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## COMMITTEE ON COMMODITY PROBLEMS

### INTERGOVERNMENTAL GROUP ON MEAT AND DAIRY PRODUCTS

#### SUB-GROUP ON HIDES AND SKINS

#### Eighth Session

Rome, 18-19 December 2003

### DEVELOPMENTS REGARDING COMMON FUND FOR COMMODITIES' PROJECTS ON HIDES AND SKINS

## I. INTRODUCTION

1. This document provides an update on progress made in the formulation and implementation of projects sponsored by the Sub-Group on Hides and Skins for financing by the Common Fund for Commodities (CFC) with co-financing from other donors. Under the CFC rules, the Sub-Group is the designated International Commodity Body (ICB) for the hides and skins sector. In this role, the Sub-Group is responsible for sponsoring hides and skins projects for funding by the CFC and for supervising and reporting on the progress of projects once implementation starts. In fulfilling its mandate, the Sub-Group works with different organizations/associations to obtain CFC's assistance for development activities.
2. Since the Seventh Session in 2001, two projects have been completed, two are currently being implemented, one project has been approved by the CFC but implementation is yet to start and five new proposals have been received.
3. The Sub-Group may wish to consider and, if appropriate, endorse and prioritize the new project proposals (profiles also provided in the appendix) during the meeting. The Secretariat continues to work with the institutions that submitted the proposals in order to finalise the project documents. It is hoped that representatives from those institutions will be able to provide additional information to the Session to enable it to reach a more informed decision.

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4. Regarding the project that has been completed, the Project Executing Agency (PEA) reports that its positive impact in the development of the hides and skins sector at the national and regional levels has become clearly visible.
5. For projects under implementation, the Secretariat has continued to supervise, on behalf of the Sub-Group, project execution by the various implementing agencies.
6. Brief updates are provided on all projects in the paragraphs that follow but it is also expected that participants from relevant countries and the PEA will provide additional information to the Session. The detailed progress reports are available upon request.
7. Unlike the other Intergovernmental Groups and Sub-Groups that delegated authority to their respective Bureaux between sessions, the Sub-Group on Hides and Skins does not have a decision making mechanism in place to address any approval-related issues outside formal sessions. Such a mechanism would enable decisions related to project sponsorship and supervision to be made between the Sub-Group's formal Sessions.
8. In view of the above considerations and based on the information provided on individual projects, the Sub-Group is invited to make comments and/or recommendations on any issues raised therein. In particular, the Sub-Group may wish to:
- a) establish a mechanism for decision making between its biennial formal sessions;
  - b) review and examine the achievements of completed projects;
  - c) assess progress of projects under implementation. In doing so, it may wish to formally endorse the project "Commercialisation of Hides and Skins by Improving Collection and Quality in Small-Holder Farming Systems in Botswana, Malawi, Tanzania, Zambia and Zimbabwe" whose implementation started in July 2003;
  - d) endorse and prioritize the five new project proposals; and
  - e) identify new focus areas for future projects.

## **II. MECHANISM FOR DECISION MAKING BETWEEN THE SUB-GROUP'S BIENNIAL SESSIONS**

9. As a designated ICB for sponsoring hides and skins projects for funding by the CFC, the Sub-Group on hides and skins is supposed to formally endorse project proposals before they can be submitted to the CFC for consideration. Under current arrangements, decisions can only be taken during the Sub-Group's formal sessions which are now held once every two years. However, past experience has shown that there are decisions that need to be made during the intervals between the formal sessions. To overcome this problem, many other intergovernmental groups have established mechanisms to ensure that the project approval and supervision process does not get delayed during the period between the formal sessions.

10. In that regard, the Sub-Group may wish to delegate authority to the Bureau (Chairperson and the Vice-Chairperson(s)) to make decisions regarding project sponsorship, on its behalf, during the inter-sessional interval.

## **III. COMPLETED PROJECTS**

### **A. RAW HIDES AND SKINS GRADING AND PRICING SYSTEM IN SELECTED AFRICAN COUNTRIES**

11. This project was endorsed by the Sub-Group at its Sixth Session in 1998 and approved by the CFC's Executive Board in October 1998 for implementation in Ethiopia, Kenya, Tanzania and Zambia. The objective of the project was to improve the quality of raw hides and skins through the development of quality certification programmes and a pricing system that is dependent on quality grades. The project was executed by the Eastern and Southern African Leather Industries

Association (ESALIA) over a three year period starting from September 1999. The total project cost was about US\$3.2 million partly financed by a CFC grant of US\$1.4 million. Co-financing was provided by the Italian Tanners Association and the United Nations Industrial Organization (UNIDO). In-kind counterpart contributions were made by the PEA, the governments and leather industry associations of the four participating countries.

12. The following activities were undertaken during project implementation:

- **Introduction of Quality Grading Standards** – Enabled the stakeholders to understand the project goals and objectives and its advantages to them and the industry in general.
- **Flayers Programme** – Activities in this programme included
  - registering of flayers into the project;
  - purchasing of flaying knives that were distributed to registered flayers at a reduced price;
  - training of flayers on the right flaying techniques;
  - introduction of incentives to flayers to produce high quality hides and skins.
- **Introduction of Slaughter House Indices** - This was developed to check and monitor the flaying performance of the various slaughterhouses as well as the individual flayers.
- **Enforcement of Grading Standards** - The project, in conjunction with the respective National Leather Associations, governments and National Project Coordinators, pushed for the grading standards to be recognized as National Standards in each of the countries.
- **Image Building Campaign of African Raw Hides and Skins** – This was intended to improve the image of the African leather sector in the eyes of the international market through the establishment of the ESALIA Quality Mark.
- **ESALIA Quality Mark** – This was established with the help of an earlier UNIDO project US/RAF/88/100. It is awarded to tanneries and contract tanners in the export trade who meet the quality grading standards.
- **Grading Practice Publication** - The project published and distributed a grading practice booklet in English and Swahili to help create awareness of the standards.
- **International Trade Promotions** - Various trade promotion activities were undertaken with the help of the Italian leather association which provided the logistics for advertising to the world about African raw hides and skins.
- **Africaleather.com** – A website was developed with the aim of exposing the leather products from the region to the global market and to supplement the trade information available to both producers and consumers of leather and leather goods from Africa.

13. The project was closed in March 2003 after a satisfactory terminal report was submitted by the PEA. Project implementation was in line with work plans as originally set out. The established grading systems are already in use in the project countries.

14. There are reports of a marked improvement in the quality of grades presented to the markets in the focus countries. The PEA specifically points out that there is an increase in the number of grades I, II and III being marketed and a decline in grade IV and rejects. Trading is now reportedly based on the quality of hides and skins and grading is strictly done through the grading standards prescribed by the project.

15. The PEA did not encounter any insurmountable problems during projection execution and continued to receive cooperation and support from all collaborating institutions and governments.

## **B. STUDY OF THE REQUIREMENTS OF THE AFRICAN LEATHER SECTOR**

16. This fast track project was requested by the Sub-Group, during its 7<sup>th</sup> Session, to be undertaken with the help of CFC funding. This was intended to assist the African countries in identifying the necessary actions to raise the quality of hides and skins in order to boost marketing in both domestic and international outlets and improve incomes of the stakeholders. The request was approved by the CFC's Managing Director in February 2002 and implemented soon after that.

17. A review of the importers' purchasing requirements for raw hides, skins and leather revealed that the low quality of these products prevented a number of developing countries from achieving their potential in the trade and processing of hides and skins. This results in a considerable loss in foreign exchange earnings and employment opportunities.

18. The findings of the study were presented at a trade fair (Meet-in-Africa) that was held in October 2002 in Tunisia organized by the International Trade Centre (ITC) in collaboration with the Group Semaine du Cuir of Paris, Centre National du Cuir et de la Chaussure and La Fédération Nationale du Cuir et de la Chaussure of Tunisia. The aim of the workshop was to improve the image of Africa as a supplier of leather and leather products and promote trade of such products within Africa and between Africa and the rest of the world. It also aimed at widening marketing and industrial knowledge in the sector.

19. The trade fair was held back-to-back with the "Expert Group Meeting – Trade Development in the Leather Industry in Africa" organized by UNIDO.

20. The outcome of these meetings served as the basis for the development of the 'BLUEPRINT' for the African leather industry which essentially is a description of where the African leather industry currently stands – including limitations to trade and investment and what has to be done in order to address the limitations.

## **IV. PROJECTS UNDER IMPLEMENTATION**

### **A. ADDING VALUE TO AFRICAN LEATHER THROUGH IMPROVEMENT OF QUALITY OF LEATHER AND LEATHER PRODUCTS**

21. This project is being implemented in Ethiopia, Kenya, Sudan and Zimbabwe. It was endorsed by the Seventh Session of the Sub-Group which also specified some revisions that needed to be made prior to submission of the proposal to the CFC for their consideration. The CFC's Executive Board subsequently approved the project in April 2002 and after the signing of the various documents, the project was launched in Addis Ababa in December 2002. The objective of the project is to improve the industrial capacity and quality of leather and leather products of the participating countries by upgrading the capacity of technical skills, establishing quality control systems and market development.

22. The specific activities being implemented include:

- Identification of technical skills required for enhanced quality production and upgrading skills of personnel engaged in the production units;
- Improving the quality and design of the leather products produced;
- Improving marketing skills and market development;
- Dissemination of good manufacturing practices;
- Project management and coordination to ensure smooth implementation of the project.

23. It is a three year project with a total cost of approximately US\$2.3 million financed by a CFC grant of about US\$1.6 million, in-kind counterpart contributions equivalent to US\$661 600

by leather industry associations of the participating countries and in-kind technical assistance equivalent to US\$60 000 by the Association of Leather Products Manufacturing of Italy. The Leather and Leather Products Institute (LLPI) of the Common Market for Eastern and Southern Africa (COMESA) is serving as the PEA.

24. According to the PEA's six-monthly project progress report, implementation is generally proceeding in accordance with the first year work plan apart from minor delays in Zimbabwe (due to the late recruitment of the national project coordinator) and Sudan (due to the late finalization of the project account). It is, however, expected that project activities in the two countries will catch up to schedule before the end of the first project year. The report also points out the likelihood of higher operational costs in Zimbabwe than originally planned for the first year largely due to higher fuel prices.

## **B. COMMERCIALIZATION OF HIDES AND SKINS BY IMPROVING COLLECTION AND QUALITY IN SMALLHOLDER FARMING SYSTEMS IN BOTSWANA, MALAWI, TANZANIA, ZAMBIA AND ZIMBABWE**

25. This project is in its first year of implementation. Although its formal endorsement is being sought from the Sub-Group, the project was approved by the CFC's Executive Board in October 2002.

26. Tanzania was a late addition to the project and their participation was approved by the CFC's Executive Board in April 2003 as a separate project with an individual budget and project documents. However, since both projects shared the same PEA and implementation in the other countries had not started, a decision was made to have the two projects implemented as one.

27. The project aims at helping the hides and skins sectors of the participating countries to improve collection of raw hides and skins as well as improving the image of leather and leather products from those countries through improved quality, thereby boosting trade.

28. Specific activities include:

- Training various stakeholders or interested parties in proper flaying methods, improved preservation techniques, collection methods and proper storage and transportation methods;
- Assessing the grading system and designing a suitable system of grading that is market based;
- Introducing inspection and certification systems for hides and skins;
- Identifying marketing constraints and improving the marketing capacities of selected enterprises;
- Promoting the use of e-commerce as a marketing tool through the already existing Africanleather.com web site;
- Project management and coordination to ensure smooth implementation of the project and dissemination of project results.

29. This three-year project is being executed by ESALIA. The total project cost is about US\$3.1 million of which approximately US\$2.2 million is a grant provided by the CFC, US\$137 400 is co-financing by the Government of the Netherlands and the rest is counterpart contributions from governments and leather industry associations of the participating countries. The project was launched in Harare in June 2003 but actual implementation started on 1 July 2003. The indication from the PEA is that activities are proceeding as per the work plan. The first six-monthly project progress report is expected in January 2004.

## V. PROJECTS APPROVED BY THE CFC BUT NOT YET OPERATIONAL

### A. HIDES AND SKINS IMPROVEMENT SCHEME IN WEST AFRICA

30. This project is to be implemented in Burkina Faso, Mali, Niger and Senegal. It was endorsed by the Seventh Session of the Sub-Group and approved by CFC's Executive Board in April 2003.
31. The objective of the project is to improve the quality of leather in the participating countries through the introduction of a grading and pricing system of raw hides and skins making the commodity and derived products more competitive in international markets.
32. The major activities to be implemented include:
- Establishment of pilot schemes, in the four focus countries, for improved quality grading and pricing systems. The quality grading system will follow the "Guidelines for Grading of Hides and Skins by Quality" as developed by the hides and skins joint UNIDO, FAO and ITC programme US/RAF/88/100 and the just concluded CFC funded project "*Raw Hides and Skins Grading and Pricing System in Selected African Countries*". The 'purchase-by-quality' pricing system for the raw hides and skins will be implemented;
  - Design and implement a system of quality marking and certify the raw hides and skins graded and traded according to the quality standards established;
  - Disseminate the system of quality grading and procurement by quality of hides and skins to other countries through seminars and workshops;
  - Project management and coordination to ensure smooth implementation of the project.
33. The project is to be executed over a three-year period by UNIDO in collaboration with governments and national leather associations of the four participating countries. The total expected project cost is about US\$2.7 million with approximately US\$1.9 million to be provided as a CFC grant and the rest (US\$805 000) is to be provided as counterpart contribution by governments of the focus countries.
34. At the time of writing, the parties involved are in the process of finalizing the project appraisal report and the legal project documents for the respective signatures and implementation is targeted to start in November 2003.

## VI. NEW PROJECT PROPOSALS

35. Five new project proposals have been submitted to the Secretariat; two by ESALIA and three by LLPI. The Sub-Group might wish to consider endorsing and prioritizing the proposals for submission to the CFC. Following below is a brief presentation of each of the proposals. Summary profiles of four of the five proposals are also presented in appendices A through D.

- a) The project proposal on "*Grading and Pricing of Wet-Blue Hides and Skins in Selected Western, Eastern and Southern African Countries*" was submitted to the Secretariat by ESALIA. The objective of the project is to establish a standardized quality measure of semi-processed hides and skins, such as wet-blue and crust, and help the African leather sector to overcome some of the major obstacles to its development. This would implicitly improve the quality and image of African semi-processed leathers. Additional information is provided in Appendix A.
- b) The project proposal on "*Warehousing Receipt Of Hides And Skins In Kenya, Tanzania and Uganda*" was submitted to the Secretariat by ESALIA. The objective

of the project is to instil transparency along the hides and skins commodity chain, facilitate government revenue collection and create a level playing field for all stakeholders in the industry. Additional information is provided in Appendix B.

- c) The project proposal on “*Capacity Building of the Leather Industry in Burundi, Rwanda, Uganda and Zambia*” was submitted to the Secretariat by LLPI for CFC funding consideration under the Project Preparation Facility. The project seeks to standardize, coordinate and strengthen activities of the national leather training institutions by addressing the constraints encountered and enhancing the optimum level of training capacity. Additional information is provided in Appendix C.
- d) The project proposal on “*Regional Raw Hides & Skins Grading and Pricing Scheme in Burundi, Rwanda, Sudan and Uganda*” aims at improving the quantity and quality of raw hides and skins reaching the market through the introduction of standardized and uniform grading system in conjunction with the price-by-quality grade scheme. Additional information is provided in Appendix D.
- e) The fast track project “*Control of Mange, Lice and Keds on Sheep and Goats for Improvement of Quality of Skins in Eritrea, Ethiopia, Kenya and Sudan*” proposes to hold a workshop to discuss ways of addressing the impact of disease problems (mange, lice and keds) that are drastically affecting sheep and goat producers in the focus countries. Sheep and goat production is considered an important source of meat, milk, wool and manure in these countries. In addition, these small ruminants are a major source of income for the farming communities either by directly selling the live animals or by slaughtering the animals and sell products, like meat and skins. The skins are also a major input to the tanning industries and an important source of foreign exchange for a number of COMESA member countries.

36. The three diseases are reported to be responsible for high mortality rates in addition to causing defects in the animal skins. High skin rejection rates of as much as 50 percent have been reported by tanneries in some of the countries and these are attributed to external parasites that affect the animals.

37. The main objective of this project is to formulate strategies aimed at reducing the economic losses caused by these diseases to enable the small-scale farmers in these countries to earn a living. The strategies will aim at preventing further spread of the disease both within the countries and across common borders to ensure the sustainability of the control measures. An integrated approach is required and this implies that the various stakeholders and experts involved at the different stages of the supply chain (producers, veterinarians, tanners, traders, research institutions, development organizations, and policy makers) will have to contribute to the workshop.

38. The project would cost a total of about US\$58 000 and approximately US\$50 000 of that is being sought as a grant from the CFC. The remainder would be provided by the involved organizations as in-kind counterpart contributions. The workshop is tentatively proposed to be held in April 2004 in Addis Ababa with COMESA’s LLPI as the PEA.

## VII. FUTURE PROJECTS

39. Delegates may wish to identify new areas for future project proposals. In doing so, due consideration should be given to the Sub-Group’s strategy for development (refer to document CCP: ME/HS 03/3). Any new proposals should be sent to the Secretariat before the Session.

**Table 1 - Summary of Hides and Skins projects partly financed by the Common Fund for Commodities**

Title	Value (US\$)		Location of Project Activities	Starting Date	Completion Date
	Grant from CFC	Total Budget			
<b>1. Completed Projects</b>					
a) Raw Hides and Skins Grading and Pricing System in Selected African Countries	1 400 000	3 186 800	Ethiopia, Kenya, Tanzania and Zambia	September 1999	March 2003
b) Workshop on the “The Hides, Skins and Leather Sector in Africa: Essential Action to Meet Quality Requirements of Importers” (under the Fast Track Project Facility)	53 000	297 000	Studies were conducted in various African countries but the workshop took place in Tunisia	February 2002	October 2002
<b>2. Projects Under Implementation</b>					
a) Adding Value to African Leather Through Improvement of Quality of Leather and Leather Products	1 551 400	2 273 000	Ethiopia, Kenya, Sudan and Zimbabwe	December 2002	November 2005
b) Commercialization of Hides and Skins by Improving Collection and Quality in Small-Holder Farming Systems <sup>1</sup>	2 207 600	3 075 047	Botswana, Malawi, Tanzania, Zambia and Zimbabwe	July 2003	June 2006
<b>3. Projects Approved by the CFC but not yet Operational</b>					
a) Hides and Skins Improvement Scheme in West Africa	1 911 201	2 716 201	Burkina Faso, Mali, Niger and Senegal	2003	2006
<b>4. New Project Proposals</b>					
a) Grading and Pricing of Wet-Blue Hides and Skins in Selected Western, Eastern and Southern African Countries	965 000	2 215 000	Selected Western, Eastern and Southern African Countries	To be determined	To be determined
b) Warehousing Receipt Of Hides And Skins In Kenya, Tanzania and Uganda	450 000	585 000	Kenya, Tanzania and Uganda	To be determined	To be determined
c) Workshop on the “Control of Mange, Lice and Keds on Sheep and Goats for Improvement of Quality of Skins in Eritrea, Ethiopia, Kenya and Sudan” (Under the Fast Track Project Facility)	50 000	58 000	Ethiopia	To be determined	To be determined
d) Capacity Building of the Leather Industry in Burundi, Rwanda, Uganda and Zambia	1 500 000	2 000 000	Burundi, Rwanda, Uganda and Zambia	To be determined	To be determined
e) Regional Raw Hides and Skins Grading and Pricing Scheme	750 000	1 000 000	Burundi, Rwanda, Sudan and Uganda	To be determined	To be determined

<sup>1</sup> Despite being under implementation, this project has not yet been approved by the Sub-Group



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## APPENDIX A

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### GRADING AND PRICING OF WET-BLUE HIDES AND SKINS IN SELECTED WESTERN, EASTERN AND SOUTHERN AFRICAN COUNTRIES

#### PROJECT SUMMARY

#### Objective and Scope

The project aims at establishing a standardized quality measure of semi-processed hides and skins, such as wet-blue and crust, and help the African leather sector to overcome some of the major obstacles to its development. This would implicitly improve the quality and image of African semi-processed leathers.

<b>Anticipated Financier:</b>	Common Fund for Commodities (CFC)
<b>Supervisory Body:</b>	FAO – Sub-Group on Hides and Skins
<b>Project Executing Agency:</b>	Eastern and Southern Africa Leather Industries Association
<b>Collaborating Institutions:</b>	To be determined
<b>Location of Project:</b>	Selected Western, Eastern and Southern African countries
<b>Duration of Project:</b>	Two Years
<b>Starting Date:</b>	To be determined
<b>Project Total Cost:</b>	US\$2 215 000
<b>Financing Sought from CFC:</b>	US\$965 000 (Grant)
<b>Counterpart Contribution:</b>	US\$900 000 (in-kind by the PEA, national governments, National Industry Associations, National Bureaux of Standard)
<b>Co-financing:</b>	US\$350 000

#### Project Components

*a) Component 1 - Technical assistance for developing and implementing a standard grading system for semi-processed leathers*

To improve the quality of semi-processed leathers through:

- the development of a standardized system for semi processed leathers by quality;
- the development of a quality certification and inspection system to be used for export deliveries of semi-processed leathers from tanneries participating in the ESALIA scheme that meet the standards required both at the local and international markets;
- conducting training activities in the selected tanneries of the focus countries including national and regional seminars for graders and inspectors.

**b) *Component 2 - Training of inspectors, graders and sorters of semi-processed leathers at regional, country and enterprise levels***

To assure continuity of training activities and to sustain a pool of qualified personnel required in the region. Skilled people are needed at all levels and all types of sectoral activities, in order to provide the market with good quality raw hides and skins and derived leather products.

**c) *Component 3 - Capacity building of National Training Institutes and their facilities***

To enhance the competence of the local training institutes and associations to provide high quality services to the leather products industry both in training, facilities and extension services. This would enable local companies to improve product design, quality and attain the required product export standards.

**d) *Component 4 - Marketing of quality leather, footwear and leather goods***

To assist companies in the focus countries in exposing their quality footwear and leather goods thereby strengthening and widening their market share in the global market.

**e) *Component 5 - Technical assistance to National Associations in the selected countries***

The objective of this component is to have four different countries, at various levels of development in the leather industry, to participate in the pilot scheme and provide feedback and lessons learned so that the results can be easily transferred to other African countries.

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**APPENDIX B**

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**WAREHOUSING RECEIPTS OF HIDES AND SKINS IN  
KENYA, TANZANIA AND UGANDA**

**PROJECT SUMMARY**

**Objective and Scope**

The Project seeks to instil transparency along the hides and skins commodity chain, facilitate government revenue collection and create a level playing field for all stakeholders in the industry, especially the primary producers and tanners.

<b>Anticipated Financier:</b>	Common Fund for Commodities (CFC)
<b>Supervisory Body:</b>	FAO – Sub-Group on Hides and Skins
<b>Project Executing Agency:</b>	Eastern and Southern Africa Leather Industries Association
<b>Collaborating Institutions:</b>	- Kenya Tanners Association (KTA) - Leather Association of Tanzania (LAT) - Uganda Leather and Allied Industries Association (ULAIA)
<b>Location of Project:</b>	Kenya, Tanzania and Uganda
<b>Duration of Project:</b>	Three Years
<b>Starting Date:</b>	To be determined
<b>Project Total Cost:</b>	US\$585 000
<b>Financing Sought from CFC:</b>	US\$450 000 (Grant)
<b>Counterpart Contribution:</b>	US\$135 000

**Need for Centralized purchasing of leather Raw hides and skins**

The hides and skins trade in East Africa is dominated by a few traders who procure and export the raw hides and skins to the overseas market. A small percentage of the raw material is currently being processed up to the wet blue stage by the few operational tanneries. This stands at about 10 percent to 15 percent of the hides and 40 percent of the skins.

Trading is highly abused through under invoicing and non-payment of duty. The traders have formed cartels through zoning where they control the purchase of raw hides and skins thus locking out various other interested parties and to the disadvantage of the primary producers. The trade is characterized by lack of transparency leading to deterioration of quality and lower prices to the primary producers. This practice has led to reduced capacity utilization of the existing tanneries (currently averaging 20 percent) and closure of others due to unfair and illegal practices. Currently most of the hides and skins produced in the countries are exported in raw form, thus denying the countries many employment and tax revenue opportunities.

**Creation of the warehousing facility**

**Goal** – The creation of the central warehousing facility is aimed at instilling transparency along the supply chain of hides and skins, enable the local tanneries to have access to good quality raw material, facilitate government revenue collection and the creation of a level playing field for all stakeholders.

**Activities to be undertaken would involve:**

- Setting up of a common trading and warehousing facility for raw hides and skins and wet blue;
- Installation of a grading and certification system for raw hides and skins and wet blue leather acceptable to the trade;
- Improving the quality of hides and skins at the primary production levels; and
- Creation and enhancing regional brands in the international market.

**Some of the envisaged outputs include:**

- Established warehousing and trading facility, including an internet trading platform;
- Enhanced and improved quality of hides and skins through pricing in relation to grading and provision of extension services;
- Established good and reliable source of quality raw materials for the local tanning industry and export market;
- Reliable and assured market for the raw hides and skins suppliers (traders and primary producers);
- Improved collection rate of hides and skins;
- Established quality certification and uniform quality standards;
- Increased government revenue collection.

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**APPENDIX C**

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**CAPACITY BUILDING OF THE LEATHER INDUSTRY IN BURUNDI, RWANDA,  
UGANDA AND ZAMBIA**

**PROJECT SUMMARY**

**Objective and Scope**

The Project seeks to assist the development endeavour of member countries by addressing one of the pertinent problems of the leather sector through training and capacity building. This will contribute to the ultimate objectives of economic and social development and poverty reduction/alleviation efforts of the participating countries.

<b>Anticipated Financier:</b>	Common Fund for Commodities (CFC)
<b>Supervisory Body:</b>	FAO – Sub-Group on Hides and Skins
<b>Project Executing Agency:</b>	COMESA- Leather and Leather Products Institute
<b>Collaborating Institutions:</b>	- Support Centre for Small and Medium Enterprises in Rwanda - Training and Common Facility Centre in Uganda - Institutions for Burundi and Zambia to be identified
<b>Location of Project:</b>	Burundi, Rwanda, Uganda and Zambia
<b>Duration of Project:</b>	Three Years
<b>Starting Date:</b>	To be determined
<b>Project Total Cost:</b>	US\$2 000 000
<b>Financing Sought from CFC:</b>	US\$1 500 000 (Grant)
<b>Counterpart Contribution:</b>	US\$400 000 (In kind) Burundi = US\$100 000 Rwanda = US\$100 000 Uganda = US\$100 000 Zambia = US\$100 000
<b>Co-financing:</b>	US\$100 000 (Technical Assistance to be provided in kind by a Collaborating Partner)

## **Project Components**

**a) *Component 1 - Assessment and study of hides, skins, leather and leather products sector (US\$200 000)***

To carry out comprehensive studies of the status, constraints and potential of the sub-sector. Particular emphasis will be put on the:

- quality of hides and skins, leather and leather products produced and marketed;
- hides and skins collection and marketing;
- existing machinery, equipment and production capacity of tanning units;
- existing manpower at different levels;
- status of existing national training institutes with regard to facilities, equipment and manpower; and
- existing national legislation on the sub-sector within the four project countries.

**b) *Component 2 - Development of standard courses and course syllabi at different levels (including multi-modal, i.e. full time, distant education, open learning and mixed mode trainings to award certificate and diploma in the field of leather and leather products technology) (US\$600 000)***

This would enhance the training capacity of the training institutions of the participating countries and strengthen COMESA/LLPI's coordination role and synchronize its training activities in the COMESA region through its country units.

**c) *Component 3 - Preparation and organization of training materials and training aids (US\$600 000)***

To acquire, produce and update training materials and training aids including computers and training software, books and publications, laboratory and workshop facilities (chemicals, reagents, glassware, design facilities, etc), white and blackboards, flip charts, projectors and other necessary supplies.

**d) *Component 4 - Conduct long and short training courses, seminars and workshops (US\$400 000)***

To provide training courses at national training centres of participating countries and conduct seminars and workshops, at selected venues, including project launching, mid-term and final project evaluation and experience sharing among institutions.

**e) *Component 5 - Project coordination and administration (US\$200 000)***

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**APPENDIX D**

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**REGIONAL HIDES AND SKINS GRADING AND PRICING IN BURUNDI, RWANDA,  
SUDAN AND UGANDA**

**PROJECT SUMMARY**

**Objective and Scope**

The Project's broad objective is to assist the developmental endeavour of member countries by improving quality through enhancing the collection and marketing of hides and skins based on quality grades which will contribute to the ultimate objectives of development and poverty reduction/alleviation effort.

The specific objectives are to improve the quantity and quality of raw hides and skins reaching the market through introducing standardized and uniform grading systems accompanied by a price-by-quality grade scheme and raise the income of raw hides and skins suppliers.

<b>Anticipated Financier:</b>	Common Fund for Commodities (CFC)
<b>Supervisory Body:</b>	FAO – Sub-Group on Hides and Skins
<b>Project Executing Agency:</b>	COMESA- Leather and Leather Products Institute
<b>Collaborating Institutions:</b>	- To be identified for Burundi - Support Centre for Small and Medium Enterprises in Rwanda - National Leather Technology Centre in Sudan - Training and Common Facility Centre in Uganda
<b>Location of Project:</b>	Burundi, Rwanda, Sudan and Uganda
<b>Duration of Project:</b>	Three Years
<b>Starting Date:</b>	To be determined
<b>Project Total Cost:</b>	US\$1 000 000
<b>Financing Sought from CFC:</b>	US\$750 000 (Grant)
<b>Counterpart Contribution:</b>	US\$200 000 (In kind) Burundi = US\$50 000 Rwanda = US\$50 000 Sudan = US\$50 000 Uganda = US\$50 000
<b>Co-financing:</b>	US\$50 000 (Technical Assistance to be provided in kind by a Collaborating Partner)

**Project Components****a) *Component 1 - Improvement of raw hides and skins collection system (US\$500 000)***

To upgrade the quantity and quality of the raw material through awareness creation and provision of training for stakeholders like butchers, flayers, collectors and traders on the techniques of proper slaughtering, flaying, preservation, storage and transportation.

**b) *Component 2 - Introduction of uniform grading and price-by-grade scheme for hides and skins (US\$250 000)***

To improve the trading practices through introduction of simple and applicable grading norms accepted by all stakeholders and apply the grading criteria to implement price-by-quality grade for hides and skins.

**c) *Component 3 - Project co-ordination and administration (US\$250 000)***