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REPORT ON THE IMPLEMENTATION OF THE REGIONAL PROGRAMME ON
HIDES AND SKINS, LEATHER AND LEATHER PRODUCTS IMPROVEMENT SCHEME
(US/RAS/88/100)*

Prepared by
the UNIDO Secretariat

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Short Background on US/RAF/88/100 and associated projects

The large-scale *Regional Africa Hides and Skins, Leather and Leather Products Improvement Scheme, US/RAF/88/100*, is the largest IDF programme and incorporates several new elements in the so-called "programme approach". The programme is a joint effort of three agencies UNIDO, FAO and ITC. It has been structured to consist of one umbrella project and eight associated country projects.

1. **Development objective:** to contribute to the improvement of the region's and the participating countries' economy, create new employment opportunities, improve export performance, increase the income of primary producers, and provide the international leather and leather products market with additional semi-processed raw materials and finished products.
2. **Immediate Objectives:**
 - a) to establish a regional pilot scheme and to demonstrate, in practical terms, the process of hides and skins improvement from butchering and flaying to conservation, grading and collection;
 - b) to act as a catalyst to national authorities to introduce incentives for improved quality performance;
 - c) to rehabilitate existing infrastructures of selected leather tanning and processing plants by increasing their efficiency and capacity utilization, upgrading technical standards, operational methods and skills, product quality and marketing performance, as well as the knowledge of those attached to these industries at various levels, starting from primary producers.
3. **Implementation**

UNIDO is the executing agency and provides the total funding through IDF special purpose contributions. The financing of the US\$4,261,000 input for the umbrella project US/RAF/88/100 is shared by five donors, namely, Austria, Germany, France, Italy, and Switzerland. The share of the Government of Italy is US\$2,406,875.

Of the eight associated national projects, Italy finances those in Kenya, Somalia, Sudan and Tanzania with a total of US\$1,654,125. Germany financed the Malawi project, the Ethiopian and Zambian projects are financed by Switzerland and financing for Zimbabwe is provided by the Netherlands. In addition to this there is an important fund with US\$4.5 million provided by the Government of Italy for the rehabilitation of the leather industry.

The programme is well under way in most of the participating countries and it must be remembered that the programme includes several countries under most difficult political and economic conditions and where UN operations are practically at a standstill. The quality of the services delivered is in most cases much above average and highly appreciated by the recipients.

I would like to take this opportunity to mention the excellent work provided within the projects by the various African National Experts. Their motivation and devotion to the project have been outstanding.

Several requests from other (mainly member states of the *Preferential Trade Area*) African countries to join the programme have been received and the programme's tripartite review, held in December 1990, recommended that project proposals should be prepared for two additional countries, namely Uganda and Namibia and if approved by the *UNIDO Project Review Committee*, presented for financial consideration to a suitable donor country.

The Situation in African leather sector from UNIDO technical assistance point of view

1. Livestock base

When looking at the situation within the African leather industry, one first notices the immense potential based on the African livestock population. The eight countries assisted through US/RAF/88/100 have almost half of the African animal population as follows:

(Thousand heads)

Table 1

COUNTRY	BOVINE	SHEEP	GOAT
Ethiopia	31,000	23,300	17,300
Kenya	9,500	7,200	8,300
Malawi	940	200	900
Somalia	4,770	13,195	19,705
Sudan	22,400	19,000	14,000
Tanzania	13,000	4,500	6,500
Zambia	2,850	75	390
Zimbabwe	5,500	570	1,600
Total	89,960 (49%)	67,940 (35%)	68,690 (42%)
Total Africa	183,970	193,552	162,989
Total World	1,415,352	1,114,448	503,842

Source: FAO, 1987

Obviously, the reason to concentrate UNIDO assistance to these eight countries is well motivated by this potential. It is, of course, clear that this potential, when compared to the developing countries, is not as big as it seems by looking only at the *number* of animals. Several factors limit the full utilization of this potential or make utilization very difficult. Although Africa possesses 12%, 15%, and 30% respectively of the world's cattle, sheep and goats, it only supplies 5%, 10% and 20% of the world's hide and sheep and goat skins. Sustained development and assistance efforts, combined with determined national work, are needed to turn this potential into tangible results.

The main reasons why Africa's enormous livestock potential only contributes to a limited extent to the world's leather industry are as follows:

- i) Many of the domestic herds are kept by the nomadic tribes who keep the animals for traditional purposes and not for effective production of meat, milk or other products. The animals, especially the bovines, are rather small and the average area obtained from an African Zebu type bovine is about 20-24 sq.ft. or about 1/3 less than from European or USA cattle. The average slaughter rate of bovines in Africa is only 10-12% - just above the mortality rate of the animals - and only a part of the slaughtered animals' hides end up at commercial collection points and go from there to local or international tanneries.
- ii) The animals roam in the African savannah and/or near jungle areas in tropical conditions. Parasital diseases, horn rakes, torn scratches and large brand marks are therefore most common especially in bovine hides. Periodic droughts and over-grazing also reduce the size of herds and flocks from time to time.

- iii) The slaughtering of animals and consequently the flaying of hides and skins is carried out under rather primitive, uncontrolled conditions and therefore the hides are often spoiled.
- iv) The same applies for the curing and the conservation of the hides and skins. Large parts of the hides and skins are ground dried or smoke cured, giving a poor quality.

It is, therefore, obvious why assistance through the UNIDO project concentrates on the area of hides and skins improvement.

It is always difficult to obtain funds for hides and skins improvement activities. FAO has, for many years, worked in this area but always found it hard to obtain funding for sustained efforts. Under our present programme, we are trying to create revolving funds by supplying equipment and services to private tanneries, which are required to pay for these services in local currency and deposit the money into a trust fund for hides and skins improvement.

The following three tables illustrate the situation in the **US/RAF/88/100** countries:

Table 2

B O V I N E

(Thousands)

COUNTRY	No. of ANIMALS	SLAUGHTER		COLLECTIONS number	UNACCOUNTED/LOST	
		%	Number		pcs	Sq.Ft
Ethiopia	31,000	10	3,100	2,000	1,100	24,200
Kenya	9,500	16	1,520	1,500	--	--
Malawi	940	10	100	90	10	240
Somalia	4,770	10	500	250	250	5,500
Sudan	22,400	10	2,240	1,500	740	16,280
Tanzania	13,000	9.2	1,200	730	470	10,340
Zambia	2,850	10.5	320	260	60	1,680
Zimbabwe	5,500	14.5	800	580	220	6,600
Total	89,960		12,660	6,910	2,850	64,840

Source: Information gathered by **US/RAF/88/100** by National experts and international experts from various government and industrial sources

Table 3

S H E E P

(Thousands)

ANIMALS	No. of ANIMALS	SLAUGHTER		COLLECTIONS number	UNACCOUNTED/LOST	
		%	number		pcs	Sq.Ft
Ethiopia	24,000	35	8,400	7,200	1,200	6,000
Kenya	7,200		1,500	1,500+ (5,000)*	--	--
Malawi	200	30	60	28	32	160
Somalia	13,195	25	3,298	750	2,548	12,740
Sudan	19,000	22	4,200	2,100	2,100	10,500
Tanzania	4,500	20	900	200	700	3,500
Zambia	75	30	23	N/A	N/A	N/A
Zimbabwe	700*	30	210	N/A	N/A	N/A
Total						32,900

* Estimated by national project

Table 4

G O A T

(Thousands)

COUNTRY	No. of ANIMALS	SLAUGHTER		COLLECTIONS number	UNACCOUNTED/LOST	
		%	number		pcs	Sq.Ft
Ethiopia	18,000	36	6,500	3,800	2,700	10,800
Kenya	8,300	46	3,600	3,600+	--	--
Malawi	900	35	320	100	220	880
Somalia	19,705	25	4,700	1,000	3,700	14,800
Sudan	14,845	26	3,900	2,200	1,700	6,800
Tanzania	6,500	30	1,950	410	1,540	6,160
Zambia	390	35	140	N/A	N/A	N/A
Zimbabwe	2,300	35	800	N/A	N/A	N/A
Total						39,440

When studying the statistics available and the information collected by our experts, it is painfully clear that the statistical base in the African leather industry is very poor and that so far our project has not been able to make any significant improvements in this area. With all its deficiencies, the statistical compendium produced by FAO is by far the most reliable source of information available and it is envisaged that our project will help FAO to improve this compendium. When looking into the total losses or unaccounted materials in the eight project countries, we can note the following situation:

Table 5

TOTAL LOSSES OR UNACCOUNTED IN '000 SQ.FT

TYPE	LOSS Sq.Ft	AT US\$/Sq.Ft.	TOTAL LOSS US\$
Bovine	64,840,000	0.65	42,146,000
Sheep	32,900,000	0.53	17,437,000
Goat	39,440,000	0.80	31,552,000
Total			91,135,000

The unit prices are taken in today's very low-level in average African processed wet blues. Even so, the loss of US\$91 million is staggering.

Forecasts made by Messrs. Landell Mills on the African supply of raw hides and skins compared with the world's total supply, shows very little change in the African situation up to the year 2000. This forecast is presented in the following four graphic illustrations.

Figure 1. World Hide Production

The production of hides in the different regions is shown in ten year intervals; namely 1970, 1980, 1990 and the estimate of the year 2000. The developed regions, such as North America and Europe, are not expected to show any significant growth. The main growth areas are expected in the Asian region and in Latin America.

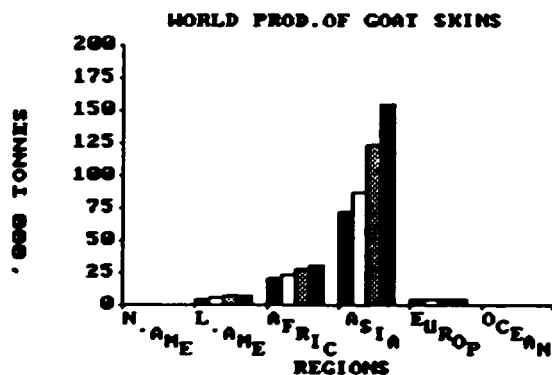
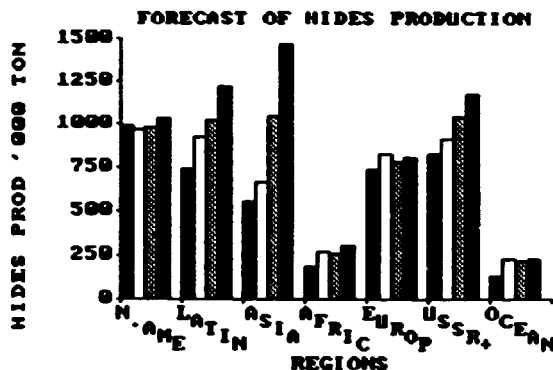


Figure 2. Goat Skin Production

The world production of goat skins is shown in the different regions in ten year intervals; namely 1970, 1980, 1990 and the estimate for the year 2000. The main growth area is expected to be the Asian region. Africa will remain as an important producer of goat skins with modest growth expectations.

Figure 3. Sheep Skin Production

The world sheep skin production is shown in ten year intervals; namely 1970, 1980, 1990 and the estimate of the year 2000. Main growth is again expected in the Asian region. Africa remains an important producer of sheep skins with modest growth expectations. All other regions are practically stagnant.

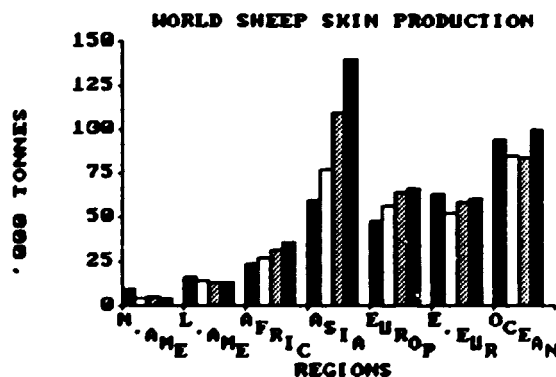


ILLUSTRATION 1

WORLD PRODUCTION OF HIDES AND SKINS IN '000 TONNES 1970-2000

Figure 4. Year 1970

African hides production, compared with the total production of hides in the world, is only about four percent.

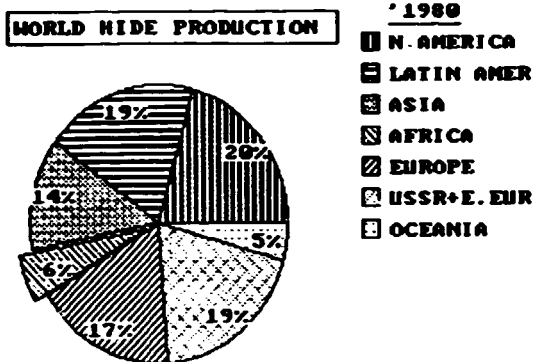
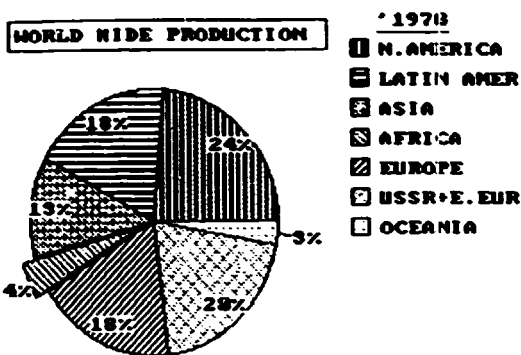


Figure 5. Year 1980

The African portion of the world production is now about six per cent, a two percent increase from the previous decade.

Figure 6. Year 1990

The African hide production portion has decreased by one percent compared with the previous decade. Note the rapid growth in Asia.

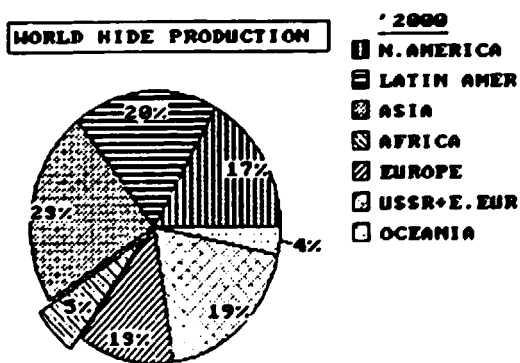
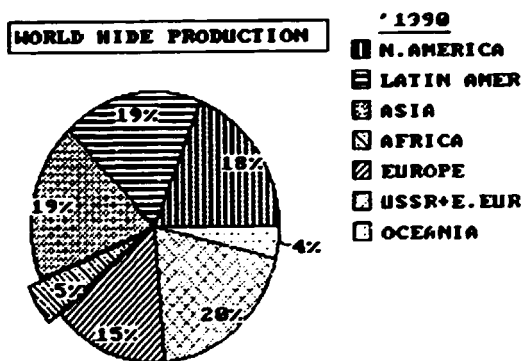


Figure 7. Year 2,000

The African portion remains static at 5 percent of the worlds total bovine hides production. The Asian production is expected to increase greatly and is now expected to be the major producer of bovine hides in the world.

ILLUSTRATION 2

WORLD PRODUCTION OF BOVINE HIDES 1970-2000

Figure 8. 1970 Goat Skin Production

World goat skin production is shown in the various regions as a percent of the world total. 1970 Africa produced about 20% of the total world output of goat skins.

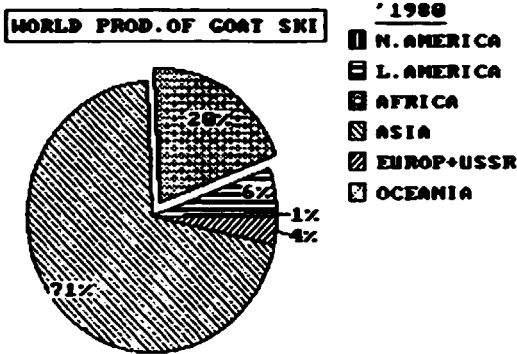
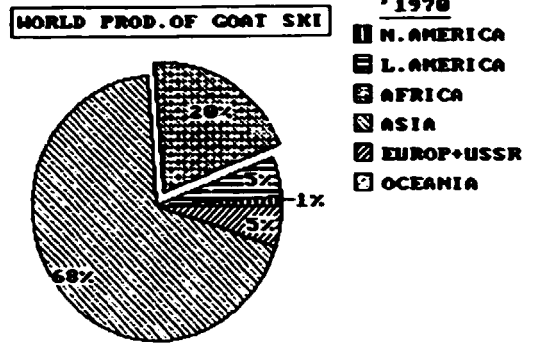


Figure 9. 1980 Goat Skin Production

In 1980 the African production of goat skins remains at the level of 20% of the total world output. The production of goat skins in Asia has grown to 71% of the world total.

Figure 10. 1990 Goat Skin Production

The African production, although growing moderately, has been reduced to 17% of the total world goat skin production. Note the rapid growth in Asia which now produces 77% of the total world goat skins.

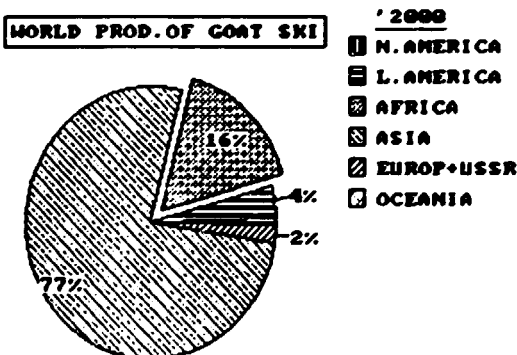
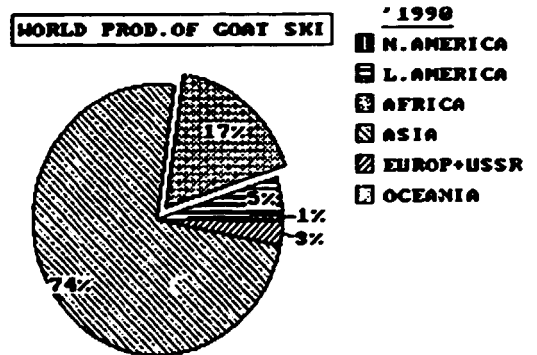


Figure 11. 2000 Goat Skin Production

The African production of goat skins is expected to be reduced to the level of 16% of total world production. African goat skin production continues to show a modest growth in quantitative terms and Africa remains the second most important region in the world. High growth is expected to continue in the Asian region.

Figure 12. 1970 Sheep Skin Production

The world production of sheep skins in 1970 is shown in the various regions as percent of the total production. Africa is producing 8% of the total world out put.

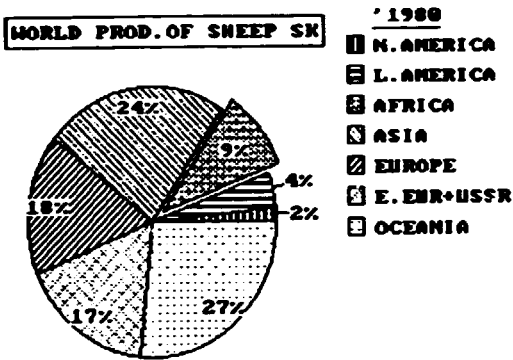
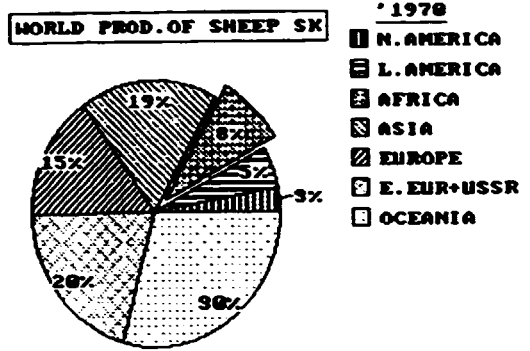


Figure 13. 1980 Sheep Skin Production

African production of sheep skin has grown slightly and now represents 9% of the total world output.

Figure 14. 1990 Sheep Skin Production

African production of sheep skins continues to be 9% of the world total. The growth in Asia is very substantial and the Asian region is now the largest supplier to the world and has passed Oceania as the number one producer of sheep skins.

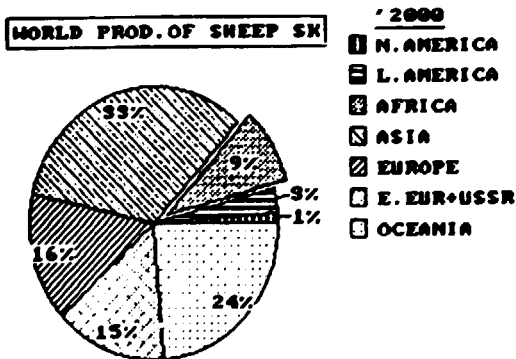
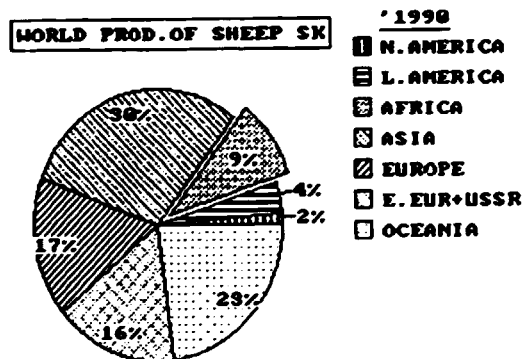


Figure 15. 2000 Sheep Skin Production

It is expected that the African production of sheep skins will remain in the region of 9% of the world total. Further growth is expected in the Asian region by the end of the century it is envisioned to supply 1/3 of the total world output in sheep skins.

2. Hides and skins improvement

Most of the African countries have established hides and skins improvement schemes which, in many cases, were started during colonial times. During these early colonial times, taxes in Kenya were paid with goats instead of cash. The colonial district officers who were responsible for collecting and recording the tax income soon noted that the Treasury in Nairobi had overlooked the fact that in a goat flock the birth rate is very high and the flock size increases very rapidly. The district officers were, therefore, able to quickly build up a flock, without it officially existing, which could be converted into cash by selling the animals. It was also discovered that by drying and selling the skins this unofficial income could be increased. This "goat-bag" - as it was called - in a certain way became the origin of the first colonial improvement scheme.

After independence, the hides and skins improvement schemes were kept ongoing but due to so many more pressing matters very little priority was given to this area. FAO soon started to provide assistance in this sector and many well-designed projects were launched and executed. It was, however, soon noted that these projects provided only some temporary uplifting of the quality and that the general trend in the African hides and skin sector was declining in quality and was unreliable with deliveries.

It was also increasingly difficult to obtain funding for hides and skins improvement projects. The economists and the tannery and leather products machinery makers advising the African governments were totally blinded by added-value thinking. It was much more glamorous to start large tanneries and leather products manufacturing plants than to carry out projects in the "bush" that needed no large, visible infrastructure. One of our FAO colleagues stated that "hides and skins improvement is not a sexy business and therefore does not attract development funding". No doubt there is a lot of truth in this statement.

It is for the above reasons that our present UNIDO/FAO/ITC project is trying to create revolving funds in the participating countries by requesting tanners and shoe manufactures to pay for assistance delivered into a trust fund to be used for hide and skins improvements. It would be very important for the future of the African leather industry that these funds are properly utilized and kept going by applying certain export levies and other similar methods to augment these funds.

It has been clearly noted during the execution of the present programme that the man in the field - the hides and skins improvement officer - can only obtain limited results if governmental legislation and actions do not support his efforts.

3. Tanneries

The African tanning industry, in most of the countries assisted, has a very brief tradition. In most of these countries the mechanized tanneries were built up in the late fifties or sixties several new tanneries were also started in the seventies and although presently there is a nominal overcapacity in most of the countries, new tanneries are still being planned and started.

The following table analyses the situation:

Table 6

AFRICAN TANNERIES

*Estimates based on US/RAF/88/100 findings
in million pieces*

Country	Number of tanneries	Capacity		Available raw material		Tanning capacity compared with availability			
		Hides	Skins	Hides	Skins	Hides		Skins	
						+	-	+	-
Ethiopia	12*	1.3	15.0	2.0	14.9	0.7		6.1	
Kenya	15	2.7	7.6	1.0	3.0	1.7		4.6	
Malawi	1	0.05		0.1 (0.12)+	1.0	0.05		1.0	
Somalia	5	0.25	2.2	0.5 (0.25)+	8.1 (1.75)+	0.25		5.9	
Sudan	6	1.4 (0.8)#	3.6 (2.7)#	1.5	8.2	0.1		4.6	
Tanzania	4	0.5	0.6	1.2 (0.73)+	3.0 (0.61)+	0.7		2.4	
Zambia	3**	0.47 (0.25)#	N/A	0.3	0.16	0.17		N/A	N/A
Zimbabwe	4**	0.85	0.8	0.85	0.8 (0.55)				
TOTAL	50								

- * 8 public 4 private
- ** One additional being constructed
- + Actual collections
- # Actual present capacity

When many of the above listed tanneries were started, they were based on "feasibility studies" prepared by parties whose main interests were in selling machinery or gaining other direct benefits. Rarely was consideration given to the expensive environmental and effluent treatment protection measures of the tanning industry. Moving the wet-end tanning capacities to Africa also brought environmental problems to the African countries. Likewise the expensive training of skilled workers, technicians and technical management personnel was usually ignored. The institutional infrastructure was very poor and the existing institutes did not function properly.

They are based on our project studies within the region. However, the figures give a trend which is obvious and support our original idea that we should:

- i) *not* provide assistance for starting new tanneries, only rehabilitate existing ones;
- ii) *concentrate* as much effort as possible on hides and skins improvement and find new ways of attracting funding for sustained, long-term efforts in this area;
- iii) *assist* and advise existing tanneries on clean technology and tannery effluent treatment;
- iv) *train* personnel at all levels;
- v) *reinforce* existing sectoral institutes and training centres.

4. Leather products manufacture

With the exception of a large multi-national which has established large and well functioning footwear factories in many of the African countries, the development in Sub-Saharan Africa - in this sector - has been rather slow.

There is now an apparent trend in the government planning units responsible for the sectoral development to encourage the starting of export industry for various leather products including shoe uppers, complete shoes, leather garments and various other leather goods such as small leather goods, hand bags and travel goods.

UNIDO has received several enquiries for launching technical assistance programmes in this direction within the coming five-year period.

There are obviously many possibilities to direct efforts to this end and the encouragement presently provided to private industry in several African countries could be one of the corner stones for such development. The most important factor for this development remains, however, the availability of good quality raw material, i.e. well and fashionably finished upper and lining leathers. In order to produce such leathers the local tanneries need good raw hides and skins, freedom to import the required chemicals without heavy customs duties, modern equipment and machinery with suitable precautions for environmental protection and - last but not least - many special skills to turn the inhomogeneous raw material into a fashionable, well-finished leather.