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REGIONAL AFRICA

HIDES & SKINS, LEATHER AND LEATHER PRODUCTS IMPROVEMENT SCHEME

US/RAF/88/100/11-71

TECHNICAL REPORT (\*)

on a mission to MALAWI  
01-06 July 1992

Based on the work of

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Agro-Based Industries Branch

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**EXPLANATORY NOTES**

1US\$ = 3.90 Malawi Kwacha

**MALAWI**

Mission dates: 1st - 6th July 1992

**PURPOSE OF THE MISSION**

The Consultant's field mission to Malawi was first of all to present the proposed draft project document for the next phase of the ongoing National Hides and Skins, Leather and Leather Products Scheme US/MLW/88/100 which is the National Leather and Footwear Industries Scheme (NALFIS) to Malawi Government's relevant Ministries and to secure endorsement of the proposals in this document and wherever required make appropriate amendments.

This mission was also to review the status of the Government inputs for the proposed activities during the implementation of the project's second phase.

The consultant's work schedule while accompanied by the national expert included meetings and consultations with the following:

- UNDP Deputy Resident Representative
- UNIDO JPO
- Senior officials of the Ministries of Trade and Industry, Agriculture, Animal Health and Industry Department
- Field visits were made to the proposed new target area of Norther region, the leather goods training unit Mtupanyama (now Superior Leather Goods Ltd) and Liwotan in Liwonde.

Please note that the project document amendments have not been included in this report and are contained in the final project document.

**INTRODUCTION**

Although Malawi has a predominantly agricultural economy, the rather modest livestock population of approximately 1 million head of cattle, goats and sheep which forms the basis of a leather industry utilizing locally available raw materials did not initially encourage development of this sector. However, Malawi continued to export its raw materials while on the other hand importing finished leather from neighbouring countries until Liwonde tannery in Liwonde which was initially established as a cottage industry was developed into a fully fledged mechanical tannery through UNIDO/UNDP technical assistance in order to process raw hides and skins from raw stage to finished leather.

UNIDO's on-going project US/MLW/88/100 has mainly concentrated on the development of the whole sector through an integrated programme approach comprising of assistance to the national hides and skins improvement activities as well as to the leather tanning and leather products industrial sub-sectors. Malawi's Government request for the extension of this project has been dictated by the still unexploited potential for the development of the leather sector mainly in

the manufacturing of footwear and leather goods as well as in the export of some processed leathers. In order to achieve these objectives which would create more employment opportunities for Malawians as well as increase foreign exchange earnings for the country. The next phase of the project (NALFIS) US/MLW/92/200 will, therefore, continue with the activities aimed at improving the quality of raw hides and skins by extending assistance in form of training, transportation fleet and equipment to the department of Animal Health and Industry of the Ministry of Agriculture. In this area assistance in construction of slaughter slabs in suitable locations and provision of flaying tools is expected to be provided.

Introduction of a new grading system developed by UNIDO will be carried out and this is expected to motivate producers to produce better quality materials by fetching higher prices for better quality and lower prices for lower grades.

The leather goods training unit Mtupanyama will receive concentrated assistance in order to train suitably qualified manpower for the leather goods manufacturing units in Malawi with particular emphasis on the training of women with a view of promoting more women participation in this sub-sector.

#### **FINDINGS**

##### **Meeting with the National Expert, Mr. A.N. Jumbe**

The consultant met with national expert Mr. Jumbe shortly after arrival and explained the purpose of the mission which was mainly to present the draft project document NALFIS (US/MLW/92/200) to the relevant Government Ministries and also to check on the status of the proposed Government counterpart inputs.

The programme schedule which was constrained by the short time allocated to this visit was reviewed and is annexed to this report.

##### **Meeting with UNDP Acting Resident Representative, Dr. Worku Debebe and UNIDO JPO, Mr. Frank Runchel**

The consultant informed Dr. Worku the purpose of the mission and presented to him the concept of the second phase of UNIDO technical assistance (NALFIS) US/MLW/92/200 as outlined in the draft project document. Dr. Worku stressed that although UNDP is very supportive of continued assistance being given to the leather sector he is very concerned with the situation of Liwonde tannery which continue to experience management problems. He further explained his concern for the delay in formalizing agreement between agreement between Liwonde tannery, UNDP and the Leather Association of Malawi. These concerns were echoed by UNIDO JPO Mr. Runchel who requested that a copy of similar agreements entered by UNIDO and Leather Associations be forwarded to him for comparison. He promised to send a copy of the draft agreement from Indefund (which he considers unsatisfactory) to the UNIDO project's Regional Office in Nairobi for information.

At this meeting, it was noted that although the Malawi Government has requested for the extension of the ongoing UNIDO project US/MLW/88/100 on several occasions the official government request was still pending as a letter from UNDP Resident Representative on the subject sent to the Government on 20 May 1992 had so far not drawn response from the Secretary for Trade and Industry. This matter was

subsequently raised during the meeting with the senior officers of the Ministry by the consultant and it was agreed that the national expert will receive a copy of the official government request.

**Meeting at the Ministry of Trade, Commerce and Industry**

**Present:**

S. Kiruthu	UNIDO Leather Industry Consultant
A.N. Jumbe	UNIDO National Expert
F. Runchel	UNIDO JPO
R. Chilingulo	Chief Industrial Development Officer
M. Tsilizani	Principal Industrial Development Officer
A.L. Banda	Principal Industrial Development Officer
C.C. Kachiza	Industrial Development Officer (UNIDO Project Desk Officer)

The consultant presented the concept of the next project phase of UNIDO's ongoing project with emphasis on the Immediate Objective 2 which relates to the setting up of a leather goods training unit at Lilongwe's Mtupanyama's factory (Superior Leathergoods).

Mr. Chilingulo asked UNIDO national expert to review the progress made during the ongoing phase in all areas. It was noted that Liwonde tannery continued to experience management problems which the Government officials indicated were now resolved with the expected management restructuring as the Managing Director was leaving the management.

The issue of establishing a revolving fund was also causing concern to the Ministry and the Ministry considers that the industry in Malawi is still at the infancy stage and fears that a Leather Association will not have a structure which incorporates a secretariat capable of managing the revolving fund. During this meeting it was clear that apparently the Government Ministry and UNDP expect that there will be one fund for funds from both UNDP assisted Liwotan and UNIDO assisted projects. The view of UNIDO that two separate funds are proposed should be communicated to the Ministry and UNDP from the Regional Office in Nairobi so that the two funds can be established independently. At the moment the Ministry feels strongly that the fund is safe under INDEFUND management.

As the Government/local counterpart inputs for Immediate Objective 2 are expected to be provided by the recipient companies, the Government Ministry of Trade, Commerce and Industry did not require to make any budgetary provisions for this project phase other than what is already provided for the Ministry's industrial development extension work.

**Meeting at Ministry of Agriculture - Department of Animal Health and Industry**

**Present**

F.A. Musa	Deputy Chief Veterinary Officer
M.B.B. Kasowanjete	Principal Officer (Animal Health and Industry) and Government counterpart for UNIDO National Expert
S. Kiruthu	UNIDO Leather Industry Consultant
A.N. Jumbe	UNIDO National Expert

The consultant presented the concept of the National Leather and Footwear Industry Scheme (NALFIS) to the meeting especially in regard to the specific areas concerning the Ministry of Agriculture, that is the **Immediate Objective 1** which is the continuation of the hides and skins improvement activities in central region of Malawi as ongoing under US/MLW/88/100 and establishment of a second national pilot scheme in the northern region. The meeting went through the expected outputs and activities which includes introduction of suitable grading systems for hides and skins, construction of slaughter slabs and drying sheds as well as formulation of suitable incentive schemes for hides and skins producers.

Mr. Musa, the Deputy Chief Veterinary Officer outlined the difficulties facing the Ministry in the following areas:

- Training of butchers
- Lack of facilities for air-suspension drying of hides and skins so that there is a lot of ground drying
- Low collection of hides and skins as only those villagers with access to hide selling points or a nearest to buyers who sell their hides and skins
- Budgetary constraints due to reduced target allocation partly because of the prevailing drought
- Shortage of qualified manpower and the Ministry staff is involved in animal diseases control and animal by-products improvement is included amongst other activities.

The consultant informed the meeting that it is essential that counterpart inputs be identified and ensured at this stage. animal Health and Industry Department undertook to provide the personnel who will be involved in extension work and the necessary daily subsistence allowance (DSA) as well as other operational costs. The estimate of Government input costs is attached as an annex of this report. A senior officer has already been provided as a counterpart to the UNIDO National Expert.

#### Field Mission to Mzuzu (Northern Region)

Mzuzu town is in the northern region and is earmarked as the centre for the proposed hides and skins improvement activities in the northern region during the implementation of the second phase. A meeting was convened in the District veterinary office, Mzuzu where the consultant presented the proposed hides and skins improvement activities during the next phase.

#### Present:

Dr. F.B.D. Jere	Mzuzu Division Veterinary Officer
Dr. G.W. Wanda	Basic Animal Health Project
M. Chungwa	Senior Animal Husbandry Officer, Mzuzu
C.D.M. Mwenetembela	Senior Animal Husbandry Officer, Mzuzu
M.B.B. Kasowanjete	Principal Officer (Animal Health and Industry)
S. Kiruthu	UNIDO Leather Industry Consultant
A.N. Jumbe	UNIDO National Expert

It was agreed that co-ordination of all the Hides and Skins Improvement activities for the Northern region would be done from Mzuzu where one project vehicle would be based while another vehicle will be based in Karonge. Six motor vehicles will be distributed to the out-lying areas of the division.

The present Veterinary Department in this area should absorb all the project activities utilizing mostly meat inspectors who should receive further training during the implementation of the project on hides and skins improvement.

It was proposed that 6 hide sheds should be built in the potential site identified by the National Expert including Ekwendani which was visited by the consultant. Chain blocks and tackles will be provided to the slaughter slabs in these sites.

**Visit to Liwonde 4 July 1992**

The consultant and the National Expert were received by the Production Manager at the tannery and after a tour of the factory discussions were held on the operational status of the factory. It appeared that Liwonde tannery faces severe problems in relation to its ability to purchase chemicals. This situation is further compounded by the fact that Malawi is generally faced with shortage of foreign exchange.