travel schedule during the projects' life does not attract experts and it is understandable that experts, who must either leave their families in Nairobi or in their home country, are not keen to take assignments demanding months and months of travel, in some cases under rather rough conditions. For this reason certain changes in the expert component are necessary as more short-term experts on special

service agreements and less long-term experts will be needed. This, however, can be done within the present budgetary allocations and will be taken care of during the forthcoming revisions, but it will put even more administrative burden on the staff at Vienna headquarters.

c) RECOMMENDATIONS

As this is the first operational integrated sectoral technical assistance programme in UNIDO and in certain ways looked upon as a pioneering effort, it would be useful to organize a workshop to inform about progress, prospects and problems of the project and to share the experience gained with UNIDO colleagues for improved project design and project implementation of this type of integrated approach.

A short meeting should also be held for the donor countries to provide information on the project status and to discuss the prospects for continuation of this type of assistance, specifically in the West-Africa region. Such a meeting should be organized by the PPD/PRA/PRC in co-operation with IO/T/AGRO Leather Unit.

Co-operation with FAO should be further improved and through the project UNIDO should assist FAO in the organization of an African meeting on strategies in the inter-African trade in hides and skins, leather and leather products.

Links with PTA and the project should be further strengthened, an excellent opportunity for this will be during the end-January 1990 PTA Leather Fair. It was agreed during the mission that the project management and the national experts will participate in this fair.

The new concept for creating revolving funds for further hides and skins improvement activities through the assistance to private companies should be studied in more depth and formalized in Kenya, Zambia, Zimbabwe, and possibly also in the other countries.

The recommendations on the project level for each country are included in each country report.

## II. ETHIOPIA

### 1. Mission Programme

The programme was organized before the mission by the National Expert Mr. S. Hailu and was implemented smoothly.

#### 20 November 1989:

Morning -	1) 9.30 - 10.00	Arrival
	2) 11.00 - 12.00	Check in Ghion Hotel
Afternoon -	3) 1.30 - 2.15	Visit to UNIDO/UNDP
	4) 2.30 - 4.00	Meet Mr. Y. Adamu, NLSC
	5) 7.30 - 11.00	Dinner by NLSC at Hilton

#### 21 November 1989:

Morning -	1) 8.30 - 10.45	Visit Ambessa Shoe Factory
	2) 11.00 - 12.00	Visit Productivity Imp. Centre
Afternoon -	3) 1.30 - 3.30	Visit to MAO/ARMD
	4) 4.00 -	Visit UNDP/discussion with National Expert

#### 22 November 1989:

Morning -	1) 8.30 - 10.45	Visit Awash Tannery
	2) 11.00 - 12.00	Visit Universal Leather Goods
Afternoon -	3) 1.30 - 2.30	Visit Dire Tannery
	4) 3.00 - 5.00	Visit Awraris Shoe Factory
	5) 7.30 - 11.00	Dinner by Awash Tannery at Wabi Shebele Hotel

#### 23 November 1989:

Morning -	1) 7.00 - 9.00	Journey to Ejersa
	2) 9.00 - 11.00	Visit Ethiopian Tannery
	3) 11.00 - 12.00	Visit Modjo Tannery
Afternoon -	4) 12.00 - 1.30	Lunch at Nazareth
	5) 2.00 - 3.00	Return Addis Ababa
	6) 3.00 - 5.00	Meeting with Ministry of Industry
	7) 5.00 -	Discussions with National Expert, Mr. Alemayeho Chuffa, Mr. Getachew, Mr. Baradat

#### 24 November 1989:

Morning -	Departure to Nairobi, Kenya
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### 2. Findings

#### a) US/ETH/88/100 and US/RAF/88/102 - General View

This Swiss-financed project has started very well and the discussions with various Government and industry representatives confirmed that the Ethiopian leather industry, in spite of many problems and difficulties, is doing good work and that the project is much appreciated and expected to bring major

improvements.

From the implementation point of view there is a large "over-expenditure" in the machinery component and, in fact, practically the whole 1989 and 1990 allocation on the Bl 49-99 - Equipment has already been committed. This was possible because in Ethiopia all was well prepared and the studies were practically ready, which enabled the backstopping office to take immediate action on the machinery purchase. This "over-expenditure" should, however, not cause any problems in the overall cash flow of the programme as other components are delayed.

The National Expert Mr. Hailu is doing an outstanding job and has the project well in hand. The timing of the expert component as well as other inputs in future years were discussed and a new project work plan is annexed to this report.

b) **Ambessa Shoe factory**

The Footwear Expert Mr. Baradat is presently working in the Ambessa shoe factory. The visit to the plant and discussions with Mr. Baradat and the factory management revealed that the rehabilitation programme in Ambessa, as planned by Mr. Linz from GOPA (his report and rehabilitation study refer) is by all means not a simple task. Major improvements are needed in both infrastructure (factory floor) as well as in the skill levels of supervisors and production staff before this rehabilitation programme can be expected to run smoothly and bring desired results.

UNIDO is delivering equipment to the approximate value of US\$ 200,000 for this rehabilitation programme. A major operation will be the correct installation of the two conveyors. In order to be able to install the conveyors the factory floor must be levelled.

As the civil engineering work will disrupt the factory production it will need to be closed down for an estimated minimum period of one month. During this month the factory should be cleared from the old machinery and old transport equipment. The floor should be dug up and re-cast so that it will be ready to receive the new conveyors and machines. Most careful planning is needed for this operation, in fact, for the work to be carried out during this period a well thought-out plan should be prepared day by day, carefully monitored and executed.

After the civil engineering work is completed the installation can start. UNIDO is supplying a factory mechanic to supervise the installation. Mr. Baradat should return to Ethiopia at that time, or a little before, for a period of two months to assist in starting the new production. It must be understood that the production will take some time to reach full swing and it is of greatest importance that a suitable production plan is prepared for the initial period. During his present assignment in the Ambessa factory Mr. Baradat is expected to solve many of the present problems and correct errors in the factory production.

It was very disappointing to note that after substantial assistance by many top shoe technologists over long periods in the past (Messrs. Klatil, Longman,

Birkhaug, Nilkas-Salminen), the factory still has unnecessary problems caused by wrong, inaccurate patterns and sloppy workmanship, to such an extent that the shoes inspected in the store are practically of reject quality (if judged by any normal market standard). The stock level in the finished products store was over 60,000 pairs!

It is, therefore, suggested that Mr. Baradat completes his present assignment in Ethiopia by 2 February 1990 and be assigned to another country (to be determined during my mission to the other countries and in consultation with the CTA and Mr. Baradat) and that Mr. Baradat would only return to Ethiopia when the machines were ready for installation. Otherwise a situation will have to be faced where the major machinery investment is lying in Ambessa with no technician to assist in starting the operations. It was also suggested that an additional shoe engineer would be needed to complete this major job successfully. Suitable persons would be Mr. Birkhaug or Mr. Linz.

c) Tannery machinery maintenance

Mr. Rongved's very critical and constructive report was well accepted by the National Leather and Shoe Corporation. It is requested that Mr. Rongved should return to Ethiopia for two months in March/April 1990. The question of his per diem allocation should be recalculated as Mr. Rongved's assignment will thereby be longer than originally scheduled. As Mr. Devassy is on long-term assignment in Ethiopia with duty station Addis Ababa, and as such would not receive DSA, these "savings" could cover Mr. Rongved's DSA.

d) Hides and skins improvement

A visit was made to the Ministry of Agriculture. The Vice Minister Mr. Getachew Worku was briefed on the project status and useful discussions were held with Mr. Zedewu Kebede and with Mr. Devassy. The employment of Mr. Devassy is now clear and he will start work for the subject project as of 12 February 1990 for a period of six months. He will then have his contract extended by three months under the FAO project and it is felt that Mr. Devassy should be a participant in the Nairobi seminar for hides and skins improvement and present a paper on the Ethiopia situation. This should be clarified with the sub-contractor Ewbank Preece.

e) Awash Tannery

This tannery is the main beneficiary of the UNIDO projects US/ETH/88/100 and US/RAF/88/102 specifically concerning equipment. Discussions were held with the General Manager Mr. Mesvin Sahle and the factory tour was guided by the Chief Engineer Mr. Beletta. The Awash Tannery maintenance system is functioning quite well, actually very well if compared to those in some of the neighboring countries.

This system could benefit very much if it were computerized. This would actually be a reasonably simple task, needing one PC and suitable software. This should be studied in connection with the whole computerization programme of the NISC and discussed with Mr. Yilma Adamu.



## f) Universal Leather Goods Factory

This factory was established on the basis of a UNIDO feasibility study made some eight years ago. The initial starting up was assisted by a Hungarian company which also delivered most of the machinery and know-how. The start was, however, not very successful and drastic changes have been necessary to put this factory on a good footing. The factory is still losing money but has now been able to develop a product range in leather goods and garments which seems acceptable to the export markets. Technical and marketing assistance is presently received from Korea through the four Korean technologists presently working in the factory. Mr. Winkler from Hungary is the technical manager, however, his contract ends by end 1989.

Detailed discussions were held on the assignment of Mr. Tracy and it was established that the most urgent needs in Universal are in the training of a designer pattern maker and in the establishment of a quick and efficient pre-costing and calculation system for both leather goods and garments. (Here again the UNIDO computerized leather goods costing system would be of great benefit).

It was suggested by the manager of Universal Mr. Getachew that Mr. Tracy should assist Universal in split missions, first starting with a one-month preparatory phase and then returning for three months for implementation. It is, therefore, suggested that Mr. Tracy's programme will be modified as follows: January 1990, one month:

Universal Leather Goods Factory, preparatory mission to assess the assistance needs in designing, pattern cutting and in costing, and to provide initial assistance and recommendations

February 1990, one month:

Productivity centre, to prepare training courses for leather goods technology and designing/pattern making - two counterpart instructors needed to be trained simultaneously (the presently conducted training course for the sewing machine operators is apparently not run in a professional manner. After two weeks training the trainees have not learned the first basics; Mr. Tracy can provide some assistance in this area as well).

March 1990, one month:

To assist the leather finishing expert in preparing a collection of suitable, modern finished leathers to be used in the preparation of leather goods samples for export. To prepare a sample collection at Universal.

April-May 1990, two months:

To assist Universal in starting up a suitable costing system. A computer expert should be assigned to visit Ethiopia at the same time to assist the NISC with their computer programme and together with Mr. Tracy

start a computerized costing system.

The last month should be kept for 1991 implementation to conduct a regional training workshop at the Productivity Centre, including a study visit to Universal. If additional man-months are needed to conduct this course properly, these could be made available by deducting some weeks from each of the other countries.

This programme is to be discussed with the CTA and the Expert in Nairobi during the stop-over there.

g) Visit to Dire Tannery

This small-scale private tannery operates under rather primitive conditions. The factory owners are also dealing with raw hides and skins and are suppliers to the NISC. The quality of the pickled and wet-blue skins produced by Dire Tannery is one of the best in Ethiopia. The UNIDO assistance to be provided will certainly bring about better operational conditions and an improved output in the factory.

As this is a private tannery, the supply of machinery through UNIDO may create some administrative problems at the end of the project when the title of ownership is to be transferred. Dire Tannery is prepared to pay, at that time, the import duty on the depreciated value of the machinery to the Government. They would not under any circumstances like to operate the machinery if the title would be transferred to the Government; if this would be the case they would prefer to give the machinery to one of the Government tanneries. This matter was discussed with Mr. Adamu of the NLSC who did not anticipate any problems in transferring the title to the Dire Tannery. This matter should be further investigated by the National Expert in due course.

The export results of Dire Tannery are as per table below:

COMMODITY	1986/87		1987/88		1988/89	
	QUANT *	US \$	QUANT *	US \$	QUANT *	US \$
SHEEP	17,050	994,460	26,300	1,728,908	16,250	1,079,819
GOAT	25,258	957,389	20,973	1,084,011	30,260	1,495,943
SIDES	40,560	453,481	21,500	222,276	46,840	418,736
TOTAL		2,405,330		3,035,195		2,994,498

\* Quantity of skins in dozend pieces; quantity of sides in pieces

g) Visits to Ethiopia Tannery and Modjo Tannery

The Ethiopia Tannery is under a large-scale rehabilitation programme which is expected to increase the production to 1,500 hides and 14,000 skins per day.

Presently the factory faces some difficulties in obtaining enough raw hides and skins because of the military/political situation in the country. During the visit the raw material stock was only 5,000 skins and 5,000 hides.

The Modjo Tannery presently produces pickled and wet-blue skins with a daily production of about 9,000 skins per day. There are plans to change the production to crust in the near future. The tannery faces problems in fleshing because of too old and worn out machines. The skin fleshing machine to be provided under the UNIDO project is, therefore, badly needed and will be of immediate assistance to the tannery.

#### h) PTA Leather Fair

I was handed an official invitation for UNIDO's participation in the fair. I also gave Mr. Adamu the write-up of the UNIDO activities under the Regional Hides and Skins Leather and Leather Products Improvement Scheme.

I strongly recommend that UNIDO will be represented at the fair and that the following persons should participate: Mr. G. Felsner (CTA), Ms. A. Calabro (Associate Expert Vienna headquarters), all national experts and, if time permits, also the backstopping officer. In addition to this KIRDI should be represented by a small stand and provide information of their services. Possibly Mr. M. Berci (Associate Expert Nairobi headquarters) and the Regional Co-ordinator should jointly organize such participation.

### 3. Actions taken

#### a) The following telex to UNIDO was sent from Awash Tannery:

VASSILIEV FOR LEQUIEN/CALABRO US/ETH/88/100  
AAA) PLEASE REQUEST TORIELLI TO SEND URGENTLY ALL TECHNICAL SPECIFICATIONS, MANUALS AND INSTALLATION DATA OF ALL FOOTWEAR EQUIPMENT PURCHASED TO NATIONAL EXPERT. ESPECIALLY CONVEYOR DATA NEEDED URGENTLY INORDER TO PREPARE FOR INSTALLATION.

BBB) PLEASE REQUEST TORIELLI TO ARRANGE THREE WEEKS TRAINING OF LOCAL FOOTWEAR MECHANIC. TRAVEL AND DSA TO BE CHARGED TO PROJECT TRAINING FREE OF CHARGE.

CCC) PLEASE INITIATE ALSO ARRANGEMENTS FOR TRAINING OF TANNERY MACHINERY MECHANIC AS SPECIFIED IN PURCHASE ORDER (15-9-1412 V POLETTO) AWASH TANNERY REQUEST THAT INSTEAD ONE MECHANIC FOR ONE MONTH TRAINING WE SHOULD TRAIN TWO MECHANICS FOR TWO WEEKS EACH. PLEASE ASK POLETTO IS THIS IS ACCEPTABLE.

DDD) (NDP/UNIDO LARGE STICKERS FOR CARS AND MACHINERY NEEDED PLEASE ARRANGE TO SEND SUFFICIENT QUANTITY.

#### b) Wrap-up meeting with the Vice Minister-Operations, Ministry of Industry Mr. Afework Atlabachew and Yilma Adamu, General Manager NISC.

A very useful and constructive meeting was held at the Ministry of Industry

to discuss the mission's findings and recommendations. The following salient points should be noted:

i) The situation of the Ambessa Shoe Factory was discussed and it was agreed that the concept I presented for the new installation was to be adopted and would receive the full support of the Ministry and the NLSC. An additional counterpart from the NLSC will be assigned immediately to Mr. Baradat to prepare an accurate plan for the rehabilitation exercise. The backstopping office will investigate the possibilities to assign an additional shoe engineer for a period of 2-3 months to assist in starting the production.

ii) It was agreed that the previous rehabilitation efforts failed mainly due to having taken "half measures". This time there should be no half-hearted approach and a complete rehabilitation should be carried out. The Ministry of Industry and the NLSC are fully behind such efforts.

iii) UNIDO should purchase three PCs and supply the necessary software for leather, shoe and leather goods costing as well as maintenance and shoe grading. These PCs should be purchased with the balance of the equipment funds early 1990 and Mr. F. Schmel (UNIDO Leather Unit) or another qualified expert should be fielded to install the computers and train operators.

iv) The possibilities should be investigated to field a leather garment specialist (e.g. Mr. E. Chehwan) to assist Universal in leather garment design and pattern making for a period of three months.

c) Guidance provided to the shoe technologist

Mr. Baradat was informed of the discussions with the Vice Minister Mr. Afework Atlabachew concerning the Ambessa Shoe Factory, i.e. that the Ministry and the NLSC fully agree with the concept of the Ambessa installation programme. Mr. Baradat was requested to start working on the planning of the installation as of 18 December 1989.

His work schedule is now as follows:

- Ethiopia until	2 February 1990
- Kenya (Joy Shoe)	4 February - 15 March to prepare rehabilitation study
- Zambia (Kamara Shoe)	19 March - 20 April
- Sudan	23 April - 25 May
- Ethiopia (Ambessa installation)	1 June - 14 September
- Somalia	17 September - 19 October
- Tanzania	22 October - 7 December
- Kenya	10 December - 31 December

III. KENYA1. Mission Programme

Friday 24 November 1989:

12.00 Arrival from Addis Ababa  
 12.30 Visit Leather Development Centre (LDC)  
 14.30 Visit KIRDI headquarters, discussion with Dr. Arunga,  
 Dr. Kloetzer and CTA  
 15.30 Visit UNDP, meeting with SIDFA Mr. Pagani

Saturday 25 November 1989:

09.00 - 12.00 Visit LDC, discussions and briefing with the CTA

Sunday 26 November 1989:

09.00 - 13.00 Work at the LDC to install programs in the PC, and to  
 write reports and prepare for the TPR

Monday 27 November 1989:

07.30 - 17.00 Work and discussions at KIRDI, telephone Vienna,  
 telephone Ethiopia  
 Discussion with Mr. Brunetto Corsini, Italtelkna S.P.A.  
 re: fish skins

Tuesday 28 November 1989:

07.30 Work at KIRDI  
 10.00 Visit Tiger Shoe  
 14.30 TPR (Draft report attached)

Wednesday 29 November 1989:

07.30 Wrap-up meeting with CTA and his staff at LDC  
 09.00 Depart to Malawi

Friday 8 December 1989:

13.00 Arrival from Zambia  
 14.00 Meeting with Sagana Tannery  
 15.00 Visit to Joy Shoe  
 16.30 Meeting with Mr. C. Kahuthu, BEL Business consultants  
 re Kamiti Tanners

Saturday 9 December 1989:

08.30 Work at LDC  
 14.00 Briefing of Mr. Shilkin and Mr. Tracy re work plan

Sunday 10 December 1989:

Depart for Somalia.

## 2. Findings and Recommendations

### a) US/KEN/84/163

The project US/KEN/84/163 has now successfully come to the end and the project should be declared operationally completed by the end of the year. The technical evaluator of the project Mr. O. Kloetzer was in Nairobi during the mission and participated also in the terminal TPR. His report should be referred to concerning the project's end status. Also the CTA's draft terminal report and the PPER dated 15 November 1989 are available and should be consulted for further information.

The following report, therefore, elaborates only the observations with regard to US/RAF/88/100 and US/KEN/88/100 and some recommendations.

### b) US/RAF/88/100 and US/RAF/88/102

#### i) Tiger Shoe

A visit was made to the Tiger Shoe manufacturing unit. The UNIDO shoe technologist Mr. Baradat was assigned to work in this company in November 1989 for a short period. The company's situation seems to be very bad and an entirely new orientation and rehabilitation would be needed to put the company on a sound footing.

The company was started by some ex-BATA employees and did function quite well for some years. The factory building is suitable and could easily house a production unit for 1000-1500 pairs per day of leather footwear. Most of the machinery is in poor condition and would need replacement. The company is heavily in debt and prior to any UNIDO involvement in a rehabilitation programme, the company's financial situation should be examined and the write-off of the debts should be considered. It is very unlikely that this factory would be a suitable object for rehabilitation under the US/RAF/88/102 project.

The technical evaluator Mr. Kloetzer also had some meetings with the Tiger Shoe people and may pursue the matter directly through FRG.

#### ii) Joy Shoe

A small local shoe factory in the industrial area not too far from the KIRDI Leather Development Centre (LDC) premises. Mr. Baradat should be assigned to this factory after his return from Ethiopia to provide direct technical assistance and technical inputs for a rehabilitation study to be prepared jointly by him and Mr. M. Beci (Associate Expert Nairobi headquarters).

#### iii) Sagana Tannery

A meeting was held with the manager of the Sagana Tannery and the rehabilitation programme and the effluent treatment aspects were discussed. It seems that this tannery would be one of the most suitable rehabilitation objects under the UNIDO sub-contract component and the visits by the rehabilitation

expert Mr. A. Lesuisse as well as the effluent treatment expert Mr. G. Clonfero (under US/KEN/84/163) seem to confirm this. It was agreed that the UNIDO tannery machinery expert Mr. A. Rongved and the rehabilitation expert would visit the tannery again in early January 1990 and that the financial aspects would have to be studied carefully and confirmed by the bank before a decision can be taken by UNIDO.

**iv) Kamiti Tannery**

Discussions were held with Mr. C. Kahthu of BEL Business Consultants concerning possible UNIDO assistance to the Kamiti Tannery. A rehabilitation study has been prepared and should be studied carefully before any decision is taken. Copies of the study are available in both the Nairobi and Vienna offices. According to the study, the total investment for the rehabilitation, including new equipment, improved effluent treatment plant and renovated building, is Kshs. 12.312.000 or about US \$ 615.000.

**v) Alfa Rama Tannery**

Because of the late arrival from Zambia Alfa Rama Tannery could not be visited. Discussions were, however, held with the project management and it was agreed that this factory may well be suitable for assistance in effluent treatment. The effluent treatment experts Mr. Clonfero and Mr. Lesuisse have visited the factory and their reports are expected to provide recommendations in this respect.

**vi) Work plan for experts**

It was agreed that the CTA Mr. G. Felsner will be called for consultations to Vienna as soon as the final accounts for 1989 are available to finalize the revisions. Generally speaking more flexibility is needed through short-term consultants and some of the long-term expert posts are to be reduced in order to provide more consultancy funds. The work plan for 1990 in Annex 1 should be noted as a basis for operations:

IV. MALAWI1. Mission Programme

The mission programme was organized prior to the mission as follows:

Wednesday 29 November 1989:

11.45	Arrival in Lilongwe
14.00	Meeting with Resident Representative, Ms. K. Leitner, Mr. Msosa and JPO Mr. Kohtamaki
15.00	Travel to Liwonde
18.00	Visit to the Tannery

Thursday 30 November 1989

06.00	Travel to Lilongwe
11.15	Travel to Harare

In spite of the very little time available (24 hours) in Malawi the main task of the mission was completed and preparations for the start of the project were made.

2. Findings and Recommendationsa) US/MLW/88/100

The project has been approved for immediate financing by a special purpose contribution to the IDF by the Federal Republic of Germany. The project budget was rephased to allot US \$ 75,000 for 1989 so that purchasing action for project vehicles, motor bikes and audiovisual aids could be initiated immediately.

Recruitment of a National Expert was discussed with the Resident Representative, the JPO Mr. Kohtamaki and Mr. Msosa (proprietor of Liwonde Tannery) and it was agreed that recruitment action should be started urgently (in accordance with the job description annexed to the project document). As soon as the candidates' pre-selection was completed the CTA Mr. Felsner would travel to Malawi for the final selection interview. Mr. Msosa kindly agreed to assist in the pre-selection of suitable candidates. The CTA's visit should take place as soon as possible and he should at the same time prepare a final work plan for the project.

During the mission the additional assistance needs which could be provided within the framework of the Regional Hides and Skins, Leather and Leather Products Improvement Scheme were discussed and it was concluded that the most logical direction would be to provide development assistance in the leather goods manufacture. It was agreed that the CTA should also look into this matter and closer study the premises for the leather goods workshop which are located next to the Liwonde Tannery and could, according to Mr. Msosa, be made available for the project. The idea would be to conduct national training courses in leather goods manufacture for all the Malawi regions.



The matter of leather goods training was further discussed in Nairobi with the CTA and the UNIDO Leather Goods Expert Mr. Tracy and all concurred that the best way would be for Mr. Tracy to accompany the CTA to Malawi on a short mission to prepare the machinery, tools and equipment specifications needed for the project. In order to fit into the programme schedule, the timing of the mission should be 3-5 January 1990.

A telex was sent to the Resident Representative on 5 December 1989 to confirm the above points.

b) DP/MLW/87/029

The visit to the Liwonde Tannery showed that practically all the civil engineering works for the factory and for the effluent treatment plant have been completed in accordance with the instructions given by Mr. Buljan (UNIDO Leather Unit) during his February 1989 mission. The factory is ready for machinery installation and, therefore, the fielding of the Machinery Engineer Mr. Shilkin was well-timed. Mr. Shilkin was briefed on the Liwonde situation during his stopover in Nairobi from 8-10 December 1989. I was informed by UNDP Lilongwe that all the equipment from Nairobi was now on the road to Liwonde and should arrive shortly.

I was pleased to note that Mr. Msosa had already initiated several activities. People are being trained in tanning and finishing with artisan methods before the machinery has arrived. The results were very good and the leather goods and footwear produced were of surprisingly good quality.

It was agreed that the Machinery Engineer Mr. Shilkin will immediately after arrival start to prepare the list for the additional tanning equipment needs which should be provided with the balance of funds from the subject project and US/MLW/88/100.

V. SOMALIA1. Mission Programme

The mission programme was organized by the National Expert Mr. Farah Ismail and was implemented smoothly without problems. Of great assistance during the mission was the presence of the Tannery Machinery Engineer Mr. A. Rongved, who has been working the past two months in Somalia, and the Hides and Skins Improvement Expert Dr. Machanga, who commenced his assignment about a week before the start of this mission.

The mission programme was as follows:

## Sunday 10 December 1989:

17.00 Arrival in Mogadiscio  
20.00 Dinner with UNDP Programme Officer Mr. Niels Moogaard, and Mr. Farah, Dr. Machanga and Mr. Rongved

## Monday 11 December 1989:

8.30 Meeting with National Expert and International Experts in UNIDO project office at Somali Leather Agency (SLA)  
9.30 Visit to Km 7 Tannery, and shoe factory  
11.30 Visit FAO Resident Representative a.i. Mr. Mashinkila  
12.30 Visit UNDP Deputy Resident Representative Mr. E. Haarman  
14.30 Visit to the Mogadiscio salt ponds

## Tuesday 12 December 1989:

8.30 Meeting Mr. Issa Ugas at SLA  
9.30 Meeting General Director of Industries Mr. Omar Hirsi Omar at Ministry of Industry  
11.30 Meeting with World Bank Resident Representative Mr. L. Borin

2. Findings and Recommendationsa) Leather Industry - Somali Leather Agency (SLA) - Liberalization

The SLA is a Government organization which was founded by amalgamating the Hides And Skins Agency (HASA) and the leather factories of Harageisa and Burao. The Agency was granted the Government monopoly for hides and skins trade both for domestic and export trade and the responsibility to operate the Government-owned tanneries and shoe factories. The Agency's powers and responsibilities were specified in the Law 43 of 18 July 1981.

In late 1986 the World Bank negotiated a large agricultural Adjustment Credit to Somalia; this included also the hides and skins, leather and leather product sectors and one of the issues was the breaking of the SLA monopoly and encouragement of private trade and industry in the leather sector. In order to study suitable measures for the improvement of the sector, the Government of Somalia and the World Bank contracted UNIDO to conduct a sectoral study on the hides and skins, leather and leather products trade and industry. The UNIDO report dated January 1987 by Messrs. Lunden and Nestvold refers and it is

strongly recommended that the persons and authorities concerned with the present status of the Somali leather sector should again refer to the recommendations of this report. This is specifically important since only a part of the recommendations of the report have been used to modify the Somali Leather Agency's status and the present difficult situation of the SLA is (in some quarters) fully blamed on the report's recommendations.

The Law 43 was modified in January 1989 and the SLA monopoly was lifted, giving any Somali citizen the possibility to deal in the hides and skins trade both on the domestic market and for exports. The situation of the SLA has, therefore, totally changed and the breaking of the monopoly and the effects of the civil war have a drastic influence on the operations of the Agency. The results are evidenced by the following:

- i) The prices of the raw hides and skins have increased to such a level that the SLA has difficulty to compete on the market (the private traders are changing their foreign currency income from the non-recorded trade on the black market and have a competitive edge).
- ii) The SLA tanneries are practically without suitable raw materials (during the visit to Km 7 the tanning was on camel hides only) this is caused partly by the competition from the private traders partly because the civil war has reduces the supply.
- iii) The operations of the SLA tanneries were probably always a money-losing proposition but they were compensated by the lucrative raw material trade. This may be one of the main reasons why the new Italian-built tannery has not started operations under these conditions.

I was only able to visit the Km 7 tannery and this short visit confirmed the findings of the UNIDO Tannery Machinery Maintenance Expert Mr. Rongved as presented in his technical report on Somalia. It can be summarized that the Km 7 tannery in its present condition is not processing but destroying leather. Major efforts would be needed to put this tannery into proper operations. The best way might be that this tannery is used for wet-blue operations of hides only. The drums of the tannery are more or less in an operational condition and the only major machine needed would be a hides fleshing machine. This could possibly be provided under the Rehabilitation Scheme (US/RAF/88/102). The operations from retanning to finishing could be made in the new Italian-delivered plant.

Before a decision in this matter can be taken the CTA and the rehabilitation expert should assess once more the situation and they should be provided with answers to the following open questions:

- When is the new tannery to start operations?
- Who are the partners and under which kind of agreement?
- Can the effluent from the old tannery be handled by the new treatment plant?
- Can the retanning and finishing operations of hides be handled in the new plant?

b) Shoe Industry

The situation in the SLA footwear operations is very similar to the leather tanning operations. The Km 7 factory has an old shoe factory, mainly with machinery supplied by BU. Most of the machines are in poor condition, badly maintained and it would take a major renovating project to put them back into operation. The new factory is equipped with brand new, latest Italian equipment, properly installed and ready for operation but up to now only producing some samples. Apparently the operations cannot commence until the new tannery is able to provide suitable upper leathers. We were requested to send the shoe technologist to work in the new plant as of early 1990, however, only after the situation is clarified on the tannery side.

c) General Director of the Industry

Very constructive discussions were held with Mr. Omar, General Director of Industries, Ministry of Industries. He was well informed about our project and requested additional assistance for Somalia in the following areas:

- National training centre in the leather and allied sector
- Quality control laboratory open to the public and private sectors
- Additional direct assistance to the SLA.

It was agreed that a project revision to the present project US/SOM/88/100 will be prepared to rephrase the funds to better fit the new situation in the country and in accordance with detailed discussions with the SLA. This revision should be based on the end 1989 financial status. It was further agreed that a new project proposal will be prepared including the additional inputs as outlined above and sent as a first concept for clearance to Somalia as soon as possible. After receipt of the conceptual clearance a fully fledged document is to be formulated for approval by the UNIDO Project Review Committee and for negotiations with suitable donors.

d) World Bank Technical Assistance

The World Bank desk officer for Somalia Mr. Pellekaan had recently visited Somalia and had requested the SLA to contact me at UNIDO to recommend a suitable person to assist the SLA in corporate planning etc. This telex was not received in Vienna but a copy was given to me during my visit (copy enclosed for easy reference). This type of advice can help in the short term only if it is closely connected with the assistance provided by the UNIDO project. I would agree that a suitable candidate for this work could be Mr. Iftikhar Hussain. Mr. Hussain has worked in Somalia and with the SLA before (as FAO expert) and seems to have made a good impression on the SLA personnel, who would prefer to work with him. He probably could also co-operate with the UNIDO expert team. If Mr. Hussain is selected, he should be sent for briefing to Vienna and to Nairobi.

The UNIDO technical assistance to be provided under US/SOM/88/100 was explained to the Resident Representative of the World Bank. Mr. Borin felt that the assistance was much needed and starting at the right time. He indicated that if the new project phase to be formulated is not financed by a grant from

a donor country, he could consider to recommend World Bank financing under the adjustment credit.

e) US/SOM/88/100

The National Expert of the project Mr. Farah Ismail is doing a very good job and the well-functioning national project office is located at SLA. This provides a good base to operate from for our international experts.

One of the problems is, however, that the only counterpart inputs the SLA is presently able to provide are the release of the National Expert and the office accommodations. Driver(s), project secretary, senior and extension officers and per diem, as specified in the document, are not available. After rather long and engaged arguments with the counterpart agency I am prepared to recommend that these inputs will be included in the international inputs in the forthcoming revision. After careful calculation all the extra cost could be accommodated under the funds budgeted for budget line 17-01 if the extension officers are reduced from ten to five. This could be workable.

The salt rehabilitation funds should be transferred from the subcontract budget line 21 to budget line 41, equipment, and be utilized probably for the purchase of chemicals etc. Dr. Machanga is requested to prepare together with the counterparts a list according to the requirements.

Some changes are necessary in the international experts and an Italian shoe technologist is needed to assist in starting of the footwear plant. The funds can be obtained by shortening the time of the tanning expert which is not now fully needed in Somalia (due to the contract made by the SLA and an Italian company to start the new tannery).

The hides and skins improvement operations are badly needed and Dr. Machanga is starting his work immediately. One of the major aspects in this respect are the new slaughterhouse operations. It seems that these operations have not started because no decision has yet been taken as to who will be responsible for the operations. The SLA is very keenly interested to be in charge of the slaughterhouse. Dr. Machanga was requested to visit the slaughterhouse and to prepare a report and recommendations.

VI. SUDAN1. Mission Programme

In spite of the short notice, limited time available and the fact that the mission was timed from Friday to Sunday, a very comprehensive mission programme was organized by the National Expert designate Dr. Ahmed Hag Sheikh Abbo. The special efforts made to organize this mission are gratefully acknowledged and particular thanks go to all who took the time to see me at short notice and interrupted their busy schedule for the meetings.

The mission programme in Sudan was as follows:

Friday 17 November 1989: (Muslim Holiday)

- Visit to Omdurman with Dr. Abbo, Head of Hides and Skins Section in the Ministry of Animal Resources, candidate for National Expert post US/SUD/98/100/17-01.
- Visited in Omdurman the offices of the Hides and Skins Section of the Ministry of Animal Resources, two hides and skins warehouses (Abdalla Deitta Co. Ltd. and Hamza Yassin Hamza), the Artisan Leather Market and Omdurman Tannery and Shoe Factory owned by Messrs. Ahmed Kalifa.
- Visit to Afrotan Co. Ltd. in Gedid Industrial Area (40 km outside Khartoum) Mr. Azmi Loga, Partner, and Mr. M.S. Rao, Production Manager (ex-CLRI)

Saturday 18 November 1989:

Meetings with:

- Mr. Mubarak Ibr. Ahmed, Managing Director of Leather Trading and Manufacturing Co. Ltd., and Technical Director Mr. Abdalla Abdel Rahman Joude.
- First Under-Secretary of Ministry of Industry - Mr. Mohammed Osman Hashin.
- General Director of Public Companies - Mr. Jaffar Hussain
- At Khartoum Tannery - Acting General Manager Mr. Ibrahim Sid Ahmed and Acting Technical Manager Mr. Abdalla Bashir.
- At White Nile Tannery - General Manager Col/Y I. Yaagoub, Technical Manager Mr. Elfatih Abu Rafad.
- Dinner hosted by First Under-Secretary of Ministry of Industry

Sunday 19 November 1989:

Meetings with:

- UNDP Mr. Satu Raisamo, Programme Officer
- At Institute of Leather Technology, Principal Dr. Abdalla M. Mizo
- Deputy First Under-Secretary of Animal Resources, Dr. Omar Abd Rahman.
- State Minister for Agriculture, Natural Resources and Animal Resources, Dr. Abu El Gasim Ahmed Shumu.
- Ministry of Finance and Economic Planning, Dr. (Mrs.) Muhasin Khidir, Industrial Sector (Chief of Planning),. Representative of the International Desk and Agricultural sector.
- Dinner hosted by the State Minister of Agriculture, Natural Resources and Animal Resources, Dr. Abu El Gasim Ahmed Shumu.

2. Findings

a) National Expert

The employment of Dr. Abbo was discussed with UNDP and it was agreed that:

- UNDP is to write a letter to the Ministry of Finance and Economic Planning to inform that UNIDO/UNDP has approved the candidature of Dr. Abbo as National Expert, post 17-01 within project US/SUD/88/100.

- As soon as the formal release of Dr. Abbo has been received, UNDP will inform UNIDO by telex of the level, step and salary scale of Dr. Abbo and the date of employment. UNIDO will then telex the authorization for the salary payments. I suggested that the employment should start retroactively as of 1 November 1989.

The salary scale should be appropriate to the educational background and present senior position of Dr. Abbo within the UNDP pay scale. It was suggested that since Dr. Abbo missed the Nairobi briefing in April 1989 it is essential that he will be called for briefing urgently in order to start the project activities. I was to inform Dr. Abbo by telex accordingly from Kenya after discussions with the CTA.

I also requested Dr. Abbo to start preparing the preliminary work plan and to gather the present legislative and other data within the Sudan leather sector in order to provide material for Output 1 of the project. He is expected to bring this information to Nairobi. It was further pointed out to Dr. Abbo that quarterly progress reports should be submitted to Nairobi and Vienna.

Communication to Dr. Abbo should be directed to the Leather Trading & Manufacturing Co., P.O. Box 159, Khartoum; Telex SD 22298 with a copy to UNDP.

### b) Public Tanneries

A visit was paid to the Khartoum Tannery and the White Nile Tannery both located in Khartoum. These public sector tanneries have for years been facing serious problems and for various reasons have never operated at full capacity. At present there is a large-scale rehabilitation programme in progress consisting mainly of the following:

- large-scale civil engineering inputs to reconstruct the entire foundation of the White Nile Tannery. This involves excavation of the entire floor to the depth of several meters.

- New equipment from:

Romania	\$ 2 million )	
Yugoslavia	\$ 2 million )	all three public tanneries
Italy	\$ 1 million )	

The White Nile Tannery is presently under new management and Col. Yaagoub is enthusiastically pursuing the rehabilitation programme and has mobilized the army engineering troops to assist in the civil engineering. The factory currently produces only at low capacity but still employs the full work force of 375 people.

After rehabilitation phase one the factory should be capable of producing 1,000 hides and 6,000 skins per day, and after rehabilitation phase two the factory should produce an additional 300 hides per day.

Khartoum Tannery is in somewhat better shape and produces presently about 300 hides and 600 skins per day; the total staff employed is 420 of which 160 are production workers, 40 technicians and the rest in administration etc. The tannery's rehabilitation does not have to include major civil engineering inputs.

### c) Private Tanneries

A visit was paid to the only major private tannery Messrs. Afrotan. The factory is located about 40 km outside Khartoum. The tannery is run professionally and efficiently and is an excellent example that tanning industry can be operated effectively in Sudanese conditions provided the right management and professional staff are running the operations.

### d) Hides and skins

The Hides and Skins Section of the Animal Resources seems to be suitably staffed (Dr. Abbo has been requested to forward us the actual staffing list) and very keen to start the project activities.



3. US/SUD/88/100 - US/RAF/88/100 and 102a) **Work plan**

A draft is to be prepared by Dr. Abbo and taken to Nairobi. It is recommended that local courses in tanning, finishing, shoe technology and in leather goods should be organized at the leather institute. The courses in each case should be of about three weeks duration with a two-week preparatory phase; the number of students should be about 12-16. The courses in hides and skins improvement for the Khartoum area are to be organized in the Hides and Skins Section headquarters at Animal Resources in Omdurman.

It was suggested that a project revision could be requested for transferring some of the funds from budget line 33 - In-service training, to budget line 42 -Equipment, as the Ministry of Finance and Economic Planning could make local funds available for the in-service training seminars and thereby utilize the foreign exchange component for more essential inputs. This should be studied by Dr. Abbo and a request for such a budget revision should be presented to UNIDO with the Government's assurance that funds in local currency equivalent to the amount to be transferred from budget line 33 to budget line 42 will be made available.

b) **Rehabilitation**

Main possible areas:

1. The Institute of Leather Technology, its laboratory, tannery, and footwear and leather goods plants. No large production machines are needed for the tannery as two major tanneries are next door. Effluent treatment is solved by pumping the effluent water to Khartoum Tannery and from there to the White Nile Tannery for further treatment.
2. Spare parts for public sector tanneries - to be recommended by Mr. Rongved.
3. Finishing department of White Nile Tannery - Mr. Eckert to prepare recommendations.
4. Slaughterhouse equipment such as pullies etc. - are to be recommended by Mr. Machanga.

4. Conclusions and Recommendations

The main conclusion of the mission is that the change in the National Expert has been a positive move which will assist the Sudan project in starting activities. Dr. Abbo seems to have excellent relationships with all the competent Government authorities, as well as the public and private tanning industry and he is well motivated and keen to start the project.

The mission's visit to the Ministry of Finance and Economic Planning revealed that the Sudan project US/SUD/88/100 was unknown there and for this reason no counterpart contributions were budgeted. Apparently the signature of the document from the Sudanese side by the Leather Trading and Manufacturing

Company was cleared only by the Ministry of Industry without the knowledge of the Ministry of Finance and Economic Planning. It was, however, agreed by the Ministry that the project will be immediately included in the Government's budget as counterpart input.

It is now important that the employment of the National Expert be formalized and that he should be immediately authorized to travel to Nairobi for three days consultations. The following telex is to be sent from Nairobi to Khartoum:

PRIESTLY FOR BORTHWICK/RAISANEN FROM BERG/FELSNER INFORM LEQUIEN/TAYLOR/  
CALABRO US/SUD/88/100 NEW NATIONAL EXPERT CANDIDATE DR. AHMED HAG EL  
SHEIKH ABBO.

AAA) WE ACCEPT AND SUPPORT APPOINTMENT OF DR. ABBO AS NATIONAL EXPERT BL  
17-01 AND REQUEST UNDP TO COMPLETE FORMALITIES AS EARLY AS POSSIBLE AS  
DISCUSSED DURING BERG'S MISSION AND INFORM UNIDO CREYDT/TAYLOR THE TERMS  
OF EMPLOYMENT, SALARY LEVEL AND STARTING DATE.

BBB) WE AUTHORIZE DR. ABBO TO TRAVEL NAIROBI FOR THREE DAY INITIAL  
BRIEFING AS SOON AS POSSIBLE CHARGING COST TO MOD XX YY ZZ BL 15. PLEASE  
TELEX COMMUNICATE AS EARLY AS POSSIBLE DR. ABBO'S TRAVEL SCHEDULE.

VII. ZAMBIA1. Mission Programme

Mr. Gerhard Felsner, CTA of US/RAF/88/100, joined the mission in Zambia. The mission programme was prepared by the National Expert prior to the arrival of the mission as follows:

## Monday 5 December 1989:

18.00 Arrival of G. Felsner from Nairobi

## Tuesday 5 December 1989:

08.30 Briefing meeting on project activities by Mr. C. Siulapwa, National Expert, Mr. Kjerstad, JPO, and G. Felsner  
 09.30 Meeting with Mr. A. Chapewa, Finance Manager of Small Industries Development Organisation (SIDO)  
 16.25 Arrival of J. Berg from Zimbabwe

## Wednesday 6 December 1989:

08.30 Meeting with UNDP  
 09.30 Departure to Kabwe to visit the site of the SIDO tannery complex  
 15.30 Meeting with Mr. B. Andriessse, Commercial Manager of Bata Zambia

## Thursday 7 December 1989:

08.15 Meeting with Dr. Mangani Deputy Director of Veterinary  
 09.30 Meeting with Mr. Karjainen, Commercial Secretary Finnish Embassy, re tannery plans in Western Province.  
 10.30 Meeting with Mr. M.A. Salah, PTA secretariat  
 11.30 Meeting with Mr. A.M. Sallah, Resident Representative  
 12.30 Visit to Asaria Leather Tannery, Meeting with Mr. Metha  
 14.30 Meeting with the Chairperson Ms. K. Maine and the Secretary Mr. Chisanga of Leather Industry Association of Zambia. Visit to Kamra Ltd.  
 16.00 Meeting with Mr. Mwale, Assistance Director of Technical Cooperation, National Commission for Development Planning.

## Friday 8 December 1989:

09.00 Departure to Nairobi

2. Findingsa) General Situation

The situation in the hides and skins, leather and leather products industry in Zambia has changed to such an extent that the approved project document, financed through a special purpose contribution from Switzerland to the IDF, has to be revised. The following salient points are of great importance to the successful implementation of the project:

- The hides and skins availability and the quality of the raw material remain the most important factors for the further development of the Zambian leather and leather products industry.

- The original project objectives concerning the hides and skins improvement are, therefore, more than valid and the forthcoming project revision should further reinforce the activities in hides and skins improvement and increased collections. If this part of the project is not successfully implemented, there is no point to build additional large tanning capacities in the country and such projects should be discouraged. However, small-scale tanning in rural areas, where the collection of raw hides and skins for the large mechanized tanneries is not practiced, should be supported.

- Several new tannery projects have been and still are promoted by different organizations and potential donors. The so-called INDICO tannery project seems to be cancelled, but the SIDO project is going ahead and the construction of the factory building is in progress. A visit was made to the construction site and this project is dealt with separately. A tannery project is also being considered in the Western Province with possible Finnida assistance and a small tannery is expected to be started with Norad aid.

- Export of wet blue has been a controversial issue during the last four months. All wet blue exports were banned suddenly and even existing export licenses were revoked.

This decision was apparently based on a strong lobby from the finished leather end-users side, who were demanding that all raw hides should be processed to finish leather and were of the opinion that the "poor" finished leather produced by Bata, the only tannery equipped to produce finished leather, was mainly caused by exporting the best quality hides in wet blue. This export ban caused severe problems to the leather industry and stopped the cash flow of the tanneries geared to wet blue export and dried up the foreign exchange inflow which is needed by the tanneries for importing chemicals and essential spare parts.

It is clear that the correct policy for the country must be to encourage higher value-added production within the leather sector. Such a policy must, however, be based on a long-term, well defined strategy and not to hasty Government decisions based on one-sided, poorly formulated advice. The export ban was lifted on Monday 4 December 1989 until further notice and the exports of wet blue is again allowed with a 50 per cent retention of foreign exchange.

The UNIDO project US/ZAM/88/100 should, therefore, be reshaped to provide the maximum assistance in this direction and a project revision will be prepared to provide the inputs needed to assist in achieving the development objectives of the leather sector in Zambia, as soon as the end-1989 delivery figures are available.

**b) SIDO Tannery and Leather Products Complex - Kabwe**

A visit was made to the SIDO complex to assess the present status of this project. The project is located in Kabwe, about 150 km north of Lusaka. The total area of the complex, including the effluent treatment lagoons, is over 10,000 sq metres. The building construction is ongoing and the quality of the building is excellent. One could question the necessity for making such a heavy investment in buildings of a tannery complex. The total cost of the building was budgeted at K 55 million, however, it is likely that this will be exceeded. The machinery has not been ordered and the machinery list in the feasibility study was not well specified, certain essential machines are missing (vacuum drying, hydraulic press) and the working width of some of the machinery was doubtful. It was agreed that the rehabilitation expert under US/RAF/88/102, Mr. A. Lesuisse, should be fielded in Zambia early January 1990 together with Mr. A. Rongved, Machinery Maintenance expert, US/RAF/88/100, for about one month to assist the SIDO Tannery Complex in rectifying some of the construction errors and in providing technical data for updating the feasibility study prepared.

The feasibility study, which is the basis of the SIDO Tannery Complex, has been made using the UNIDO COMFAR system, but due to inadequate and unreliable technical data the study is not considered realistic. The following points should be closely examined by the experts and used to modified the study:

- Water (bore hole not yet drilled)
- Raw material availability
- Product mix - especially tanning of vegetable tanned goat skins and sole leather in the "rural" tannery
- Machinery
- Effluent drainage within the factory and the effluent treatment, some problems exist in the different levels between the rural tannery, the mechanized tannery and the effluent treatment area, and in the under-sized drainage piping
- Management and technician training

Any further UNIDO assistance to the SIDO project has to be carefully considered after the UNIDO experts have made a proper evaluation of the project. It should be borne in mind, it is not the purpose of the programme to start new tanning capacities but only to rehabilitate existing tanneries where raw materials are available. It has also been agreed not to dissipate the funds in para-statal projects where profitable operation are unlikely. This seems to put the SIDO project in doubt.

**c) Bata Tannery and Shoe Company**

Mr. Andriessse, Commercial Manager, informed that the four-month ban of exports on wet blue was lifted as of 4 December 1989 for a period of six months, after which the situation will be reviewed by the Ministry of Commerce. A 50 per cent foreign exchange retention scheme is in use. However, wet blue exporters who are in the raw hides and skins trade and only produce wet blue for export are in a better position than a company like Bata which must finance with the wet blue export foreign exchange retention the import of chemicals for the wet blue and also for finished leather for the local market, and essential spare

parts for the tannery and the shoe factory. The exporters of wet blue only do not need to use all the generated foreign exchange for the wet blue chemicals and can accumulate foreign exchange for other purposes.

Raw material cost is about K 300-350 for green hides - ungraded; weight about 25 kg. Wet salted hides average 17/18 kg and have an average area of about 30 sq. ft. after processing. The yield of splits is about 10-20 per cent.

Slaughter fees in the municipal abattoirs are considered to be too high, K 300 per cattle and K 60-70 for sheep and goat. This seems to be the reason why many animals are slaughtered in backyards resulting in poor quality hides.

Bata had a license to export wet blue since 1986 to finance imports of chemicals and essential spare parts. Bata sold medium to low quality wet blue in tannery run, excluding rejects. During 1986 the total export volume was approximately US\$ 1 million.

The Bata tannery at Kafue has an installed capacity of about 300,000 hides per annum, however, only about 150-160,000 hides are produced presently due to lack of raw hides. Of these hides about 80,000 pieces are exported in wet blue and about 70,000 pieces are produced to finished leather for the local market, which give some 750-800,000 pairs of leather footwear. In addition, Bata is processing under contract hides from Messrs. Galoun to wet blue, and the combined Bata/Galoun wet blue export during the last year was 189,000 pieces. Bata reported to have manufactured about 1.5 million pairs of leather footwear during 1983; the present production is 2 million pairs of all types of which about one third are in leather. The total annual needs of Zambia for finished leather is estimated to be currently about 2.5 million sq. ft. (100,000 hides). Bata is selling finished leather to private shoe manufacturers at about K 55-60 per sq. ft. The private manufacturers bitterly complain about quality, quantity and delivery times of Bata supplies and relate this to the Bata "monopoly".

The mission feels, however, that although some of the complaints are justified, Bata management is trying to do the best possible job under the circumstances. In addition to the SIDO tannery complex there are two tanneries (Asaria and Kembe) with definitive plans to expand to finished leather production, which will break the Bata "monopoly". However, it will take years before these tanneries are able to produce high quality leathers for the local market.

It is, therefore, considered that the most efficient and fastest way to help the local private manufacturers in obtaining good quality upper leathers is to assist Bata tannery with some new equipment and spare parts needed for their finishing operations. This could be provided under the UNIDO tannery rehabilitation project US/RAF/88/102 and a scheme would be worked out whereby a local fund will be created to which Bata would pay a rental or leasing charge for the new machinery supplied by the project. This rental could be calculated on the value of the machinery in Kwacha payable over a period of 5 years, after which the title of the equipment is transferred to Bata. The Kwacha fund thus created should be utilized for improvement of the Zambian hides and skins.

This matter was tentatively discussed with the Resident Representative who

pointed out the sensitive political and economic issues of such an operation and agreed to provide guidance and assistance when our experts would start working in this matter. The issue was also taken up with Mr. Mwale, Assistant Director of Technical Cooperation. Mr. Mwale was of the opinion that this type of approach would not meet with any problems from the Zambian authorities and he encouraged us to pursue the matter.

It seems necessary that after the experts Messrs. Lesuisse and Rongved have completed studying the matter and consolidated their findings G. Felsner will travel to Lusaka to complete the negotiations.

**d) Kamra Ltd, Manufacturers of Quality Shoes**

This small shoe factory has reached a remarkably high standard in a very short time. It has further expansion plans and would need some assistance in starting up a unit sole manufacturing department. This department would not only produce soles for the factory's own production but also soles for the local market small-scale shoe manufacturers. A study should be prepared and the UNIDO footwear expert fielded to provide the technical data for a rehabilitation study.

**e) Asaria Tannery**

Mr. Metha, Managing Director, requested UNIDO assistance in providing policy recommendations to the Government of Zambia which would assist the competent authorities in formulating a sound development strategy for the country. This is, of course, one of the objectives of the project and such policy recommendations will be formulated shortly.

Asaria Tannery currently produces wet blue and has a capacity to process about 100,000 hides per annum. The present production is only about 25 per cent of the capacity due to lack of hides and the special conditions in Zambia caused by the stop of wet blue exports.

The tannery plans to extend its operations to crust and finished leathers and the machinery has been ordered and building construction started. The company is one of the main collectors of hides and skins from the Western Province. Hides from that area weigh about 8-9 kg/piece wet salted.

**f) Meeting with Mr. Erich Rogatti, German Volunteer Services**

Mr. Rogatti is a small-scale tannery and shoe industry expert with a three-year assistance contract in Zambia. He has been in Zambia for about two months and has collected a lot of interesting data and experience from the hides and skins and leather industry sector. His work was highly complimented by the SIDO technical people. Mr. Rogatti was assured that he will be given any assistance he may require through our project, such as small equipment and tools for the training school he is starting in the Western Province. Mr. Rogatti promised very close liaison with our National Expert and to send UNIDO his requirements and a report.

**3. Conclusions and Recommendations**

a) **Fielding of Experts**

It is recommended that the Rehabilitation Expert under project US/RAF/88/102, Mr. A. Lesuisse, and the Tannery Machinery Engineer under project US/RAF/88/100, Mr. A. Rongved, be fielded as soon as possible preferably already mid-January 1990. The assignment will be to advise the SIDO with respect to the Kabwe Tannery and to assess the rehabilitation needs of the Bata Tannery finishing plant.

G. Felsner will travel to Zambia towards the end of the two experts' mission to discuss with the Government authorities and UNDP the modus operandi for the assistance to the private companies and the creation of a special revolving fund.

The Shoe Technologist Mr. J. Baradat should be fielded to work with the shoe factory Kamra Ltd. in about April 1990 in order to prepare a rehabilitation study for the company.

b) **Hide and Skin Improvement and Environmental Protection Fund**

In order to provide further assistance to the hides and skins sector it is suggested that a special fund will be created for this purpose. The assistance to the private companies through US/ZAM/88/100 and US/RAF/88/102 should be charged to the companies in local currency which should be paid into this fund.

c) **Bata Rehabilitation**

The rehabilitation of the Bata Tannery finishing plant is considered to be the fastest way to provide finished quality leathers to the local companies. The Rehabilitation Expert and the Tannery Machinery Engineer, together with the Bata technical and commercial staff, should prepare a study for this rehabilitation programme.

d) **Equipment Deliveries**

It should be noted that the delivery of small equipment to this land-locked country should be made by air.



A well prepared mission programme had been organized by the National Expert, Mr. R. O'Shaughnessy. This programme included the following main components:

Thursday 30 November 1989:

12.15 Arrival Harare  
 14.00-16.00 Visit to UNDP, discussion with chief accountant Mr. N'Delela.

Evening Dinner with Mr. E. Cross, Chairman of Leather Institute of Zimbabwe (LIZ) and Mr. C. da Costa, Managing Director of Superior Footwear.

Friday 1 December 1989:

08.20 Arrival in Bulawayo

- Visit to LIZ, discussions with Mr. O'Shaughnessy and Mr. E. Leach, candidate for post 11-03, FAO.
- Visit to G & D Shoe Factory, Egel Tannery and Castilian Leather - discussions with Mr. Feigenbaum and his staff
- Working lunch with Mr. Feigenbaum and Mr. O'Shaughnessy.

Monday 4 December 1989:

- Visit to LIZ, briefing of National Expert on administrative procedures and discussing project work
- Meeting with Mr. H-W. Bussmann, Counsellor of the Federal Republic of Germany
- Visit to Belmont Tannery discussion on machinery specification (overhead conveyor)
- Meeting with Mr. Ebrahim Essof, new Director of LIZ

Tuesday 5 December 1989:

08.20 Arrival in Harare

- Visit to Superior Footwear
- Visit to R. K. Footwear, discussion with Mr. U. Ratanje, President of Zimbabwe Footwear Manufacturers' Association
- Visit to UNDP to discuss with Mr. Friedrichs project administrative matters.

15.30 - Travel to Lusaka

2. Findings

a) UNDP

During my first visit to UNDP on 30 November neither the programme officer

Mr. Friedrich nor his secretary were in the office. Discussions were held with the chief accountant Mr. N'Delela and the authorization procedure concerning MOD 13-9-05870 was clarified. UNDP had considered the clearances for the expenditure on this MOD by the CTA Mr. G. Felsner (as clearly instructed in the authorization telex) as new authorizations by an unauthorized person and had, therefore, not effected payments or transfer of funds. This has caused a lot of embarrassment to the National Expert and delays in the project's implementation. The matter seems to be understood now.

During the second visit to UNDP on 5 December I was able to meet Mr. Church and Mr. Friedrich and further clarify the administrative matters on the project, including the provision of a petty cash amount to Mr. O'Shaughnessy (equivalent to US\$ 500 at the time). I also briefed Mr. Friedrich on the programme and project scope, objectives and activities and all the activities undertaken during my mission. In order not to hamper the project operations early next year, it is important that before end of this year a new MOD for local expenditure will be issued.

b) Leather Institute of Zimbabwe (LIZ)

The institute is a good example of how an industry-supported and 100 per cent industry-oriented institute can, with relatively small resources, provide excellent services to its supporters and end-users. Contrary to many institutes started on a grand scale with massive assistance from international grants, with the finest infrastructure, equipment and large training inputs, but with unmotivated staff and lack of industry linkage, LIZ was started on a small scale, in rather humble surroundings but with motivated staff and the direct industry linkage and has, therefore, developed in a short time to a very useful tool for the leather sector development in Zimbabwe. A lesson to be learned!

The timing of the UNIDO assistance to LIZ and through LIZ to the Zimbabwe leather and allied sector is very appropriate and is expected to provide this rather dynamic sector with much needed "side kick" support. The UNIDO projects US/ZIM/88/100 and US/RAF/88/100 & 102 have started well in Zimbabwe and the first periodic report and a letter to Dr. Hargreaves and Dr. Tsododo by the National Expert are appended for easy reference. Some photographs also show the first demonstration seminar.

The new Director of LIZ, Mr. E. Essof, will start early January 1990 and the UNIDO National Expert can then be released fully to his project duties. Mr. O'Shaughnessy has until now carried two functions and has, therefore, been under a heavy burden during the last six months. However, the project has, not suffered as he has been able to fulfil this double function more than well.

c) US/ZIM/88/100

As already mentioned the project, funded by a special purpose contribution of the Netherlands to the IDF, has started very well. The budget of the project was discussed with the Director of the LIZ and it was agreed that the funds provided under budget line 33 - In-service training, \$ 16,000 should be

largely transferred to the budget line 31 - Individual fellowships. The reason is that the LIZ and the industry are willing to provide the funding for the in-service training seminars in local currency and would like to use the main part of the money (\$ 40,000) for organizing training at TNO, Netherlands, for three leather technologists and six shoe industry technologists. It was agreed that upon receipt of a letter from the LIZ requesting such a change UNIDO would take up the matter with the donor country authorities and, if agreed by them, contact TNO to organize the courses.

Mr. O'Shaughnessy will confirm the timing of the international experts' visits to Zimbabwe and individual job descriptions should be prepared. The following schedule seems likely:

11-03 Hides and Skins:	three months June-August 1990 three months April-June 1991
11-04 Tannery:	one month July 1991
11-05 Finishing:	one month end 1991
11-06 Maintenance:	requested to visit as soon as possible, at least one month (not included in original plan)
11-07 Leather Goods:	four months June-September 1990 first week general assessment 3 weeks instal leather goods/shoe equipment 2 months SATRA type of stitching course 1 month direct assistance to Castilian Leather
11-08 Footwear:	two months April-May 1991

It may be of importance that some assistance is also provided within the effluent treatment sector. This may be best left to the sub-contractor.

d) US/RAF/88/102

The rehabilitation of the private tanneries was discussed and the technical specification for the toggling conveyor was telexed to Vienna. A scale drawing was provided by the Belmont Leather and is annexed to the report.

The transfer of title of the equipment was discussed with the Director of the LIZ and the best solution may be that the transfer of the equipment supplied to the private companies is made to the LIZ at the end of the project. The LIZ will then make an agreement with the private companies which allows them to continue to use the equipment against a moderate rental charge to be used against the running expenses and further development of the LIZ. This should be discussed in detail as soon as possible so that a suitable presentation can be made to the Government authorities in due course (probably during the next backstopping mission). Mr. O'Shaughnessy should start preparations to this end. Mr. Church and Mr. Friedrich of UNDP were briefed on this issue.

Discussions was held on the subject of Computer Aided Design (CAD) development for the Zimbabwe as well as for the whole programme. Although

originally my opinion was that it was far too early to start anything of this nature in an African country, I have revised my views after visiting the two major shoe plants in Zimbabwe. It could very well be feasible to start a CAD centre within the LIZ if such a centre could work directly for the industry in Zimbabwe and the industry would on a proportional basis pay for the local costs, including building, staff salaries and materials needed. The centre would also provide training for the other PTA countries and disseminate information to these countries by producing a seasonal (biannual) information bulletin on shoe design and technology. It was agreed that UNIDO would assign a CAD expert (Mr. F. Schmel) and request Messrs. VICAM to visit Zimbabwe simultaneously to prepare a study on this matter. If the study shows positive results, equipment could be purchased under US/RAF/88/102. In this way the whole footwear industry can be assisted in the country and to some extent even in the region without necessitating assistance to individual shoe factories.

PROJECT WORKPLAN

ANNEX 1

Starting date: 7 January 1990

M Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

