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UNITED
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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 ETHIOPIA
19-23 July 1992

Based on the work of

Samuel M. Kiru'hu , Leather Industry Consultant

Backstopping officers: Juhani Berg, Aurelia Calabrò
Agro-Based Industries Branch

PURPOSE OF MISSION

The purpose of the consultant's mission to Ethiopia was to present and discuss with Government, the leather industry and some local representatives of donor countries/agencies the various components of the draft project document for the proposed extension of the National Hides and Skins, Leather and Leather Products Improvement Scheme US/ETH/88/100 which is part of the large scale regional programme US/RAF/88/100 operating from Nairobi. The draft project document concentrates on development of the leather and footwear industry and its title is the National Leather and Footwear Industry Scheme (NALFIS) US/ETH/92/200.

The framework of the new phase was reviewed in order to assess the status of Government counterpart inputs especially in light of the proposed dissolution of the National Leather and Shoe Corporation which has been UNIDO counterpart during the ongoing phase.

INTRODUCTION

Ethiopia has a predominantly agricultural economy with the leather sector whose development is dependent on the large livestock population being of particular importance.

UNIDO has over the years provided important external assistance to Ethiopian leather sector mainly through the National Leather and Shoe Corporation (NLSC) which has been administering all state owned enterprises within the sector. The current ongoing UNIDO regional project US/RAF/88/100 have resulted in admirable development of the sector. NLSC has been spearheading a well planned development strategy for the overall development of leather and leather products sub-sectors.

External assistance during the on-going phase has included assistance for improvement of the quality of raw hides and skins by strengthening the extension services under the Ministry of Agriculture and fielding of FAO Hides and Skins Expert.

The developmental objectives and activities foreseen in the proposed second phase of the national project, the National Leather and Footwear Industry Scheme (NALFIS) aim at assisting the Ethiopian leather industrial sector in improving the quality of raw materials, increasing income of primary producers of hides and skins and increasing exports of higher value added leather and leather products. The activities earmarked also aim at reducing environmental degradation by assisting Awash tannery in the establishment of an effluent treatment plant.

The hides and skins improvement activities will focus on continued strengthening of extension services in the existing selected target areas of Awassa and Boditi districts as well as in the new target area of Swai Region. The implementation is expected to be carried out with the co-operation of the proposed Leather Industry Association and be supported by the self-sustaining "Revolving Fund" funded by payments for international assistance provided to the leather industry.

National Leather and Shoe Corporation (NLSC)

The National Leather and Shoe Corporation has been responsible for the administration of all state owned enterprises in the leather industrial sector.

This corporation, therefore, has been the main UNIDO counterpart during the implementation of UNIDO assisted projects in this sector. Due to the changed political situation in Ethiopia and the reforms taking place with regard to privatization and liberalization, the NLSC is one of the organization which is marked for dismantling.

According to the information made available to the consultant during the mission, the NLSC was expected to cease existing as an organization by the end of August 1992. All the enterprises under its administration will be expected to function as independent entities in operation of their businesses. UNIDO as an organization has been in the forefront in promoting the new trend of eliminating state monopoly in all industrial sectors and therefore even though NLSC has enjoyed rare success as a state corporation, any opinion which may seem to support its continued existence would be contradictory.

Lack of usual success by NLSC in the recent past due to several factors both political and economic has no doubt contributed to the case for its quick dissolution. When it ceases to exist there is little doubt that this will leave a vacuum in the management of enterprises whose new management in some cases may not be accustomed to making decisions individually. The impact of NLSC was in the past felt at the raw-materials producer level where the organization was instrumental in making decision concerning pricing structure, which were predetermined periodically. Liberalizing of trade at the producer level where butchers can freely negotiate for the prices of raw hides and skins based on quality provides the best chance of improving the quality of raw materials available to the industry.

Meeting with the UNDP - Deputy Resident Representative

Present:

Babashola Chinsman	UNDP Deputy Resident Representative
Ms. Claudia Linke	UNIDO JPO
S. Kiruthu	UNIDO Leather Consultant
S. Hailu	UNIDO National Expert

The consultant briefed Mr. Chinsman on the foreseen developmental objectives and activities of the proposed UNIDO project in Ethiopia that is the National Leather and Footwear Industry Scheme (NALFIS) US/ETH/92/200 as well as on the related regional programmes (RALFIS) (REFAM). In view of the rather large financial resources required for the implementation of this project, UNIDO is in the process of looking for ways of sharing costs with non-traditional donors as well as examining possibility of UNDP support within the country programme schemes.

Mr. Chinsman said that the 5th country programme for Ethiopia stresses the development of Industries based on locally available resources such as the leather industry. This sector therefore requires to be supported through privatization and the role of the Ethiopian Government in running of industrial enterprises should be curtailed. UNDP feels strongly that UNIDO national project should not extend assistance through the existing structure especially in the Ministry of Agriculture. The present structures should, therefore, be reviewed with the possibility of creating trade representative bodies such as the Chamber of Commerce and Industry.

In specific regard to the proposed project (NALFIS) and the role of the National Leather and Shoe Corporation Mr. Chinsman asked the consultant to discuss with the UNIDO privatization expert who was attached to the Ministry of Industry in order to present to the Ministry non-contradictory proposals for the dissolution of the National Leather and Shoe Corporation.

The UNDP Deputy Resident Representative also emphasized the need to have expended marketing activities for leather at the regional level as well as increased efforts at reducing negative environmental impact.

The consultant informed him that most of the concerns he raised are addressed to in the project document which seeks the formation of a Leather Industry Association which will manage the Revolving Fund generated through repayments for UNIDO assistance in form of machinery and equipment given to the industry. The project will be involved in the establishment of a tannery effluent treatment plant in a selected tannery will continue to extend assistance aimed at mitigating environmental degradation caused by tannery effluents.

In later discussions with the national expert, the consultant proposed that in regard to the National Leather and Shoe Corporation and the reduced role of the Ministry of Industry, the vacuum being left by NLSC should be filled by a Leather Industry Association and retention of a NLSC Desk at the Ministry of Industry during the transition period in order not to interrupt the ongoing and proposed project activities. These proposals were discussed on phone by Mr. J. Berg UNIDO's backstopping officer for the project and the consultant.

Meeting at the Ministry of Industry:

Present:

Assefa Kebede	-	Vice Minister, Industry
Asnake Sahle	-	General Manager NLSC
S. Kiruthu	-	Leather Industry Consultant
S. Hailu	-	National Expert

The consultant briefed the Minister on the activities of the project US/ETH/88/100 which is being phased out and then presented the concept of the second phase, that is the National Leather and Footwear Industry Scheme (NALFIS).

The Minister was informed that in the project document the Ministry of Industry is the Ethiopian Government Implementing Agency for industrial activities. However, in light of the proposed dismantling of the National Leather and Shoe Corporation and in order to facilitate smooth functioning of ongoing activities under US/ETH/88/100 it would be appreciated if NLSC maintained a desk at the Ministry to liaise with UNIDO's national expert. A second proposal was for the Ministry to lend support to the ongoing formation of a Leather Association comprising of members from the private sector and the industries previously working under NLSC.

The General Manager of the National Leather and Shoe Corporation supported these proposals and with the Vice-Minister concurring, it was agreed that Mr. Hailu, UNIDO National Expert will be responsible for co-ordination of the formation of the Leather Industry Association.

Meeting at the Ministry of Agriculture

Present:

Ato Habtamou Gessesese	-	Acting Vice-Minister
Ato Mastin	-	Ministry of Agriculture
Zewdu Kebede	-	Head, ARMD/Ministry of Agriculture
S. Kiruthu	-	Leather Industry Consultant
S. Hailu	-	National Expert

Mr. S. Hailu, UNIDO National Expert introduced the consultant at the meeting and then reviewed the status of the ongoing UNIDO project on Hides and Skins Leather and Leather Products Improvement Scheme (US/ETH/88/100). The consultant then presented to the meeting the concept of the second phase of UNIDO project which lays emphasis on the development of Leather and Footwear Industry as well as in the continuation of hides and skins improvement activities. The meeting was informed that a major purpose for the consultant's mission is to ensure counterpart inputs from the Ministry of Agriculture which are critical for the implementation of the National Leather and Footwear Industry Scheme (NALFIS) US/ETH/92/200 are in place. The other purpose of the mission was to review the draft project document with the Ministry of Agriculture in order to make any desirable changes before the project document is finalized.

Ato H. Garsesse requested Mr. Kebede to make comments on the draft project document. Mr. Kebede said that the proposed new project has already been presented to central planning and the counterpart budget will be provided starting January 1993. It is expected that support for operational costs in hides and skins extension work which was provided previously by UNIDO through UNDP will now be provided by the Revolving Fund.

The Ministry of Agriculture favours activities aimed at strengthening complementarity between the Ministry and private leather industry in supporting extension services. In the past the NLSC was supposed to provide incentives for extension officers but this could now be done by the Leather Industry Association. The concept of the Revolving Fund was therefore supported by the meeting as it will help sustain the project activities beyond the lifespan of UNIDO project. However, the Ministry was of the opinion that the mechanism for utilization of funds should be elaborated with UNIDO's assistance.

On the issue of implementation of some of the activities such as the building of hides and skins drying sheds which has not been entirely satisfactory, Mr. Kebede indicated that one of the two drying sheds is now completed and the concerned service cooperative should be charging for the use of these drying sheds.

It was agreed that the Government supports the proposal of having a second national expert in charge of hides and skins improvement activities and will facilitate selection and release of a suitable candidate.

Meeting at the World Bank Office - Addis Ababa

Present:

Abham Deshpande	-	Resident Representative, World Bank
Ms. Claudia Linke	-	UNIDO JPO
S. Kiruthu	-	Leather Industry Consultant
S. Hailu	-	National Expert

Ms. Linke introduced Mr. Deshpande to the consultant and the national expert. Mr. Deshpande had a letter from the UNIDO Country Director requesting for this meeting.

The consultant briefed the meeting on the ongoing UNIDO project activities within the national programme for Ethiopia US/ETH/88/100, the activities at the regional level incorporating other countries of East and Central Africa and the need for continuation of this project. The concept of the foreseen second phase and the draft project document for Ethiopia's National Leather and Footwear Industry Scheme (NALFIS) US/ETH/92/200 was discussed. The consultant then informed Mr. Deshpande that UNIDO is examining possibilities of cost sharing and/or additional financial assistance to assist in implementation of the UNIDO regional programme for the leather industry. Therefore, non-traditional donors and agencies are being acquainted fully with the proposed activities. In particular, the World Bank is interested in mitigating environmental degradation caused by industrial pollution and as the leather industry is one of the polluting industries, this constitutes a major activity within the programme.

The World Bank Resident Representative said that the World Bank recognized the important role the leather industry plays in the Ethiopian industry due to the very significant contribution it makes to the country's balance of payments. World Bank is, however, unlikely to consider any assistance to the productive sector during this fiscal year as emphasis is on emergency reconstruction which is a rehabilitation phase constituting of mainly balance of payment support. The second priority is agriculture with emphasis being placed on small-holder coffee growers. In the year 1993/94 there could be possibility of some involvement in the leather sector.

Mr. Deshpande said that in the area of environmental control the World Bank has a Global Environmental Facility whose details he did not have at hand but he was going to forward them to UNIDO through the JPO in Addis Ababa.

Meeting at the African Development Bank

Present:

Solomon Deneke	-	ADB Economist
S. Kiruthu	-	Leather Industry Consultant
Ms. C. Linke	-	UNIDO JPO
S. Hailu	-	National Expert

This was a brief meeting intended to acquaint ADB with the activities of the UNIDO leather industry projects in Ethiopia and to explore areas of common interest. The consultant therefore gave the background of UNIDO's leather project

US/ETH/88/100 and the regional project US/RAF/88/100 which are being phased out. He presented the concept of Ethiopia's National Leather and Footwear Industry Scheme as detailed in the draft project document.

Mr. Deneke indicated that ADB usually gives loans to African Governments although under its 6th ADF (African Development Fund) which is designed every 3 years the bank can finance private firms directly. The bank is, however, not involved in the leather industry at present and due to the current situation in Ethiopia its priority is agriculture and social projects.

Meeting with EC Foreign Trade Consultants

Present:

Ben Barden	-	E.C. Programme Director, Export Promotion Unit
Martin Kisenbeis	-	Programme Director, EC Foreign Trade Development Programme, E.C. Agronomist SIPIII - Private sector monitor
S. Kiruthu	-	Leather Industry Consultant
S. Hailu	-	National Expert

The UNIDO Country Director had requested for a meeting with E.C. Delegate and as he was not available, he made arrangement for EC consultants to attend the meeting. UNIDO leather consultant informed the EC consultants that UNIDO has been involved in the development of the leather sector in Ethiopia over a long period. At present there is an ongoing project on Hides and Skins, Leather and Leather Products Improvement Scheme (US/ETH/88/100). The consultant was discussing a draft project document of the extension of this project with the Ethiopian Government as well as the industry. The meeting was also informed that there is need to examine possibility of cost sharing or additional financial assistance in projects which have similar components and where both EEC and UNIDO are independently involved.

The two consultants said that they are involved in export support (SIPS and STABEX) programmes and private sector monitoring. The leather sector is one of the areas where EEC has export development activities aimed at product development, quality control and assistance in marketing. This programme started in January 1992 when an industrial survey was conducted of both public and private enterprises.

After the survey six companies including Universal were identified as being within the target groups of companies which the programmes next phase will assist in the areas of product development, design as well as a market trial survey. These programmes will concentrate on finished products such as leather garments and footwear.

Some of the private owned tanneries and those under the National Leather and Shoe Corporation were assisted by funds from SIPS in order to import chemical inputs and this is paid back in Birr into a local fund.

Meeting at the National Leather and Shoe Corporation

Present:

Asnake Sahle	-	General Manager, NLSC
Getachew Zewdie	-	Manager, Awash Tannery
Bulti Teferra	-	Manager, Ambessa Shoe Factory
Tamrat Beyone	-	Manager, Universal Leather Goods Factory
S. Kiruthu	-	Leather Industry Consultant
S. Hailu	-	National Expert

This meeting was convened to discuss the draft project document of the National Leather and Footwear Scheme (NALFIS) especially in view of the expected dissolution of the National Leather and Shoe Corporation.

The consultant was introduced by the national expert to the participants. The consultant introduced the draft project document which proposes assistance to Ambessa factory, Universal and Awash tannery through the national and regional schemes. As NLSC has in the past acted as a UNIDO counterpart in the implementation of the on-going projects US/ETH/88/100 and US/RAF/88/100 and as the affected factories were now going to be independent entities it is necessary that they individually assume that they will provide counterpart inputs for NALFIS, RALFIS and REFAM. In particular Awash tannery where an effluent treatment plant is proposed to be constructed would be expected to provide assurance of its ability to provide counterpart inputs in form of civil works and other local costs. The Manager Mr. Getashew Zewde undertook to provide the necessary assurance (see annex III).

The consultant further informed the meeting that UNIDO is aiming to provide assistance through national trade/industrial associations and it is expected that all the factories currently under NLSC will join the Leather Association. It was resolved that the national expert will liaise with all the concerned factories during the formation of this association.

The General Manager of NLSC while thanking UNIDO for past assistance hoped that the next project will attract assistance and UNIDO programmes will go well even after the Corporation is dissolved.

Meeting with Private Tanneries

Walia Tannery

This is a small private tannery located near Awash. It has a capacity of 2,000 skins per day and 100 per day up to wet blue stage. UNIDO Tannery Expert, Mr. Carlos Marzo had already visited this tannery and discussed its requirements. Assistance to this tannery is not foreseen in the draft project of NALFIS in a specific area. However, discussion with Mr. Alemayehu Simegna, the tannery Manager indicated that the tannery is in urgent need of assistance in the areas of effluent treatment and manpower development.

Nalbadian Tannery

The managers of this tannery met with the consultant in the national expert's

office. The project manager, Mr. Vartles Nalbadian told the consultant that their tannery will soon be operational at Debre Zeit and they have been waiting for UNIDO assistance in the area of effluent treatment plant which so far has not been forthcoming.

The consultant promised to check with the regional office and headquarters on what type of assistance could be provided to their tannery (see Annex IV).

Dire Tannery

A meeting with the Commercial Manager of Dire tannery Mr. Bekele Endalew was convened in the national expert's office. The consultant was informed that the tannery has a capacity of 6,000 pieces of skins and 400 sides per day. It is presently exporting pickled skins and wt blue hides and skins with a turnover of about 11 million Birr per annum.

This tannery would like UNIDO assistance in order to erect an effluent treatment plant and to upgrade its production to the level of crust and finished leather stage.

UNIDO Tannery Expert Mr. Carlos Marzo had visited this tannery and has more information.


The consultant also met the General Manager and owner Mr. Bedada Chali who promised to forward more details in form of a letter to UNIDO. The details and requests for assistance were forwarded to UNIDO national expert vide letter DT/SHNE 92.090 of 22 July 1992 (see annex V).

RECOMMENDATIONS

1. Ethiopia should be assisted by UNIDO in the formation of the Leather Association and in starting the revolving fund
2. Due to the fact that most of the tanneries in Ethiopia have problems with the effluent treatment plants UNIDO should look at possibilities of enlisting World Bank's Global Environmental Facility in drawing up a comprehensive national and sub-regional effluent treatment programme.

Annex I

WORK PROGRAMME FOR
DR. SAM KIRUTHU

- 19-07-92 ARRIVAL
- 20-07-92
- 8:30-9:45 - UNIDO/UNDP(FINANCE)/BANK
- 10:00-12:00 - UNDP - DRR
- 12:00-13:30 - LUNCH BREAK
- 13:30-16:00 - MOI-VICE-MINISTER
15:30 -
- 21-07-92
- 8:30 -10:30 - MOA-VICE-MINISTER
- 11:00-12:00 - WORLD BANK *WORLD BANK*
- 12:00-14:00 - LUNCH BREAK
- ~~14:00-15:30 - EUROPEAN ECONOMIC COMMISSION - DIRE TANNERY~~
- 15:30-16:30 - AFRICAN DEVELOPMENT BANK
- 22-07-92
- 8:30-~~12:00~~^{11:00} - NATIONAL LEATHER & SHOE CORPORATION, (AWASH TANNERY, ANBESSA SHOE FACTORY, AND UNIVERSAL LEATHER GOODS FACTORY).
- ~~11:15-12:00 - EMBASSY OF SWITZERLAND~~
- (13:30-14:15 - DIRE TANNERY) 12:15-14:15 EEC (HILTON)
- 14:30-15:15 - ALEMAYEHU & MELAKU TANNERY
- 15:30-16:15 - NALBANDIAN TANNERY
- 23-07-92
- 10:00-12:45 - DEPARTURE
- 



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AWASH TANNERY

ሌሊት
Tel.

650773
165996
165957
652525

ቴሌግራም
Telegram

AWASHTAN

ቴሌኮም
Telx

21146

ፋክስ
Fax

652180

FOR DR. SAM KIRUTHU

As requested and
agreed during the discussion
8/6/92

786-1/6-1
Ref. B - AUG 1992
Date

አዲስ አበባ
Addis Ababa
አዋሽ
ETHIOPIA

General Manager
National Leather & Shoe Corp.
Addis Ababa

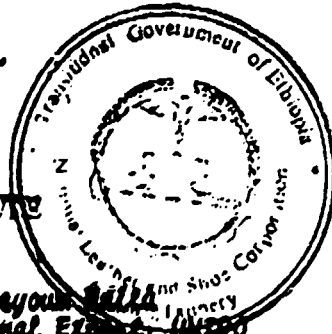
RE: EFFLUENT TREATMENT PLANT PROJECT

Further to our discussion with Dr. Sam Kiruthu, UNIDO consultant, on the extension of the Leather & Leather Products Improvement Scheme (Phase II) UNIDO has allocated USD 600,000 for the equipment component of a cost efficient effluent treatment plant for Awash Tannery.

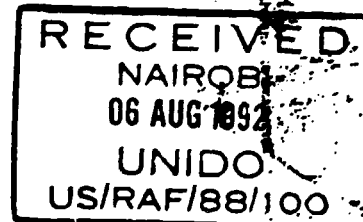
We hereby confirm that Awash is committed to take care of all local costs.

Best Regards,

GETACHEW ZEMWIE
MANAGER



C.C. - Ato Seyoum Balle
National Expert - UNIDO
Addis Ababa



1/2 lat

National Leather & Shoe
Corporation

☒ 2516 ☉ 51 71 22, Telex 21096 NLSC ET FAX 2514-51 35 25
ADDIS ABABA, ETHIOPIA

FAX TRANSMISSION FORM

TO US/RAF/88/100, NAIROBI
ATTN DR.S.KIRUTHU/MR.FELSNER
FROM SEYOUH HAILU

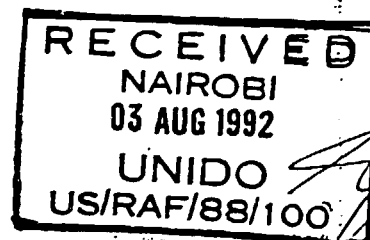
Re US/ETH/88/100

DATE 03-03-92
FAX No. 00254-2-506
TOTAL No. OF PAGES



FURTHER TO YOUR RECENT VISIT HERE ON PHASE II PLEASE FIND
INFORMATION AND REQUEST SUBMITTED BY MINISTRY OF AGRICULTURE
AND M/S NALBANDIAN TANNERY.

WITH KINDEST REGARDS.




MEMORANDUM

To : Ato Seyoum Hailu,
NE, US/ETH/88/100

From : Animal Resources Marketing Department

Date : 31, July 1992

Subject: Information for UNIDO, Nairobi


SEYU KEBEDE
Head, Animal Resources Marketing Department

Dr. S.M. Kir^vthu on his recent, July 21/23, 1992, visit to Ethiopia requested for a Work Plan for Phase II and cost of construction of slaughter slabs.

Attached please find 3+1 pages of same for faxing to Dr. Kiruthu and also for Mr. G.Felsner, CTA, Nairobi.

With kind regards and thanks.

UNIDO Project - US/ETH/92/200
Hides and Skins Improvement Component
Tentative Work Plan

<u>Activity</u>	<u>Period</u>	<u>Responsib</u>
1. Preparation and submission of project work plan (tentative)	Aug. '92	MoA National Coordinator
2. Reassess project areas' current base line data on livestock population, hides and skins collection and quality grades, staff posting and location, number of licenced hides and skins dealers, service coops, private and SC curing sheds, slaughter houses and slabs.	Oct. '92	National Zo Coordinator
3. Requisition of project vehicles, motor cycles and equipment.	Jan. '93	CTA
4. Purchase and delivery of project vehicles, motor cycles and spare parts	Jan. '93	CTA/M
5. Assignment of National Expert for Hides and Skins Improvement component.	Dec. '92	MoA/U
6. Assignment of coordination officers at headquarters, zonal and regional offices level for Zwai zone	Jan. '93	MoA
7. Assignment of sub-regional/ Awraja coordinators and extension staff for Zwai zone.	Mar. '93	MoA
8. Identification and selection of sites for the construction of curing sheds and slaughter slabs in both zones.	Mar. '93	NE/Mo Coord

<u>Activity</u>	<u>Period</u>	<u>Responsible</u>
9. Construction of curing sheds ^{do} and slaughter slabs for Awasa zone:		NE and Coordinators
- 2 slaughter slabs	Oct-Dec '93	
- 3 curing sheds + 3 slabs	Oct-Dec '94	
10. Construction of curing sheds and slaughter slabs for Zwai zone.		NE and Coordinators
- 2 sheds+2 slabs	Oct-Dec '93	
- 2 " +2 "	Oct-Dec '94	
11. Seminars/Training for Awasa zone.		
- Staff Refresher Seminar(10 days for 60)	Annual Mar '93/94/95	NE and Coordinator
- Staff retraining on Grading (13 days for 60, 2 groups)	Nov/Dec 1993/95	
- Artisan Training (7 days, 10 each, 6 centres for 60)	Annual Jan-Aug 1993/94/95	
12. Seminars/Training for Zwai Zone		NE and Coordinator
- Staff Orientation Seminar (10 days for 50)	Feb. '93	
- Staff Refresher Seminar (10 days for 50)	Feb. '94/95	
- Training on Grading (15 days for 50, 2 groups)	Apr/May '93	
- Retraining on Grading	Sept/Oct '94	
- Artisan Training (7 days, 15 each, 4 centres for 60)	Annual Jan-Aug '93/94/95	

<u>Activity</u>	<u>Period</u>	<u>Responsibility</u>
18. Introduce and implement uniform reporting format, already used in Awasa zone, within the new Zwai Zone.	Feb. '93	NE and Coordinator
14. Follow-up and finalize policy and strategy guidelines, legislation and regulation pertaining to hides and skins Industry.	Jan. '94	MoA/NE
15. Implement hides and skins grading system and also primary producer and staff incentive systems.	Jan. '94	NE/MoA/ MOI(NLSC)
16. Field visits and supervision		NE and Coordinator
- National Expert	10 days/month	
- MoA Coordinators	10 days/2 months	
- Zonal Coordinators	10 days/month	
17. Arrange International and Regional Seminars, Workshops, Fairs and Study Tours		CTA/NE
- Seminars/Workshops	According to schedule	
- Leather Fairs	Annual event	
(eg. Paris, Hong Kong...)	According to schedule	
- Study Tours, International	Nov/Dec, Annual	
- " " , Regional	Jun-Aug, "	

For Dr. Kiruthu
UNIDO, Nairobi
27/7/92

SLAUGHTER SLAB CONSTRUCTION COST

S U M M A R Y

A/ SUB-STRUCTURE

1. Excavation and Earth Work.....	Eth Birr	756.00
2. Concrete Works.....	" "	1,485.00
3. Masonry Work.....	" ""	<u>750.00</u>
Sub Total.....	" "	<u>2,941.00</u>

B/ SUPER-STRUCTURE

1. Elevation Wall Structure(posts).....	" "	720.00
2. Roofing.....	" "	1,120.00
3. Carpentry.....	" "	<u>984.00</u>
Sub Total.....	" "	<u>2,824.00</u>

Total of A and B " " 5,765.00

Note:-

Due to escalating costs the March 1990 costs sent to you have been updated and current cost of a rural slaughter slab is indicated above.

Ames (v)

Mary Nalbandian

Tel: 111771, 118752, 553594

P.O. Box 175
Addis Ababa
Ethiopia

Fax: 550609, Tlx 21191 Buchem E

T/MT/012/92

July 24, 1992

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
P. O. Box 30218
Nairobi,
K E N Y A

Dear Sirs,

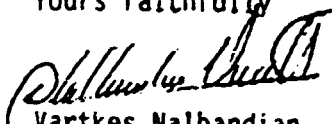
Further to our discussions with Dr. S. M. Kiruthu here on 22/7/1992, we kindly remind you of our correspondance with your esteemed organization.

Since January 29, 1990 we have written to you and had meetings and discussions with several of your experts regarding our application for your assistance in the effluent treatment of our tannery project in Debre Zeit. Our tannery will be operational soon.

As Mr. Felsner had informed us of our application being late for Phase I in his letter dated February 19, 1992, we kindly request you to consider it for Phase II.

Thanking you in advance for your kind consideration, we remain

Yours faithfully



Vartkes Nalbandian
Project manager

CC: ETHIOPIAN NATIONAL EXPERT
Mr. SEYOUM HAILU

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Ames

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DIRE TANNERY

IMPORT & EXPORT

P. O. Box 2492

Addis Ababa. - Ethiopia

Telephone { Office { 750260
 { 752704
 { Tannery { 791232
 { 792555

Telefax 251 - 1 - 752455
Telex 21513 DTSKIN ET
Cable BACH.

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OUR REF : DT/SHNE 92.090 YOUR REF :

Date 22nd July, 1992.

EXPORTERS

Mr. Seyoum Hailu,
National Expert,
US/ETH/88/100
Addis Ababa.

OF

WET BLUE

GOAT AND

SHEEP SKINS

=

PICKLED

SHEEP SKINS

=

WET BLUE

HIDES

Dear Sir,

As you may know, Dire Tannery produces semi-processed hides and skins to the stage of wetblue. So far the export proceeds which emanate from the export of Pickled and wetblue skins and hides have reached Birr 11.0 million annually.

The tannery has the capacity of producing 6000 pieces of skins and 400 pieces of side hides daily under normal conditions.

The area of the land on which the tannery is established is more than 9000 square meters and is spacious enough for expansion and erecting additional plant for water treatment.

The firm has planned to upgrade its production, stage by stage, the level of crust and finished leather. Without increasing the output, but by upgrading the processing stage to the level of crust, it is estimated that we can earn an additional forex to the tune of 18.0 million (60%)

If we get adequate forex for the necessary machines and equipment, as well as the essential chemicals and other required materials, it is estimated that the foreign exchange we expect from the export of these items will rise to more than Birr 25.0 million.

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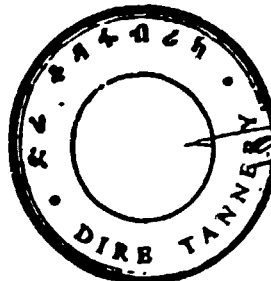
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This implies that our factory's requirement is not only to upgrade its production but also address the effluent problems, so as to enable it to meet the requirement for a higher stage processing and production of skins and hides.

To upgrade our factory and renovate the existing ones, we require the machines, the list of which are enclosed with this letter. We take this opportunity to assure you, sir, that we are prepared to pay the counter value, the machines in local currency in accordance with the agreement to be stipulated.

In the light of the foregoing, therefore, we request UNIDO to give its favourable consideration and kindly enable us to secure these machines.

Thank you very much your kind assistance and co-operation.



Sincerely yours,

Bedada Chali
General Manager.

List of Machine Required

- 1) 1 Water Treatment Plant
- 2) 2 Retanning Drums
- 3) 1 Vacuum Dryer
- 4) 1 One Setting Out Machine
- 5) 1 Buffing Machine
- 6) 1 Dryer Shaving
- 7) 1 Splitting Machine
- 8) 1 Curtune Coating Machine
- 9) 1 Toggling Machine

