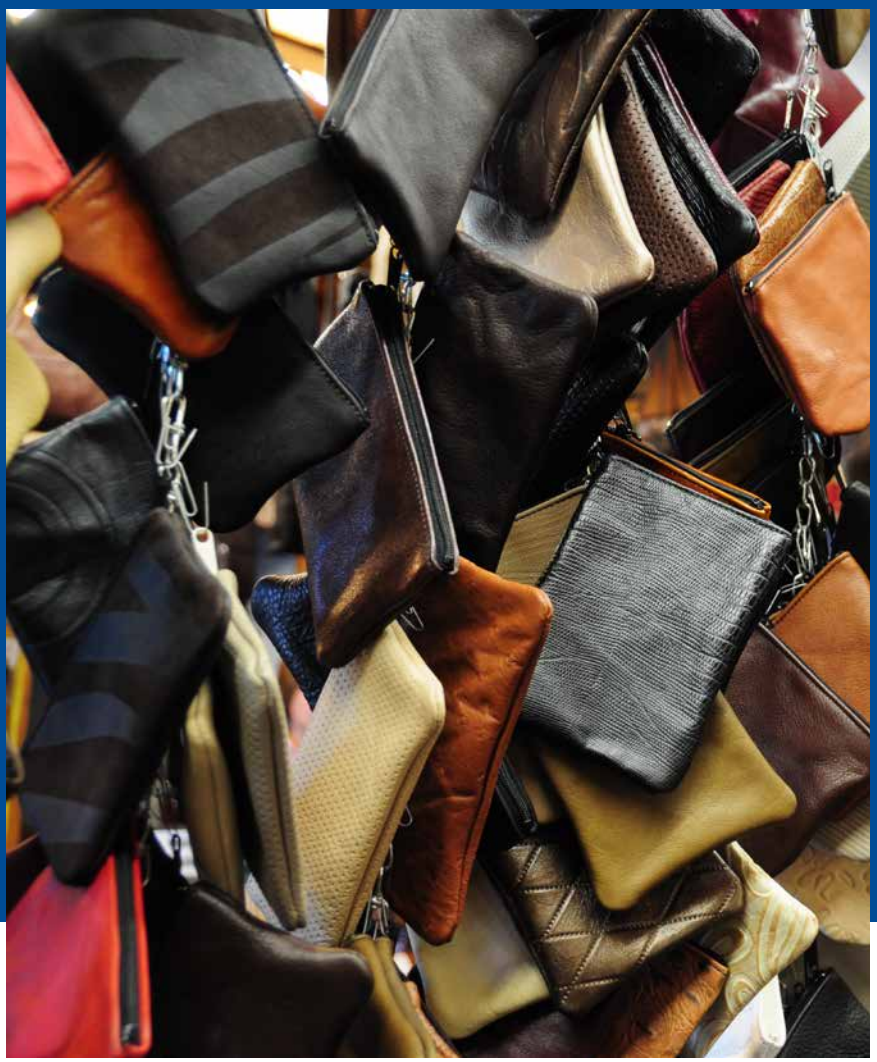
UNITED REPUBLIC OF TANZANIA

LEATHER SECTOR DEVELOPMENT STRATEGY 2016-2020



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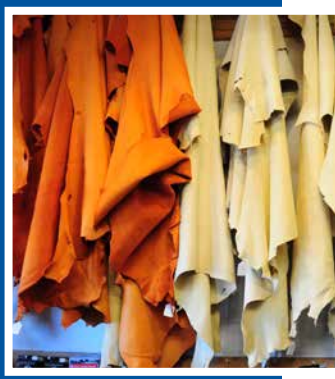

This sector development strategy was developed on the basis of the process, methodology and technical assistance of the International Trade Centre (ITC) within the framework of its Trade Development Strategy programme.

ITC is the joint agency of the World Trade Organization and the United Nations. As part of the ITC mandate of fostering sustainable development through increased trade opportunities, the Trade Development Strategy programme offers a suite of trade-related strategy solutions to maximize the development payoffs from trade. ITC-facilitated trade development strategies and roadmaps are oriented to the trade objectives of a country or region and can be tailored to high-level economic goals, specific development targets or particular sectors, allowing policymakers to choose their preferred level of engagement.

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ACKNOWLEDGEMENTS

This sector development strategy was elaborated as a component of the ITC Supporting Indian Trade and Investment in Africa (SITA) project, a south-south trade and investment initiative that aims to improve the competitiveness of select value chains through the provision of partnerships by institutions and businesses from India. SITA is funded by the United Kingdom Department for International Development (DFID).

The formulation of the sector development strategy was led by the Ministry of Industry, Trade and Investment (MITI) with the technical assistance of ITC. This document represents the ambitions of the private and public sector stakeholders for the development of the sector. Stakeholders' commitment and comprehensive collaboration have helped build consensus around a common vision that reflects the realities and limitations of the private sector, as well as of policymakers and trade-related institutions.

The document benefited particularly from the inputs and guidance provided by the members of the sector team.

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Technical support and guidance from ITC was rendered by Charles Roberge, Paul Baker, Sushil Dubey, Carlos Griffin and Olga Khomula. Angela Becaty provided valuable support as national SITA coordinator and Emmanuel Muyinga contributed greatly with appreciated guidance and inputs as national consultant.

The contributions of all leather sector stakeholders that participated in the consultations (list in Annex 1), and particularly the members of the LAT, have been essential to ensure this document is aligned to the sector's ambitions.

FOREWORD FROM **HON. CHARLES J. MWIJAGE (MP),** MINISTER FOR INDUSTRY, TRADE AND INVESTMENT

The importance of the leather industry is undeniable for the United Republic of Tanzania as it provides clear opportunities for value addition to the hides and skins produced in Tanzania, home of the 2nd largest livestock herd in Africa. Socio-economically, the sector contributes to employment generation through abattoirs, tanneries and leather products manufactured along the value chain down to the livestock keepers. The sector offers an important opportunity for country to further integrate in global trade.

Since privatization and market liberalization in the mid-1980s, the Tanzanian leather sector has experienced numerous challenges. Several efforts and initiatives by the Government to build up the sector have been ongoing. In 2008, the Integrated Hides, Skins and Leather Sector Development Strategy was developed to accelerate the development of the sector. Unlike the 2008 strategy which paid more attention to the provision of quality raw material, the current strategy puts more emphasis on developing the entire value chain. Additionally, it provides a key framework to implement the Integrated Industrial Development Strategy (IIDS).

The Ministry of Industry, Trade and Investment (MITI) together with the Ministry of Agriculture, Livestock and Fisheries (MALF) take immense pleasure in welcoming this Leather sector development strategy 2016-2020, developed with the technical assistance of the International Trade Centre (ITC) and the support of UK's Department of International Development (DIFD).

This strategy represents the interests and ambitions of key public and private sector stakeholders of the industry whom through extensive and fruitful discussions reached a common agreement on the priorities to be implemented for long term sector development. It outlines in a five-year Plan of Action the key priorities to improve quality and availability of raw materials, strengthening the policy and institutional framework, as well as expanding the sector's ability to diversify products, increase value addition and develop into new markets. For this reason, the Ministry is proudly endorsing this document and incorporating its findings into Tanzania's Five Year Development Plan II (FYDP II), where the leather sector is prioritized.

We are working to ensure the successful implementation of this strategy for the benefits of the United Republic of Tanzania. This is the moment to take action to ensure the Tanzanian leather industry becomes a reliable supplier of leather products to the region and the world.

FOREWORD FROM **HON. MWIGULU LAMECK NCHEMBA MADELU (MP)** MINISTER FOR AGRICULTURE, LIVESTOCK AND FISHERIES

Hides, Skins and Leather processing are a fundamental sub-sector within the larger livestock industry, which has great potential to contribute towards the economic development of Tanzania. In the EAC and SADC regions, Tanzania has the largest number of livestock units followed by South Africa, Zimbabwe, Namibia, Angola, Botswana and Zambia. With an estimated cattle population of 25.8 million cows, 16.7 million goats and 8.7 million sheep Tanzania is ranksthird largest in Africa. This provides an important locally available resource that is a raw material for the tanning industry and for manufacture of finished leather and leather products including upholstery, shoes, handbags and belts, but also generates sizeable export earnings.

Through the Integrated Hides, Skins and Leather Sector Development Strategy (IHSLDS) Tanzania has been implementing programs aimed at improving the animal husbandry in the livestock sector and encouraging local value addition. The government has also established and operationalized a Livestock Development Fund (LDF), which supports the development of the sector.

This current National Leather Sector Development Strategy 2016–2020 is expected augment efforts these efforts with the aim of leading to the significant improvement of both quality and quantity of collected hides and skins, increased domestic processing and manufacturing capacities and reduction of export of wet blue hides and skins, while increasing production of value added leather products in the country. The Government's vision is to have a competitive and coordinated leather industry built on high, modern technology, sustainable best practices and responsive to the world market. On behalf of the Government, I pledge my support for the implementation of this strategy.

FOREWORD FROM **MR ADAM O NG'AMILO,** CHAIRMAN, LEATHER ASSOCIATION OF TANZANIA (LAT)

The Hides, Skins and Leather Sector in Tanzania, despite its potential to contribute in the economy in terms of employment creation, income generation, foreign earnings and poverty reduction, has suffered from a range of critical cross-sectional operational constraints that have hindered the sector's development since the 1980s. The industry is currently at a low level of development

It is relevant here to appreciate the objectives of various stakeholders vis a vis the development of this sector in the country. First, the government's objective is to add value to the raw materials available in the country by producing downstream products of leather including footwear, garments, leather goods etc. Next, the industry's objective, in spite of the various challenging features present, is to generate more wealth from the raw material resources. If we look at labour as the third stakeholder, their objective too is to find more jobs within the country and to gradually improve their economic condition through better working conditions and wages.

Consequently, the Tanzania Leather Sector Development Strategy has been prepared to address all issues related to sector performance, specifically competitive constraints affecting the sector performance. This strategy is the outcome of joint effort by a wide spectrum of stakeholders, reflecting public-private smart partnership. Its implementation equally depends on the common effort of each one of us to curve a place for Tanzania in the global economy and a niche for its products in the international market place. The essence of the strategy is to enable Tanzania use her resources to address economic challenges with the objective of attaining the goals of the Development Vision 2025. The goal is achievable if all of us work together in a focused and strategic way.

We as private sector, being the primary beneficiary of this strategy implementation, and having been directly involved in its design process, are committed to contribute to the implementation of the strategy. LAT believes that appropriate strategy implementation will help the industry transform itself. However, it would need a strong and determined government and industry to propel the industry from its current rather unsatisfactory situation. The government and the industry must truly believe that the transformation is possible and can be done within a reasonable time.

Finally, I would like to thank all stakeholders who in one way or another played a role in the preparation of this strategy.

ACRONYMS

BOT	Bank of Tanzania
CAGR	Compound Annual Growth Rate
COSTECH	Tanzania Commission for Science and Technology
CTI	Confederation of Tanzania Industries
DIT	Dar es Salaam Institute of Technology
EAC	East African Community
EPZA	Export Processing Zones Authority
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
H&S	Hides and Skins
HS	Harmonized System
IHSLDS	Integrated Hides, Skins and Leather Sector Development Strategy
ISO	International Organization for Standardization
ITC	International Trade Centre
LAT	Leather Association of Tanzania
LDF	Livestock Development Fund
LGA	Local Government Authority
LITA	Livestock Training Agency
LLPI	Leather and Leather Products Institute
MIT	Ministry of Industry and Trade
MLC	Mega Leather Cluster
MLFD	Ministry of Livestock and Fisheries Development
NARCO	National Ranching Company Limited
NDC	National Development Corporation
NEMC	National Environment Management Council
PFIs	Participating Financial Institutions
PMO	Prime Minister's Office
PMO-RALG	Prime Minister's Office –Regional Administration and Local Government
PoA	Plan of Action
PPP	Public-private partnership
R&D	Research and Development
SIDO	Small Industries Development Organization
SITA	Supporting Indian Trade and Investment in Africa
SMEs	Small and Medium-sized Enterprises
SUA	Sokoine University of Agriculture
TanTrade	Tanzania Trade Development Authority
TBS	Tanzania Bureau of Standards
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TEMDO	Tanzania Engineering and Manufacturing Design Organization
TIB	Tanzania Investment Bank
TIC	Tanzania Investment Centre
TIRDO	Tanzania Industry Research and Development Organization
TPSF	Tanzania Private Sector Foundation
TRA	Tanzania Revenue Authority
TTA	Tanzania Tanners Association
TVLA	Tanzania Veterinary Laboratory Agency
UNIDO	United Nations Industrial Development Organization
VCT	Veterinary Council of Tanzania
veg	Vegetable-tanned leather
VETA	Vocational Education and Training Authority

GLOSSARY

Branding refers to the common practice of marking an area of hide with a hot iron, as a means to identify livestock.

Capacity utilization measures the rate at which firms make use of installed productive capacities, such as factories and machinery.

Curing refers to the process (physical and chemical) of arresting or averting microbial degradation of the hide or skin to allow for the lapse of the time between slaughter and processing by the tanner.

Export levy refers to a levy on semi-processed leather (wet-blue), raw hides and skins (H&S), in place since 2003/04.

Flaying refers to the removal of hide or skin from cattle, goats and sheep.

Hide means the outer covering of a mature or fully grown animal (cattle in the case of this strategy).

H&S grading refers to an activity that puts hides into categories according to quality, thereby facilitating pricing.

Leather is hide or skin, with or without hair, which still retains its original fibrous structure more or less intact, and which has been semi-tanned so as to be imputrescible even after exposure to water.

Leather goods are items or articles whose components or parts consist of leather; this includes footwear.

Leather industry includes H&S, tanning industries, and the footwear and leather goods industry subsectors.

Leather value chain refers to stages/components of the leather industry from inputs into livestock ranches, to farmers, butchers/abattoirs, collectors/preservers, tanners/exporters, leather goods manufacturers and wholesalers/traders.

Leather splits refer to the bottom layer that is separated (split) for a hide or skin in order to obtain a more even thickness for processing and a more uniform final leather. Splits are of irregular shape and thickness

Off-take rate refers to the proportion of H&S removed by sale, consumption, disposal or sale over time.

Skin means the outer covering of a goat or sheep which has been flayed.

Slaughter defects refer to cuts or holes and gouges to the H&S, which make them unfit for subsequent use further up the value chain.

Traceability refers to a system that may be used to trace material along the value chain for health, hygiene and safety reasons.

Vegetable-tanned leather (veg) is a supple brown leather which was tanned through a process using tannins and other ingredients found in different vegetable matter, such as tree bark prepared in bark mills, wood, leaves, fruits and roots.

Wet-blue is a common tanning procedure involving chromium which leaves the tanned leather a pale blue colour.

Wet-white is a new chrome free tanning technique that uses organic tanning methods. It is considered a environmentally safer tanning technique than wet-blue.

Wet salting refer to a curing method in which the cooled flayed hide or skin –which has been fleshed to remove meat and fat, trimmed to shaped, washed with water, drained and weighed– is spread out flesh side up on a concrete, self-draining floor and well sprinkled with salt (common salt).

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EXECUTIVE SUMMARY

Global markets for leather

The world export market for leather and leather products nearly doubled over the last decade and is expected to continue to grow rapidly over the next decade. It reached US$ 134 billion in 2014. A key driver for continued industry expansion has been the stable demand from large importing markets – such as the United States of America, China and Italy – that have maintained above average growth rates. Other buoyant economies in the leather industry include large and fast-growing demand from an expanding middle class in emerging countries (Brazil, the Russian Federation, India, China and South Africa in particular). In terms of product importance, 50.8% of leather and leather products globally imported in 2014 were footwear, handbags and whole raw hides. In terms of tanned H&S, leather splits (whole or part) and wet-blue skins are the most important products imported globally, representing 6.8% and 2.8% respectively of global leather markets.

The industry's production structure, while heavily embedded in global production networks across regions and continents, is shifting from developed countries to developing countries. Around 80% of the world trade in leather products remains dominated by just 10 countries, with the degree of concentration of production increasing since 2000. Three developing countries, namely China, India and Viet Nam, accounted for 54.2% of the global leather market in 2014.

The main drivers for this transformation of the industry have been the high labour costs and declining availability of trained manpower in developed countries. One important trend shift has been to divide the industry into:

- Wet-blue, crust and ready-to-finish suppliers
- Finished leather suppliers who meet high fashion and quick delivery demands.

Technology has driven changes in the leather sector. Technology improvements include customized chemicals and process controls for desired feel and finish. Machines with exacting controls of temperature, pressure and coating quantity; quick set-up and change time; and increased output are being used to enhance quality and productivity. The leather industry is now a high-tech industry catering to diverse customer needs, from basic comfort to high fashion and designer products. The technology is continuously being updated to meet the challenges of fashion and the comfort requirements of customers, incorporate environmentally friendly processes, and compete with synthetic substitutes.

Environmental concerns are being addressed through processes which use less water and more efficiently utilize better tanning chemicals. This results in a lower discharge of water and fewer solids in discharge effluents. Harmful chemicals are being continuously replaced with environmentally friendly substitutes, or recycled through the application of new technologies. Effluent treatment plants are becoming more effective and efficient in order to meet desired environmental standards. Simpler and more cost-effective methods are now available. A major development is the technology of extraction and manufacture of saleable products from effluent waste. These changes have led to innovations and adjustments to meet the changing demands of the fashion industry and environmentally conscious consumers.

While East Asian economies have traditionally dominated the world market for leather, the industry structure is now also shifting towards South Asia and Africa as a result of following the same factors of competitive advantage, namely the availability of trained manpower, the lower cost of production and the availability of raw materials (livestock).

The United Republic of Tanzania's performance

The United Republic of Tanzania has suffered from a decline in its leather industry since the mid-1980s. The industry was not very competitive to start with and the liberalization process, together with the lack of public sector investment, led to a hollowing out of the industry. Some

foreign direct investment (FDI) has since been injected in the tanning sector, which is currently the most vibrant stage of the value chain. Around 1,000 persons are estimated to be employed directly by the leather industry. Despite the fact that the tannery sector is more dynamic than other segments of the industry, critical constraints to source materials remain upstream, and the sector remains undeveloped in downstream activities. Despite thriving international demand for leather products, the United Republic of Tanzania's export performance has been lacklustre.

The analysis of production and exports reveal a number of key underlying trends that threaten the survival of the sector, including:

- Limited utilization of full productive capacity;
- The gradual erosion of market share owing to lacklustre performance of exports over the last decade;
- The weak performance of Tanzanian exports in comparison to African peers and in light of the large livestock population;
- The narrow concentration of products exported by the United Republic of Tanzania within the sector;
- The unstable duration of trade relations with importers owing to supply consistency challenges;
- The intensification of exports of the same products towards traditional markets, as opposed to diversification towards new markets.

Performance issues

A review of the literature and extensive stakeholder consultations revealed a number of constraints in the leather sector which affect its long-term performance. Table 1 shows the key performance issues identified as challenges. In order to ensure the strategy is efficient and specific, only the most critical bottlenecks will be addressed.

Table 1: *Performance issues in the value chain*

SUPPLY SIDE		MARKET ENTRY
Not enough quality hides and skins for the tanning industry	Absence of a proper grading system and price premium based on quality	Limited market development capacities of tanneries and leather product manufacturers
Slow modernization processes and not enough trained staff hinder tanneries' performance	Slaughterhouse operations need to be professionalized and modernized	Low level of product vand market diversification owing to insufficient trade information
BUSINESS ENVIRONMENT		**DEVELOPMENT ISSUES**
Insufficient business management and knowledge of quality processes limit enterprise development along the value chain	Absence of dedicated guarantee mechanisms to facilitate sector operators' access to financial instruments	Water consumption and water pollution are key environmental challenges for the leather industry
Weak coordination of sector operators along the value chain leads to fragmented development	Absence of efficient industry clusters to improve quality and innovation	Difficulty in effectively implementing an environmental policy framework
High cost of production linked to licensing procedures, logistics costs and informal costs	The Livestock Development Fund has limited capacity to contribute to expansion of sector capacities	Limited knowledge of environmental tanning techniques

Vision and strategic objectives

To achieve the development of the leather sector in the United Republic of Tanzania, this strategy has defined the following future vision.

> By the year 2025, the United Republic of Tanzania will produce high-quality hides and skins processed to finished leather, footwear and leather goods for domestic and export markets while protecting the environment

There are four strategic objectives identified to support the achievement of the vision. The first strategic objective seeks to strengthen the supply of raw H&S as inputs into the tanning industry, as well as improving the quality of H&S. The second strategic objective consists of addressing institutional constraints which affect the general business environment in which leather stakeholders operate. The third strategic objective focuses on building sustainable growth in the industry by improving production methods and reducing waste, as well as introducing new technologies. The fourth strategic objective will build research and development (R&D) efforts, as well as the investment needed to diversify the number of products and markets for the United Republic of Tanzania.

Table 2: *Strategic and operation objectives*

Improve the quality and availability of raw materials to better respond to market requirements	**Strengthen the policy and institutional framework for the development of the sector**
Ensure a proper grading system in order to insentivize production of quality H&S	Improve the quality of hides and skins at the field/farm level
Improve the operations of slaughter slabs/houses and abattoirs	Improve the collection and storage of hides and skins
Strengthen the coordination and planning of the sector and its institutions	Strengthen the capacity of key sector institutions
Promote clustering and investment in the leather industry	Improve the application of adequate policies, rules and regulations
Build sustinable growth in the industry	**Strengthen the sector's ability to diversify products, increase value addition and develop markets**
Improve tanneries' abilities in order to stimulate sector growth	Improve the capacity of leather products manufactures
Ameliorate effluent treatment and waste reduction	Innovate products and processes to reduce the environmental impact of the leather industry
Build the market development capacity of the sector	Promote R&D in the leather industry
Improve financial access for sector operators	Promote investment in the sector

Future enhanced value chain

The sustainability and growth of the sector will depend on its capacity to attract investment. The United Republic of Tanzania provides incentives for attracting FDI by exempting capital goods from tariffs and value added taxes, and allows total foreign ownership in agriculture and 50% in manufacturing. The major investors in leather come from Italy and China. However, this Strategy highlights that the investment and business enabling environment ranks quite low against some of its peers. Recommendations are made to improve the targeting of investment for the sector and improve information on, and predictability of, domestic conditions in the sector.

The strategy addresses transformations across the value chain in order to unlock the potential of the Tanzanian leather sector. The future value chain of the sector is driven by its market development objectives – which can lead to value chain enhancements – as well as by the investment focus areas. Improvements in value creation, value addition, value retention and capitalization of opportunities are fostered through targeted efforts detailed in the plan of action (PoA) of the strategy that seek to overcome the critical constraints identified in the sector.

The future value chain of the sector will be characterized by improved R&D, innovation and technology, modernization of slaughter techniques, development of clusters, improved environmental management, strengthened border control, and a favouring of national leather products in national procurement.

The way forward

The comprehensive Leather Sector Development Strategy of the United Republic of Tanzania (hereinafter the Strategy) endeavours to generate the conditions for a favourable expansion of the industry so as to contribute to overall socioeconomic development. The Strategy in and of itself is not enough to ensure the industry's sustainable development. Such development will require the coordination of various activities. While the execution of these activities will allow for the Strategy's targets to be achieved, success will depend on the ability of stakeholders to plan and coordinate actions in a tactical manner. Apparently unrelated activities must be synchronized across the public sector, private sector, and non-governmental organization communities in order to create sustainable results. Indeed, the Strategy does not belong to any specific institution; rather it is the strategy of the United Republic of Tanzania, and to ensure its success it is necessary to foster an adequate environment and create an appropriate framework for its implementation.

A key success criterion for the Strategy is the ability to coordinate activities, monitor progress and mobilize resources for its implementation. It is recommended to work with the Livestock Development Fund (LDF) committee as an existing public–private body responsible for advising government and guiding sector development interventions. The presence of the LDF steering committee to oversee the implementation of the Strategy is a key success factor but it is not sufficient to effectively fulfil its assigned functions. It will be important that the capacities and skills of the sector secretariat be sufficient to ensure effective management of the Strategy's implementation.

As the primary beneficiary of Strategy implementation – through improved productive capacities, reduced costs of doing business, facilitated administrative procedures, enhanced access to finance, etc. – the private sector will need to be directly involved. The private sector clearly expressed during the Strategy design process its willingness to contribute, directly or in partnership with public institutions, to the implementation of the Strategy.

The various implementation modalities detailed at the end of this document will determine the success of implementation. However, high-level support from the Government, in tandem with strong championship by the private sector, will be the real driver of successful implementation.

WHERE WE ARE NOW: SLOW GROWTH IN A FAST MOVING INDUSTRY

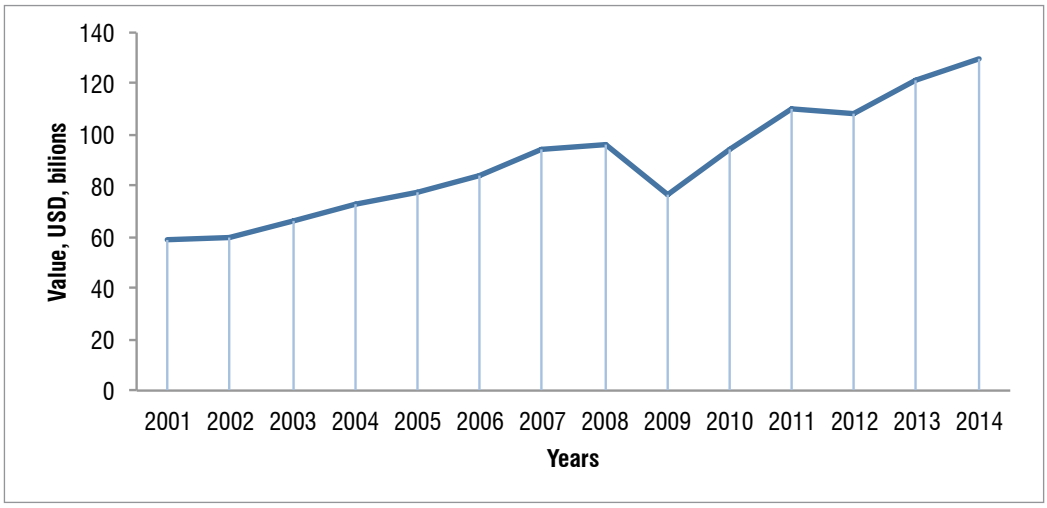
The leather value chain encompasses raw H&S, tanned leather and leather products, from clothing to travel articles. Leather products have experienced rapid growth despite the emergence of synthetic substitutes. The resilience of demand for leather products can be attributed to the significant increases in purchasing power in emerging markets, as well as the demographic growth of the middle classes. Strong underlying demand in the meat industry and the growing livestock sector are providing the raw materials for a thriving leather industry. The market remains dominated by a few players, where 10 countries account for around four-fifths of the world's exports. However, the major players have been changing, with traditional European markets losing, and South-East Asian markets gaining, market share. This section identifies the changing market trends globally and the role of African suppliers in global supply chains. The performance of the United Republic of Tanzania is studied to assess market opportunities and opportunities for diversification.

GLOBAL MARKET TRENDS: LEATHER IS A GROWING INDUSTRY

The world export market for leather and leather products reached US$ 134 billion in 2014, which is slightly larger than the size of the market for meat exports (US$ 125 billion). The global leather market has nearly doubled over the last decade and is expected to continue to grow rapidly over the next decade, owing to improvements in quality and performance within the leather industry. According to figure 1, the global financial crisis of 2008–2009 led to a contraction in the market for leather and leather product exports, when global earnings received from exports of H&S fell by 30%.[1]

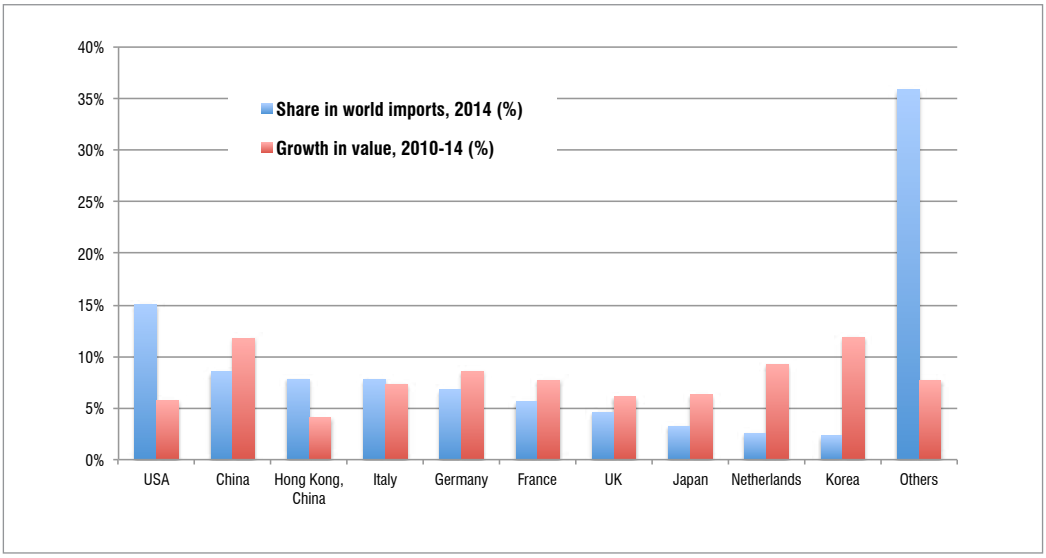
1. Food and Agriculture Organization of the United Nations (2013). *World Statistical Compendium for Raw Hides and Skins, Leather and Leather Footwear, 1993–2012.* Available from http://www.fao.org/fileadmin/templates/est/COMM_MARKETS _MONITORING/Hides_Skins/Documents/COMPENDIUM2013.pdf.

Figure 1: *Global leather export earnings, 2001–2014 (US$ billions)*



Source: International Trade Centre (ITC) calculations based on United Nations Comtrade statistics.

Figure 2: *Share and growth in value of world exporters of leather and leather products imports, 2010–2014 (%)*



Source: ITC calculations based on United Nations Comtrade statistics.

Table 3: *Share in value of world leather imports by product*

Rank	Harmonized System (HS) code	Product label	2014 (%)
1	640399	Footwear, outer soles of rubber/plastic, uppers of leather, n.e.s.	23.3
2	640391	Footwear, outer soles of rubber/plastic, uppers of leather covering ankle n.e.s.	12.7
3	420221	Handbags with outer surface of leather	10
4	410150	Whole raw H&S of bovine, 'incl. buffalo' or equine animals	4.8
5	640359	Footwear, outer soles and uppers of leather, n.e.s.	4.2
6	420231	Articles carried in pocket or handbag, with outer surface of leather	3.5
7	410712	Grain splits leather, 'incl. parchment dressed leather'	3.6
8	420712	Articles of apparel of leather or of composition leather	3.1
9	410792	Grain splits leather, 'incl. parchment dressed leather', of the portion	3.2
10	410411	Full grains, unsplit and grain splits, in the wet state incl. wet blue	2.8
11		Others	28.7

Source: ITC calculations based on United Nations Comtrade statistics.

A key driver of continued industry expansion has been the stable demand from large importing markets (United States, China, etc.) that have maintained a growth rate faster than the world average (5%) between 2010 and 2014. Other drivers for the leather industry include large and fast-growing demand from an expanding middle class in emerging countries (Brazil, the Russian Federation, India, China and South Africa in particular).

In terms of product importance, 50.8% of leather and leather products imported globally in 2014 were footwear, handbags and whole raw hides. In terms of tanned H&S, leather splits (whole or part) and wet-blue skins are the most important products imported globally, representing 6.8% and 2.8% respectively of global leather markets.

The global leather market did face competition from the rise in the synthetic leather market, which challenged leather technology to make improvements and innovations in order to compete. The resilience of the leather industry, however, enabled the sector to target high-end developed market consumers –with products such as

Photo: (CC) Pixabay, *George Shahda.*

accessories and shoes for the fashion industry– and mid-level consumer markets in emerging nations. Also, to maintain its performance, the leather industry now offers 'fashion & function' leathers like motorcycle jacket leathers; performance glove, print and look leathers; thin leathers for leather shirts; and many more products adapted to industry needs. These leathers are processed to have requisite functional properties such as water or solvent washability and requisite tear and stitch strengths. Water-repellent and water-resistant properties are also incorporated in leather intended for use in these conditions.

GLOBAL PRODUCTION STRUCTURE

Global production of leather products is dominated by hides from bovine animals. These represent about two-thirds of the raw material used by the world leather industry[2] (see Table 4). Sheepskin and pigskin account for a further one-quarter of the world market.

Around 80% of the world trade in leather products remains dominated by just 10 countries, with the degree of concentration of production increasing since 2000. Three developing countries, namely China, India and Viet Nam, accounted for 54.2% of the global leather market in 2014.

2. International Trade Centre (2015). *African Leather Industry and Global Leather Standard Requirement, Draft*.

Table 4: *Share of leather raw material by type*

Type of raw material	%
Bovine	66
Sheep	15
Pig	11
Goat	7
Other	1–2

Source: Food and Agriculture Organization of the United Nations (2013).

Box 1: Description of different types of raw hides, skins and leather

Raw hides and skins

H&S after flaying and preservation is the first stage of sale. The preservation method can vary from very preliminary (air-dried hides from villages in developing countries) to advanced (refrigerated hides from developed countries). Sale can be to a local collector who sells on to the tannery directly or via traders. The quality of preservation varies depending on awareness of, and the affordability and availability of, the chemicals required. To export, the raw hides are well-cleaned, trimmed and preserved by chemical and refrigeration methods. They are normally sold by weight.

Pickle

Raw H&S in the tannery are processed by chemical and mechanical methods to remove the flesh, hair and collagen for longer preservation and easier presentation for sale. This process is called tanning. Pickling is the first intermediate stage of the tanning process, where the skins are acidic in nature and can be preserved. They are white in colour. Leather is sold at this stage as well. The advantage of pickled skins is flexibility to be processed for chrome tanning or vegetable and other chrome-free tanning. The pickling process can be set and controlled for different end uses. Pickled skins are sold by dozens/numbers in different size and grades.

Wet-blue

Wet-blue is chrome tanned leather. The chrome tanning process is done after pickling. It is the next and most common method of preservation and sale around the world. The leather can be preserved for many years with periodic wetting with water. Wet-blue's name is derived from the light blue colour of the leather and the wet condition requirement. The leather is resistant to boiling temperature, very clean, and easy to grade and handle for transport and storage. Wet-blue skins are sold either by dozens/numbers in different sizes, or as measured in square feet or square metres in different grades.

Crust

The crusting process is done from the wet-blue or pickle stage and uses chrome, vegetable and/or synthetic tanning agents. The process has more chemical and process variants and needs better technical skill and controls. The leather is dry and open in this stage and can be of standard base colour or as per customer requirement. This is cheaper to transport, easy to grade and has the advantage of quick and variable finishing. Sales at this stage are increasing rapidly because of the advantages listed above. Crust leather is sold as measured in square feet or square metres in different grades.

Semi-finished

Semi-finished leather is crust leather where some additional operations are done on the crust or before the crusting operation, for the specific finishing to be done by the customer. These could be specific colour dyeing, softening, embossing, etc. This is required to reduce the finishing operations or customized refinishing at the customer end. This leather is also sold as measured in square feet or square metres in different grades. This forms a very small portion of the total trade and is not a standard term of trade

Finished leather

Crust leather is finished to desired colours and products by coating, dyes, pigments and binding chemicals applied by hand or spray machines. The leather should have the required physical (tear and stitch strength, etc.) and chemical properties (finish adhesion and colour fastness, etc.) for its use in product manufacturing. This is also sold as measured in square feet or square metres in different grades.

High fashion finished leather and product suppliers with quick response times

The product industry is fashion- and comfort-driven and is very demanding about types of products, their properties and delivery time. Fashion changes occur very quickly and need substantial investment in technology and skilled manpower. A good number of tanneries have invested in facilities to meet these demands in less time. These tanneries buy/produce and stock ready-to-finish crust or refinished leathers, and finish these to required products and finishes as per customer requirement.

Source: These are general definitions / descriptions of the different stages of leather production and selling points. No specific source can be assigned to them. They are derived from leather textbooks such as: Sharphouse, J.H. (1983). *Leather Technician's Handbook*. Northampton: Leather Producers' Association; Tuck, D.H. (1981). *Manufacture of Upper Leathers*. Natural Resources Institute; and others, as well as industry practices.

The main drivers for transformation of the industry have been the high labour costs and declining availability of trained manpower in developed countries. One important trend shift has been to divide the industry into:

- Wet-blue, crust and ready-to-finish suppliers
- Finished leather suppliers who meet high fashion and quick delivery demands.

By working on imported wet-blue and crust from around the world, high-tech operations are able to manufacture leather articles with relatively short lead times. The trend in large markets such as China, India and Brazil has been to have flexible finishing units close to product manufacturing operations for quicker deliveries and fashion finishes.

There is a recent increasing trend of refinishing ready-to-finish crust in locations near shoe and product manufacturing facilities. This is to cater for fast-changing fashion trends, short delivery times and small order quantities. Many shoe factories now add finishing touches to shoes with shoe finishing chemicals after they are made, in order to create unique designs.

A **regular supply of consistent quality** wet-blue, wet-white and full vegetable crust are the basic requirements demanded by major importers around the world. As a result, tanners have invested in facilities to meet these requirements. Finished leather production processes require large and continuous investments in technology, logistics, machinery and training of manpower.

THE LEATHER INDUSTRY IS BECOMING HIGH-TECH TO IMPROVE EFFICIENCY AND REDUCE POLLUTION

Technology has driven changes in the leather sector. Technology improvements include customized chemicals and process controls for desired feel and finish. Machines with exacting controls of temperature, pressure and coating quantity; quick set up and change times; and increased output are being used to enhance quality and productivity. The leather industry is now driven by technology which is continuously being updated in line with the challenges of the fashion and comfort requirements of the customer, synthetic substitutes and environmentally friendly processes.

Environmental concerns are being addressed through processes which consume less water and better absorb tanning chemicals. This results in a lower discharge of water and less solids in discharge effluents. Harmful chemicals are continuously being replaced in the processes with environmentally friendly substitutes such as:

Photo: (CC) Pixabay, *Michael Biondo.*

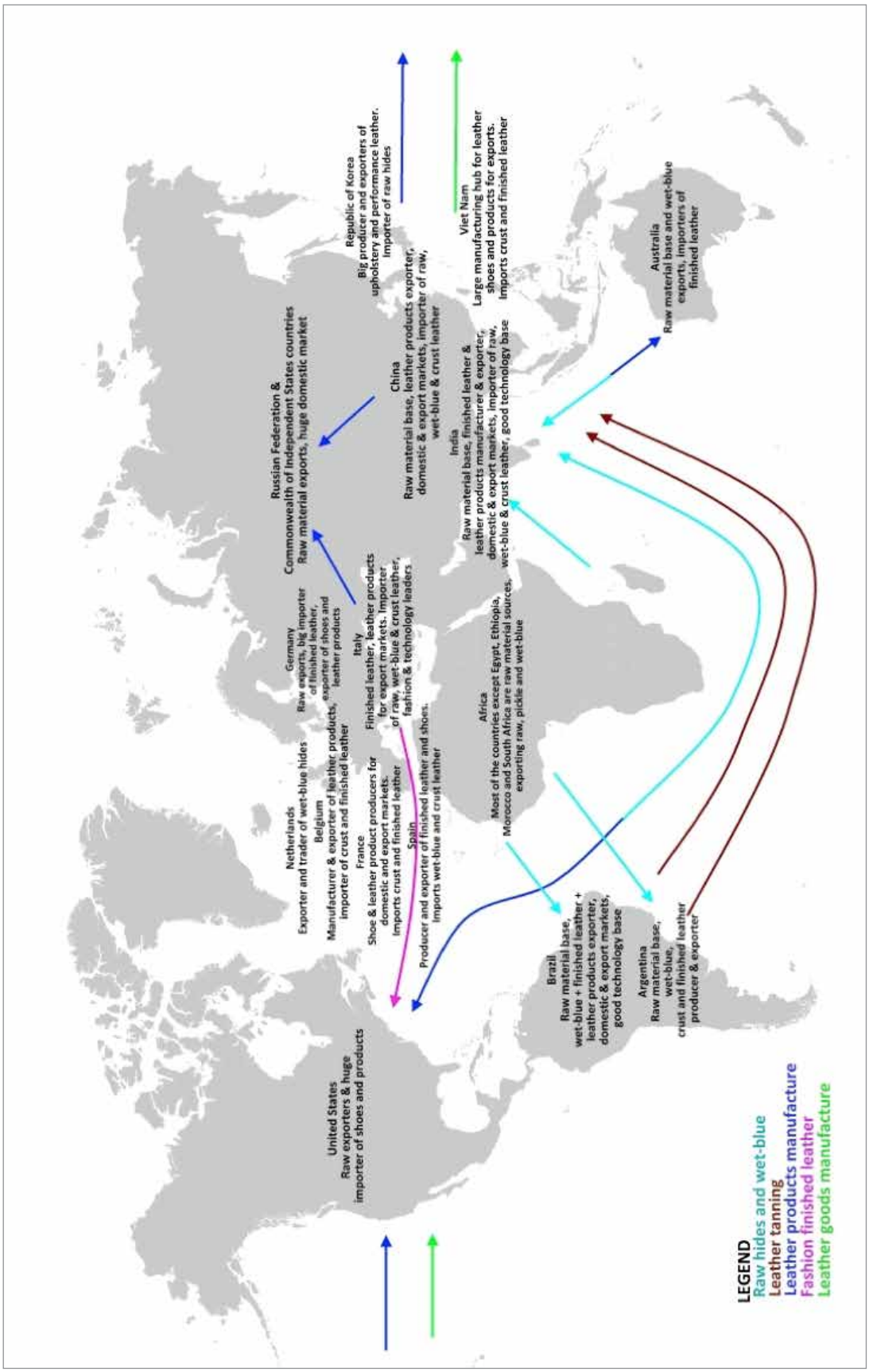
- Biodegradable wetting agents
- Reduced sulphide processing
- Non-synthetic or polymeric re-tanning systems
- Natural dyestuffs
- Vegetable-oil-based fat liquor
- Optimized finishing systems to reduce waste such as high-volume low-pressure or roller coating
- Chemicals used biodegrading in 12 months or less.

Effluent treatment plants are becoming more effective and efficient to meet desired environmental standards. Simpler and more cost-effective methods are now available in the market. A major development is the technology of extraction and manufacture of saleable products from effluent waste.

The global value chain of leather chain (see figure 3) has evolved in line with developments in the following factors:

i. Availability of raw materials
ii. Manpower and labour costs
iii. Processing technology and facilities
iv. Institutional, technical and financial support
v. Investment in infrastructure
vi. Domestic market growth
vii. Preferential access to international markets
viii. Government policies.

Figure 3: *Global value chain of leather*



GLOBAL INDUSTRY STRUCTURE IS DOMINATED BY ASIA AND EUROPE

The first countries to emerge from the global restructuring of the industry were in East Asia. These countries were Chinese Taipei and the Republic of Korea to start with, China joining them later. The major reasons for their success were the lower cost of production and the lack of skilled manpower for this industry in the West. China has emerged as the global leading exporter of leather in recent years.

The industry structure is now shifting towards South Asia and Africa as a result of the same factors of competitive advantage, namely the availability of trained manpower, lower cost of production and availability of raw materials (H&S).

Amongst developed countries, Italy had taken the lead and is still among the top leather and leather products manufacturers; however, it has now shifted to high fashion finish, divesting from labour-intensive production. The industry in developed countries focuses more on fashion products and accessories, and relies on fast delivery times, which fetch higher market prices. They have design studios closely monitoring or jointly working to tap into new trends and develop new technologies. The design studios facilitate the manufacturing process to launch commercial products that are sold to the rest of the world as both new products and technologies.

Africa's market share remains low, with South Africa retaining only 0.17% of the market share in 2014. Africa is not even on the list of the top 50 exporters. Despite this, African countries have been increasingly attracting investors because of their memberships in the South African Development Community, the Common Market for Eastern and Southern Africa, and the East African Community (EAC) (which gives them preferential market access to regional markets)[3] and low production costs (such as labour and access to a large supply of raw materials). Around one-fifth of the world's trade in leather and leather products consists of H&S (from raw form to tanned leather). This is the kind of product mostly exported by the United Republic of Tanzania, and which will be the focus of this Strategy.

3. United Nations Industrial Development Organization (2007). *Present and Future Role of Africa in the World of Leather and Derived Products Industry and Trade*. Sixteenth Session of the Leather and Leather Products Industry Panel. Gramado, Brazil, 20–23 May. UNIDO.

Table 5: *Top exporters of leather and leather products*

Exporters	Exports 2014 (US$ billions)	Average compound annual growth rate (CAGR) (%)		Share of world exports (%)	
		2005–2009	2010–2014	2005	2014
World	134.3	-0.4	8.0	100.0	100.0
Italy	22.1	1.0	9.5	16.0	16.5
China	21.4	-3.6	7.4	17.8	15.9
Hong Kong, China	8.7	-6.0	0.2	10.6	6.5
France	7.4	1.2	13.2	4.6	5.5
Viet Nam	7.3	19.1	26.7	1.4	5.4
India	5.8	5.1	14.0	3.0	4.3
Germany	5.5	2.5	7.9	4.0	4.1
United States	5.3	-6.4	7.6	4.4	3.9
Spain	4.0	1.4	10.4	3.0	3.0
Brazil	3.5	-8.1	6.1	3.7	2.6

Source: International Trade Centre (2015). HS codes correspond to those in the product map.

GLOBAL MARKETS FOR HIDES AND SKINS

Over the last decade, the five subsectors of H&S which have been most traded are grains in wet-blue and dry state, raw H&S, and hides in wet and dry state, accounting for over 80% of exports of H&S.

Table 6: *Top exported items of hides and skins*

Rank	HS code	Product label	Exports 2014 (US$ billions)	Average CAGR (%)		Share of world exports of H&S (%)	
				2005–2009	2010–2014	2005	2014
1	410712	Grain splits leather 'incl. parchment-dressed leather'	5.5	-5.2	8.7	15.0	15.0
2	410150	Whole raw H&S of bovine 'incl. buffalo' or equine animals	5.1	-7.5	11.2	10.9	14.0
3	410411	Full grains, unsplit and grain splits, in the wet state 'incl. wet blue'	3.9	-7.3	13.5	9.0	10.7
4	410792	Grain splits leather 'incl. parchment-dressed leather', of the portion	3.8	-5.6	9.6	9.2	10.5
5	410799	Leather 'incl. parchment-dressed leather' of the portions, strips	2.0	-2.5	3.4	5.7	5.6
6	410719	Leather 'incl. parchment-dressed leather' of the whole H&S	1.7	-5.0	6.1	4.5	4.6
7	410419	Hides and skins of bovine 'incl. buffalo' or equine animals	1.5	-6.9	8.9	3.9	4.2
8	410441	Full grains leather, unsplit and grain splits leather, in the dry state	1.5	-9.7	5.3	5.0	4.1
9	411310	Leather further prepared after tanning or crusting	1.3	13.1	-12.3	2.1	3.5
10	410120	Whole raw H&S of bovine 'incl. buffalo' or equine animals	1.2	-4.5	-3.0	3.2	3.3
11	411200	Leather further prepared after tanning or crusting	1.0	-3.0	1.2	3.0	2.8
12	410711	Full grains leather 'incl. parchment-dressed leather', unsplit	0.9	-10.9	8.9	2.8	2.3
13	410449	Hides and skins of bovine 'incl. buffalo' or equine animals	0.8	-14.1	0.1	4.3	2.3
14	410210	Sheep or lamb skins, raw, with wool on, n.e.s.	0.8	-3.7	2.4	2.1	2.2
15	411420	Patent leather and patent laminated leather; metallized leather	0.6	-3.4	8.5	1.9	1.6

Source: International Trade Centre (2015).
Note: The main exporters of H&S are the European Union and the United States, accounting for 35.5% and 10.5% of world exports, respectively. While China has the highest count for the slaughter of sheep, it does not rank as the largest exporter since most of the H&S go to domestic industries for further processing.[4]

4. Food and Agriculture Organization of the United Nations (2008). *Global Hides and Skins Market: Review of 2004–2007 and Prospects for 2008*. Available from http://www.fao.org/fileadmin/templates/est/COMM_MARKETS_MONITORING/ Hides_Skins/Documents/Market_review_hides_and_skins_-_2008.pdf.

Table 7: *Top exporters of hides and skins*

Rank	Exporters	Exports 2014 (US$ billions)	Average CAGR (%)		Share of world exports of H&S (%)	
			2005–2009	2010–2014	2005	2014
	World	36.6	-6.0	5.0	100.0	100.0
1	Italy	5.6	-2.8	4.8	16.2	15.3
2	United States	3.8	-9.0	7.2	10.2	10.5
3	Brazil	2.9	-4.6	14.0	5.3	8.1
4	Hong Kong, China	2.4	-12.7	1.4	11.5	6.6
5	Germany	1.6	-1.6	7.4	3.6	4.2
6	India	1.4	-3.4	14.6	2.4	3.7
7	Australia	1.1	-6.1	6.4	2.9	3.1
8	Republic of Korea	1.0	-5.6	5.7	3.2	2.7
9	Argentina	1.0	-5.0	0.1	3.1	2.7
10	France	1.0	-6.1	8.3	2.4	2.7

Source: International Trade Centre (2015). HS code 41.

After suffering some contraction from 2005–2009, the world market for H&S has grown in the last five years by close to 5%. During this period, Tanzanian exports have followed a similar trend, although overall Tanzanian exports remain low. The next section focuses on the production performance of the Tanzanian leather industry and its international trade performance.

THE TANZANIAN LEATHER SECTOR – GROWING OPPORTUNITIES REQUIRING TARGETED FOCUS

The United Republic of Tanzania has suffered from a decline in its leather industry since the mid-1980s. The industry was not very competitive to start with and the liberalization process, together with the lack of public sector investment, led to it being hollowed out. Some FDI has since been injected into the tanning sector, which is currently the most vibrant stage of the value chain. Despite the fact that the tannery sector is more dynamic than other segments of the industry, critical constraints to source materials remain upstream, and the sector remains undeveloped in downstream activities. Despite thriving international demand for leather products, Tanzanian export performance has been lacklustre. This section explores the overall structure and performance of the sector in the United Republic of Tanzania.

HISTORICAL OVERVIEW

Since privatization and market liberalization in the mid-1980s, the Tanzanian leather sector has experienced a sharp decline in many of its manufacturing operations, such that most of the footwear and leather goods industry was replaced by imports. The tanning industry also faced difficulties in terms of attracting investment to upgrade existing facilities or in building productive capacity without State interventions.

Owing to the hollowing out of operations and the realization that the sector required supplies of a higher quality on a sustainable basis, the Government formulated policies to support the sector. The first of these policies, Cabinet Paper No. 2/2003, contained a number of directives to address existing constraints, including the adoption of an export levy on raw H&S. Export taxes or levies are quite widely used as an industrial policy tool in order to promote value added processing of raw materials rather than exporting them unprocessed. Export levies as industrialization instruments have mixed results and few success stories. The proceeds of this levy were added to the LDF, which was meant to support improvements in the quality of raw materials, upgrading of tanneries, and strengthening of stakeholder organizations.

Despite a number of policies and regulations to support the sector, low growth remains entrenched and the sector appears to be performing well below its potential. It has not managed to adapt successfully to produce new varieties of products, and continues to experience low growth and low levels of investment. Sector stakeholders consider the situation quite critical, which is the underlying basis for elaborating this Strategy.

EMPLOYMENT AND PRODUCTION STRUCTURE

It is estimated that 1,000 people[5] work in the Tanzanian leather and leather product manufacturing sector.[6] Only an estimated five small firms produce leather footwear in the United Republic of Tanzania. According to interviews with leather and other footwear firms in the country, less than 200 workers are employed in the leather footwear sector (excluding micro/small enterprises employing less than 10 people). Of these workers, 58% are male and 42% are female.[7]

5. Excluding unreported micro/small workshops of less than 10 employees.

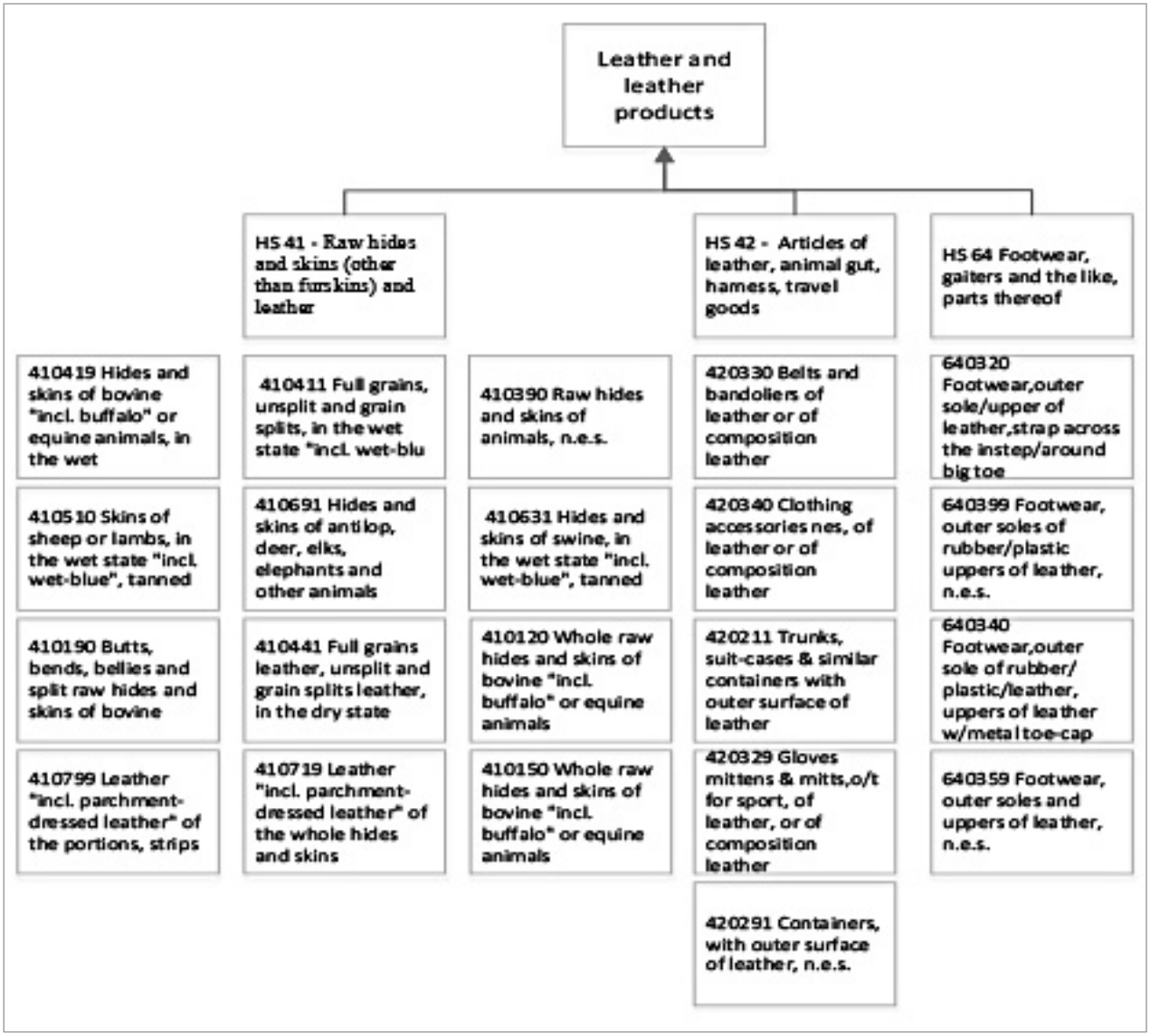
6. World Bank Group (2011). *Light Manufacturing in Africa: Focused Policies to Enhance Private Investment and Create Millions of Productive Jobs: Volume II – The Value Chain and Feasibility Analysis. Domestic Resource Cost Analysis,* chapter IV, Comparative Value Chain and Economic Analysis of the Leather Shoe Sector (Sheepskin Loafers) in Ethiopia, Tanzania, Zambia, China and Viet Nam, p.129.

7. *Ibid.*: p. 138.

PRODUCT MAP

The product map in figure 4 presents the products currently produced and exported by the United Republic of Tanzania. The vast majority of leather and leather products produced and exported are found under the HS 41 category of raw H&S and leather.

Figure 4: *Tanzanian leather product map*



THE TANZANIAN LEATHER SECTOR – FLUCTUATING GROWTH

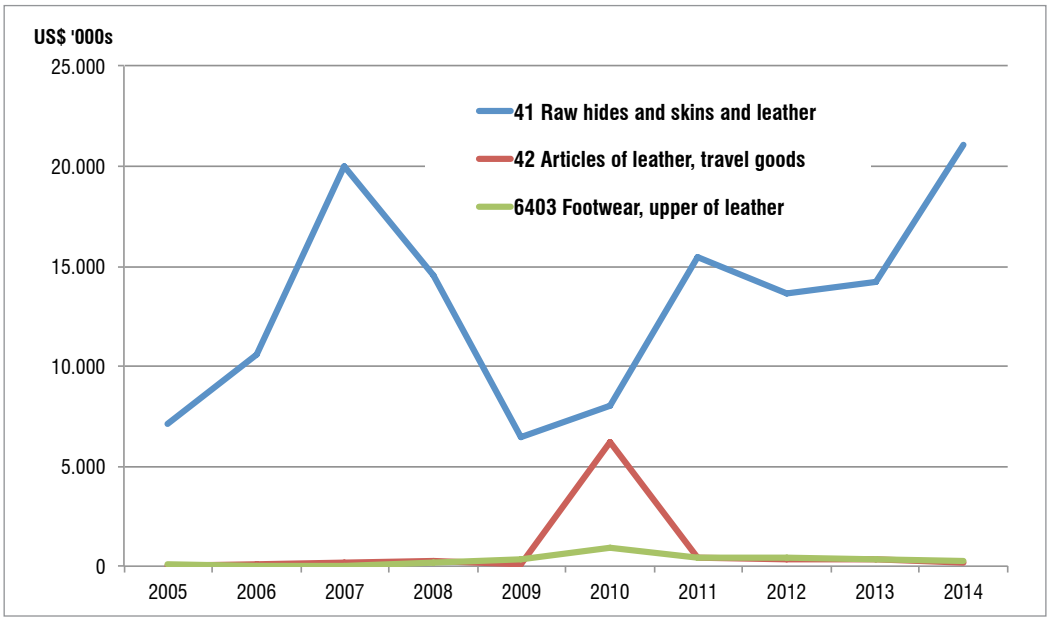
The tanning industry, while currently faltering, has a huge opportunity for expansion and value addition and should aim to become a standard leather supplier to the region and the world. The additional advantages that the sector enjoys are labour availability, port facilities and the commitment of the Government to improving the sector. The country's tanning industry only produces at around 46% of installed capacity,[8] and mostly processes up to the stage of wet-blue. Exports from the leather sector have been fluctuating between US$7 million and US$21 million over the last decade (see figure 5).

Tanzanian exports of leather products (containing all the subsectors found in the leather industry) remain very small in comparison to its livestock population. As a whole, the United Republic of Tanzania ranks fourteenth in Africa for H&S, ahead of Botswana but behind Kenya (see figure 6). For articles of leather, the United Republic of Tanzania ranks seventeenth, and for footwear it ranks twelfth.

Photo: (CC) Pixabay, *zipper.*

8. Tanzania Daily News (2014). Tanzania: leather industry potential wasted, 21 January. Available from http://allafrica.com/stories/201401210098.html.

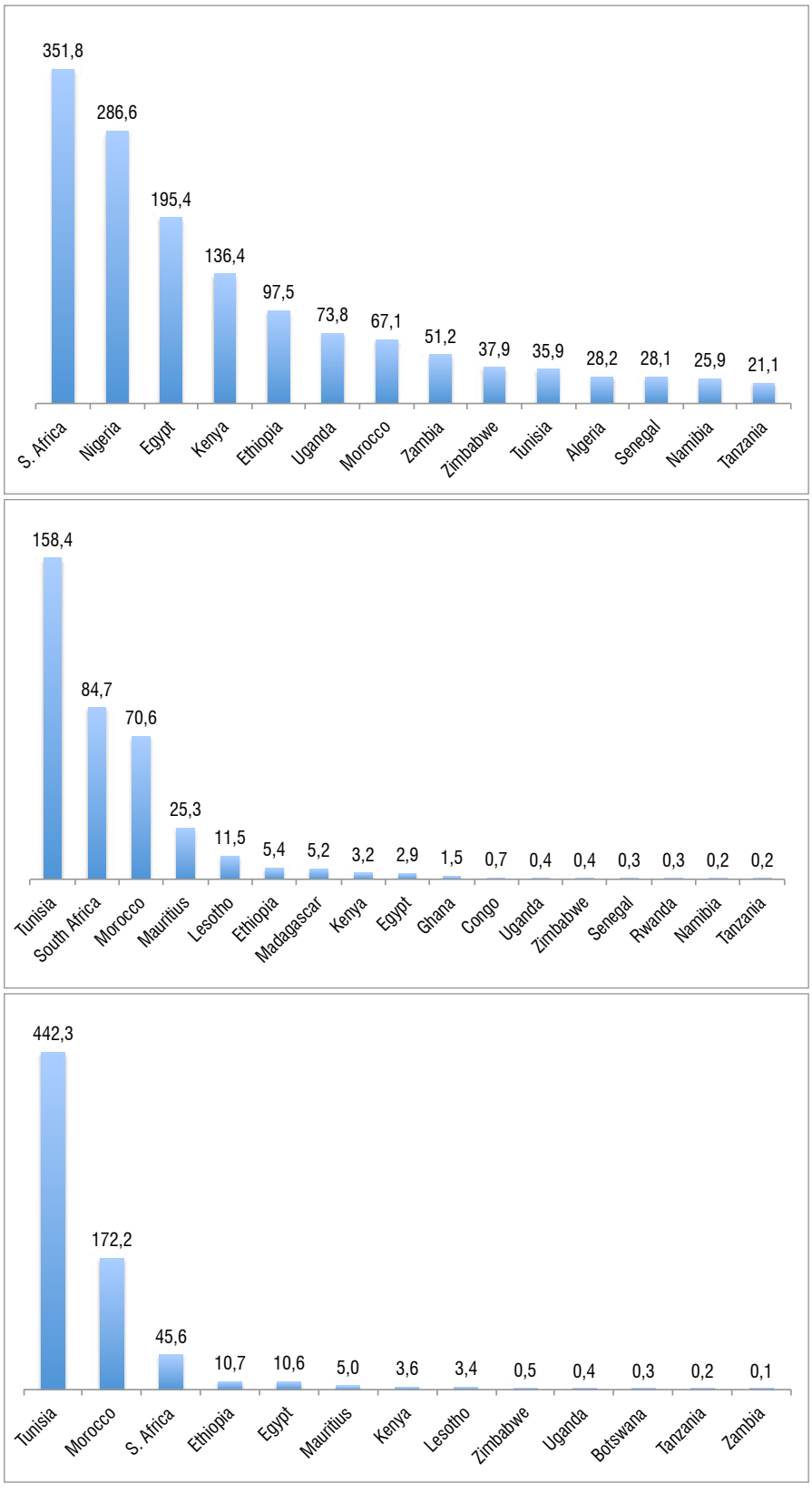
Figure 5: *Tanzanian exports of leather, 2005–2014 (US$ thousands)*



Source: International Trade Centre (2015).

Note: The dip in 2009 reflects the slowdown in the global economy. The small leap in exports of articles of leather is likely to reflect temporary shortfalls in supply of East Asian tanneries following closures as a result of the global financial crisis.

Figure 6: *Major African exporters of H&S (top), articles of leather (centre) and leather footwear (bottom) in 2014 (US$ millions)*



Source: International Trade Centre (2015).
Note: H&S correspond to HS41; articles of leather correspond to HS42; footwear with leather uppers or soles to HS6403.

Table 8: *Most-exported Tanzanian hides and skins products, 2005–2014 (US$ millions)*

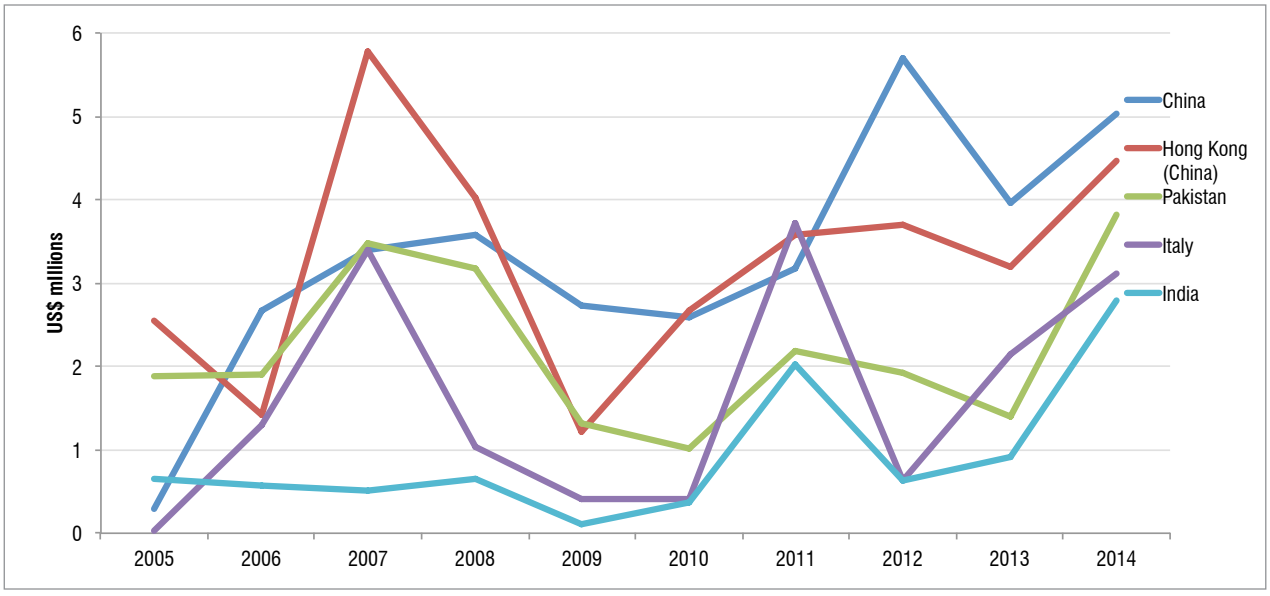
HS code	Product label	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
41	Total H&S	6.6	10.6	20.0	14.5	6.4	8.0	15.5	13.6	14.3	21.1
4104	Leather of bovine/equine animal, other than leather of heading 4108/4109	0.5	3.2	5.8	6.0	3.7	1.9	5.2	3.7	5.9	13.2
4105	Sheep/lamb skin leather, other than leather of heading no. 4108/ 4109	0.4	0.3	0.3	0.7	0.1	1.7	2.7	3.0	5.1	4.0
4106	Goat/kid skin leather, other than leather of heading no 41.08/41.09	0.5	0.8	6.9	3.6	1.5	2.7	3.2	4.5	3.0	2.1
4103	Raw H&S n.e.s.	2.2	2.8	2.9	2.2	0.6	1.0	2.6	1.2	0.1	1.1
4101	Raw H&S of bovine/equine animals	2.7	3.3	3.7	1.7	0.5	0.6	1.9	1.2	0.0	0.6

Source: International Trade Centre (2015).

The H&S most exported by the United Republic of Tanzania by animal source are bovine animal skins (see Table 8). Sales of exported leather of bovine origin reached US$ 13.2 million in 2014, which is over 60% of total H&S exports. Sheepskin leather accounted for around 20% of exports, and around 10% of exports related to goatskin leather.

While a decade ago, Tanzania's exports of hides and skins were consumed by Hong Kong (China), mainland China has now emerged as the largest export market for Tanzania. Exports to Hong Kong (China) have remained high and represent its second largest export destination, reaching just over $4 million in 2014. Exports to mainland reached $5 million in 2014, in comparison to under $0.25 million a decade earlier. Exports to India and Italy have also shown phenomenal growth, reaching close to $3 million each in 2014, while they were not exported to a decade earlier.

Figure 7: *Main export destinations for Tanzanian hides and skins, 2005–2014 (US$ millions)*

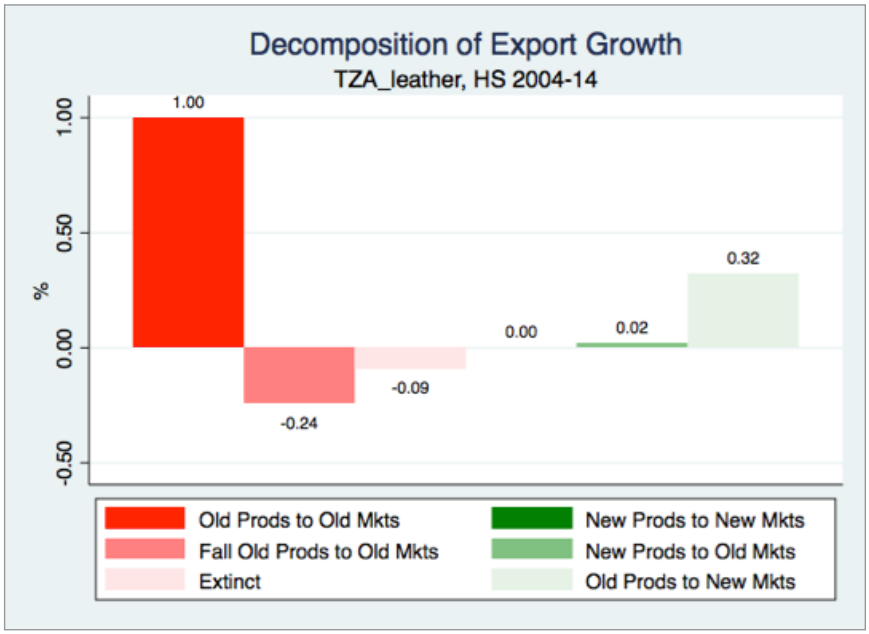


Source: International Trade Centre (2015).
Note: HS41.

SECTOR EXPORT PERFORMANCE

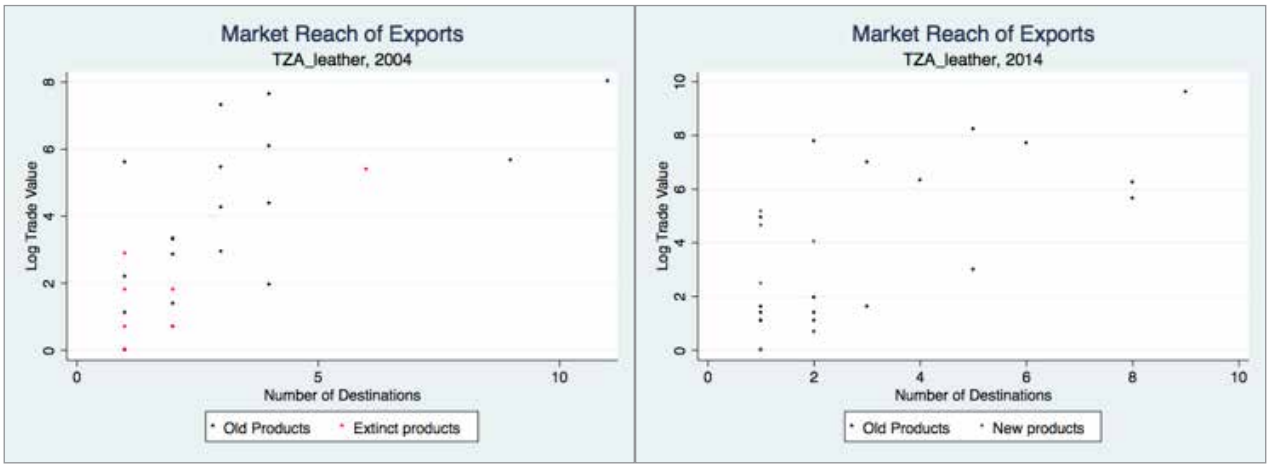
An analysis of the source of export performance (see figure 8) confirms that the majority of growth in Tanzanian H&S, leather and leather products exports between 2004 and 2014 was generated through an increase in exports of traditional products, such as raw and wet-blue hides. There has been some small product diversification with registered growth in new products to traditional markets. The low degree of diversification over the last decade reflects weak technology adoption, limited access to finance and a number of supply-side constraints, which are addressed in the section on competitiveness constraints affecting the sector's performance.

Figure 8: *Decomposition of Tanzanian export growth*



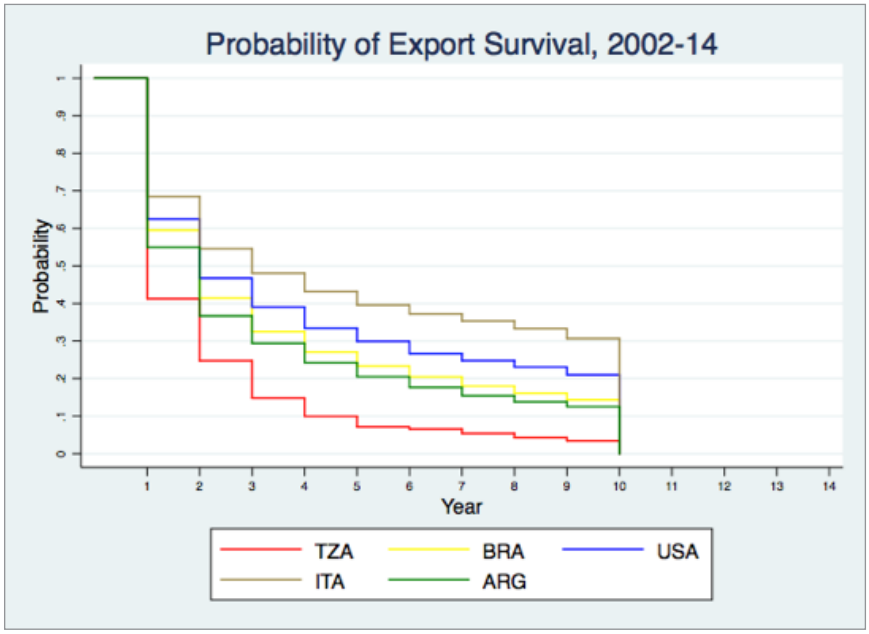
Source: ITC calculations based on United Nations Comtrade statistics.

Figure 9: *Market reach of Tanzanian leather products, 2004 and 2014*



Source: ITC calculations based on United Nations Comtrade statistics.

Figure 10: *Probability of survival of Tanzanian export relationships, 2002–2014*



Source: ITC Calculations based on United Nations Comtrade statistics.

The number of markets reached in the leather sector over two different time periods is presented in figure 9. On the left hand side, the number of markets reached by different products within the leather sector reached very few destinations in 2004 (mainly less than five markets). By 2014, there had been an improvement in the number of destinations reached (with many products reaching between four and eight markets). This nevertheless remains very concentrated and renders exports vulnerable to market changes, exchange rate fluctuations and changes in taste.

The probability of the survival of Tanzanian exports is particularly low, and far lower than many of its competitors in the leather sector (see figure 10). Survival of export is defined as the likelihood of exports with a bilateral partner being maintained for one extra year. According to trade data, the probability that an export relationship of the Tanzanian leather sector survives more than two years is around 40%. After four years, the probability falls to just 10%. Such a low level of survival (alternatively, such a churn rate) usually indicates difficulties in supply-side capacities and quality consistency to meet demand. These supply-side constraints, as well as market entry issues, are explored in the sections below.

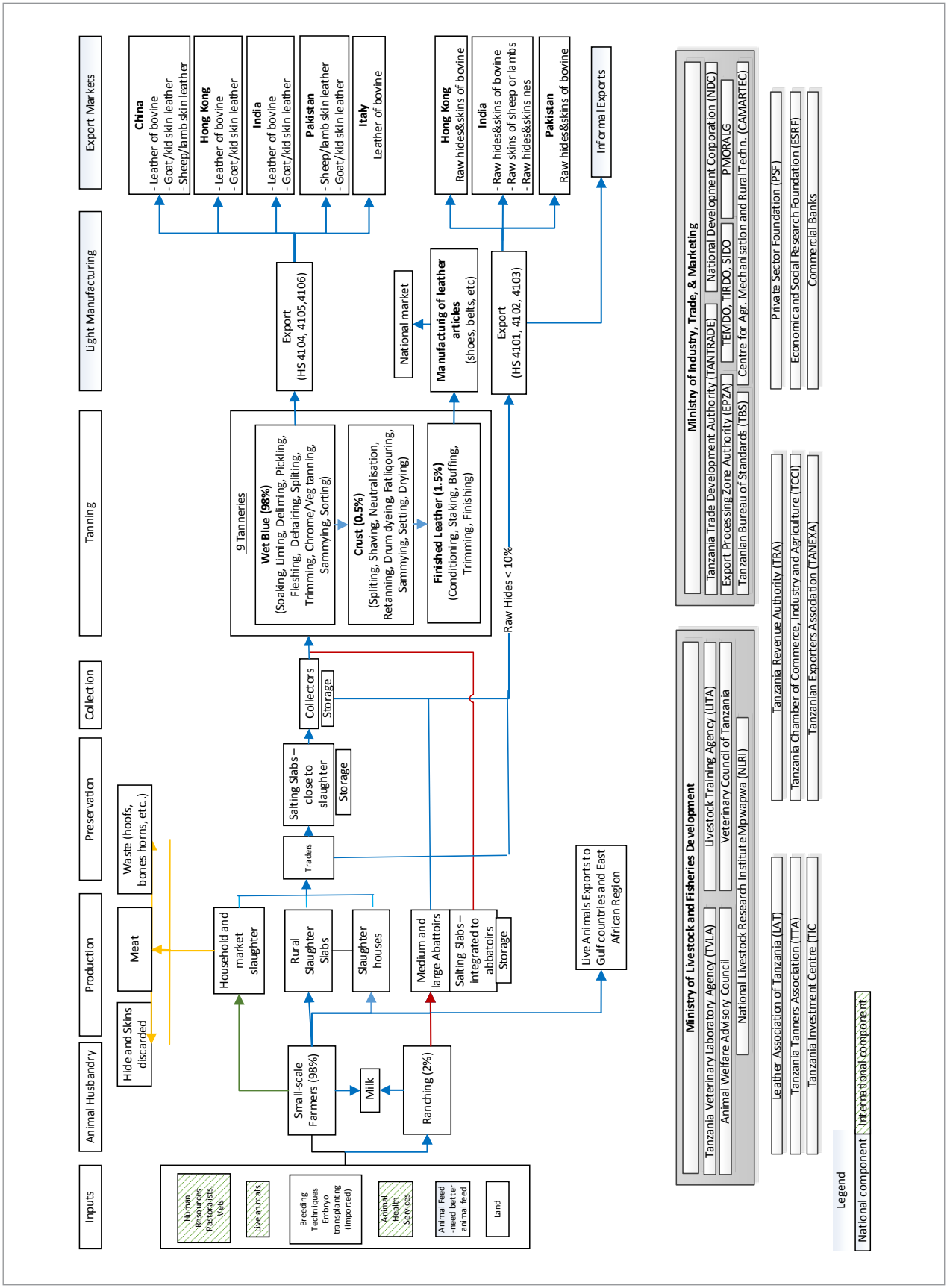
The analysis of production and export data reveals a number of key underlying trends which threaten the survival of the sector. These include:

Limited utilization of full productive capacity;

- The gradual erosion of market share owing to the lacklustre performance of exports over the last decade;
- Weak performance of exports in comparison to African peers and in light of the United Republic of Tanzania's large livestock population;
- Narrow concentration of products exported by the United Republic of Tanzania within the sector;
- Unstable duration of trade relations with importers owing to supply consistency challenges;
- Intensification of exports of the same products towards traditional markets, as opposed to diversification towards new markets.

The performance analysis points to a number of structural problems which need to be addressed throughout the value chain. Value chain analysis allows us to seek areas where there are leakages in value and opportunities for retaining and creating value. The next section undertakes a description of the value chain and its various stages before exploring some of the critical constraints for the sector's development in the medium-to-long term.

Figure 11: *Tanzanian leather value chain*



THE TANZANIAN LEATHER VALUE CHAIN

INPUTS ALONG THE VALUE CHAIN

There are numerous types of inputs required for the production of leather and leather products. Upstream activities of the value chain concern animal husbandry and the inputs needed to keep livestock. The key livestock production inputs include breeding techniques for calves, veterinary services, immunization and animal foodstuffs. The National Ranching Company (NARCO) plays a critical role in promoting breeding operations, with a view to breeding superior quality cattle to smallholder and pastoral livestock producers. Access to finance is an important aspect of animal husbandry because a number of years are required before cattle are ready for slaughter.

Inputs for slaughter slabs, houses and abattoirs include storage materials such as warehouses and salt, tools such as flaying implements, and access to finance to assist with investment in and the cash flow operations of the slaughtering operations.

Tanneries require inputs in the form of machinery, which is imported; chemicals, which are also imported; qualified labour; and finance. Such materials and labour are relatively easily accessible, even if qualified expatriate labour is seen as more expensive and complicated to obtain owing to immigration controls.

Leather manufacturers also require a number of inputs, such as machinery and tools, design skills, and marketing channels. The footwear industry also requires inputs, such as soles, shoelaces, metallic pieces, etc. In the United Republic of Tanzania, many leather product designers reuse existing parts available in the country in order to keep prices down, thus making use of recycled materials.

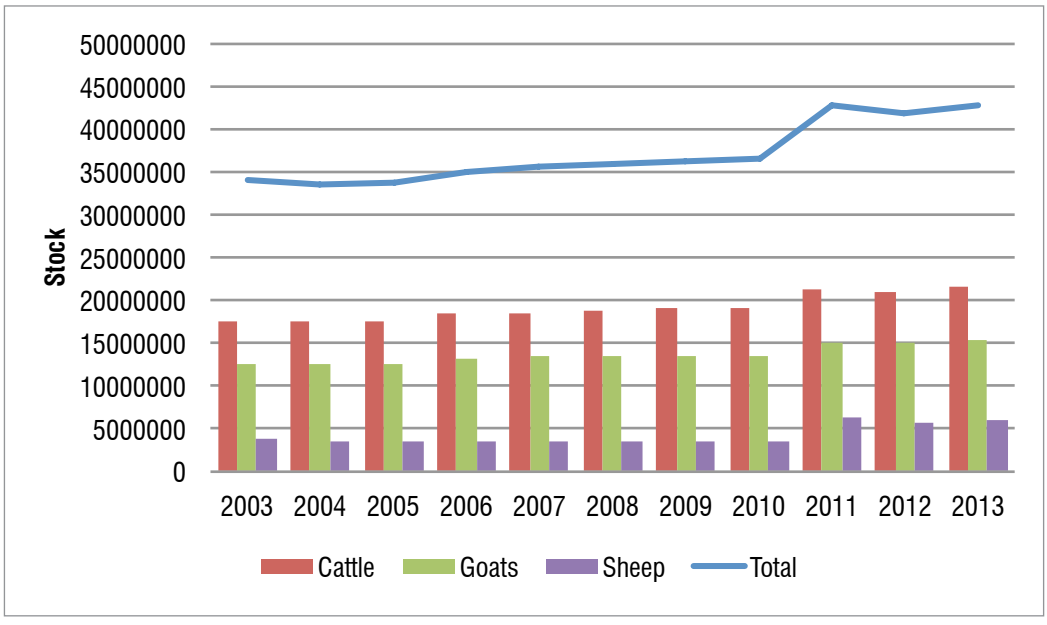
ANIMAL HUSBANDRY

Animal husbandry is estimated to provide the livelihood for an estimated 1.7 million households.[9] The United Republic of Tanzania has the third-largest population of livestock in Africa, representing a formidable supply of H&S, based on an animal population consisting of 21.5 million cattle, 15.4 million goats and 5.9 million sheep. Most smallholder farmers keep a small inventory of livestock, with most households having a stock of less than 10 heads. Commercial ranching accounts for only 2% of the total cattle herd and 7% of the milk marketed, and is practised mainly by the state-run NARCO.[10]

9. World Trade Organization (2012). *Trade Policy Review East African Community (EAC), Annex 4: Tanzania.*

10. Southern Agricultural Growth Corridor of Tanzania. (2012). *SAGCOT Investment Partnership Program: Opportunities for Investors in the Livestock Sector*. Available from http://www.agriculture.go.tz/sagcot/IPP%20Livestock%20Investor% 20Presentation%20280812.pdf.

Figure 12: *Tanzanian livestock production, 2003–2013 (heads of animals)*



Source: Food and Agriculture Organization of the United Nations (2015).

The vast majority (95%) of cattle, sheep and goats produced in the United Republic of Tanzania are based on local breeds of animals reared by pastoralists, agro-pastoralists and farmers.[11] In addition to providing breeding stock to smallholders, NARCO buys cattle and feeds them for a period of three months before sending them to slaughter. NARCO and commercial ranches provide approximately 5% of the animals produced in the United Republic of Tanzania.

During the implementation of the national Integrated Hides, Skins and Leather Sector Development Strategy (IHSLDS), some improvements in animal husbandry practices were made, namely in disease control. However, other practices such as dipping and branding still need to be improved. Other factors which can significantly affect the quality and value of H&S are the practice of branding animals; the fencing used in fields, which can lead to scratches on H&S; poor control of tick bites; the methods used in flaying and curing; the quality of storage of H&S; and the conditions for transporting livestock. It is estimated that between 10% and 40% of the value of a hide is lost by the unsightly and irreparable damage caused by branding.[12]

SLAUGHTER SLABS, SLAUGHTERHOUSES AND ABATTOIRS

The vast majority of slaughter slabs are small-scale, with a throughput of between one cow and 10 cattle per day. Slaughter slabs are usually rudimentary sites made up of a concrete platform with a simple corrugated iron roof for shelter. There are an estimated 1,000 such slaughter slabs in the country. An estimated 43 slaughterhouses, with a nominal throughput capacity of 20 to 100 animals a day, are found in municipalities and other urban areas. Slaughterhouses are estimated to be operating at below 50% of installed capacity.[13]

The majority of the slaughter facilities in the country are owned by local councils, while few are owned by private firms. Slaughterhouse and abattoir facilities are controlled by Local Government Authorities (LGAs). The facilities consist broadly of slaughter slabs in rural and urban areas, relatively few mechanized abattoirs/slaughterhouses in urban areas, and non-specific places on farms and in households. Most of these facilities usually lack basic equipment such as hoisting facilities, a lighting system and a regular water supply. The standard of hygiene, and both liquid and solid waste disposal, are poorly managed, leading to several situations where some slaughterhouses have faced forced closure by public health authorities.

In addition to slabs, a further 27 abattoirs on a larger semi-mechanized scale (with 100–400 animals slaughtered per day) are operational.[14] These abattoirs generally have slightly better facilities for slaughtering and the storage of skins. The hygienic levels are also generally better since they cater more directly to meat processing.

COLLECTION OF H&S

According to data from the Food and Agriculture Organization of the United Nations (FAO), the amount of livestock slaughtered is estimated to be around 3 million cattle and 5 million goats and sheep, which would represent an off-take rate equivalent to over 32 million square feet of H&S.[15]

A major issue relating to the quality of hides and the value lost in selling the skins is slaughterhouse practices, with respect to the flaying and curing of skins. Flaying of the skins is usually carried out haphazardly because the primary focus is the cuts of the meat, as opposed to the presentation of the skins. This leads to scratches, damaged surfaces and uneven skin sizes.

Another key issue regarding the skins obtained from slaughterhouses and slaughter slabs is that once an animal is killed, both the meat and the hide are usually returned to the owner. This is often the case when the client of the abattoir or slaughterhouse is a butcher. The skins are then prone to poor preservation and can attract diseases, making them unusable by tanneries.

At this stage it is critical to preserve the skins through either salting or drying[16] in order to ensure that the quality of the skins and hides is maintained over time. In such circumstances, as when the owner of the cattle sells the skins to a third party, the hide and skin should either go to a salting slab or directly to a collector that will salt it.

11. Wilson, R.T. (2015). *The Red Meat Value Chain in Tanzania. A Report from the Southern Highlands Food Systems Programme*. FAO.

12. Jabbar, M.A., Kiruthu, S., Gebremedhin, B. and Ehui, S. (2002). *Essential Actions to Meet Quality Requirements of Hides, Skins and Semi-Processed Leather from Africa*. Amsterdam: Common Fund for Commodities.

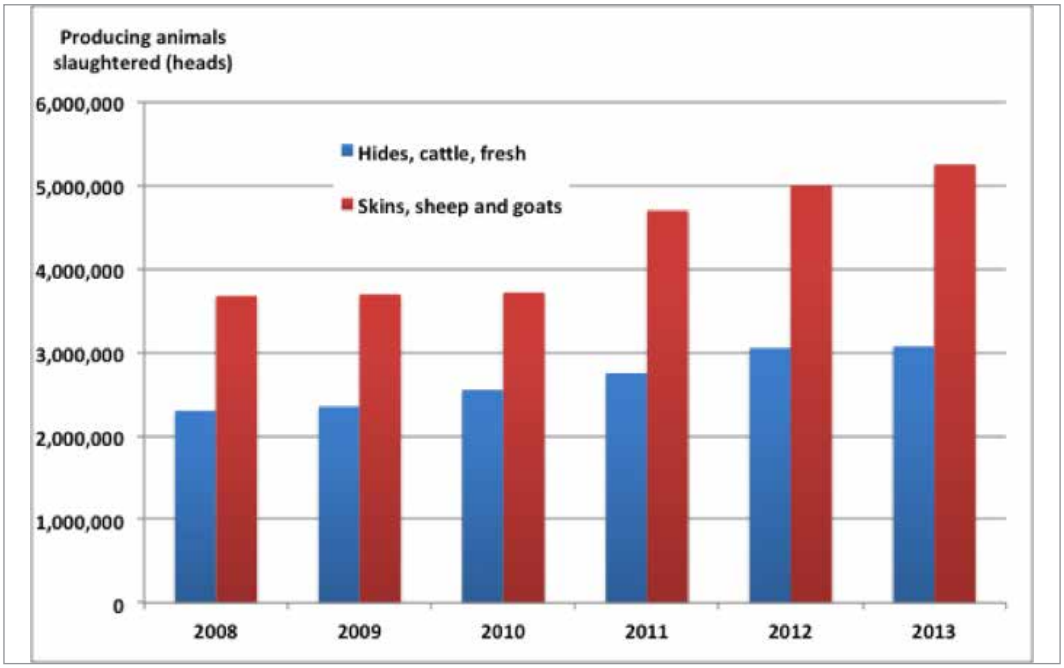
13. United Nations Industrial Development Organization (2012). *Tanzania's Red Meat Value Chain: A Diagnostic*. Africa Agribusiness and Agroindustry Development Initiative (3ADI) Reports. Vienna: UNIDO.

14. Leather core team survey.

15. Food and Agriculture Organization of the United Nations (2013). *World Statistical Compendium for Raw Hides and Skins, Leather and Leather Footwear, 1993–2012.* Available from http://www.fao.org/fileadmin/templates/est/COMM_MARKETS_MONITORING/Hides_Skins/Documents/COMPENDIUM2013.pdf.

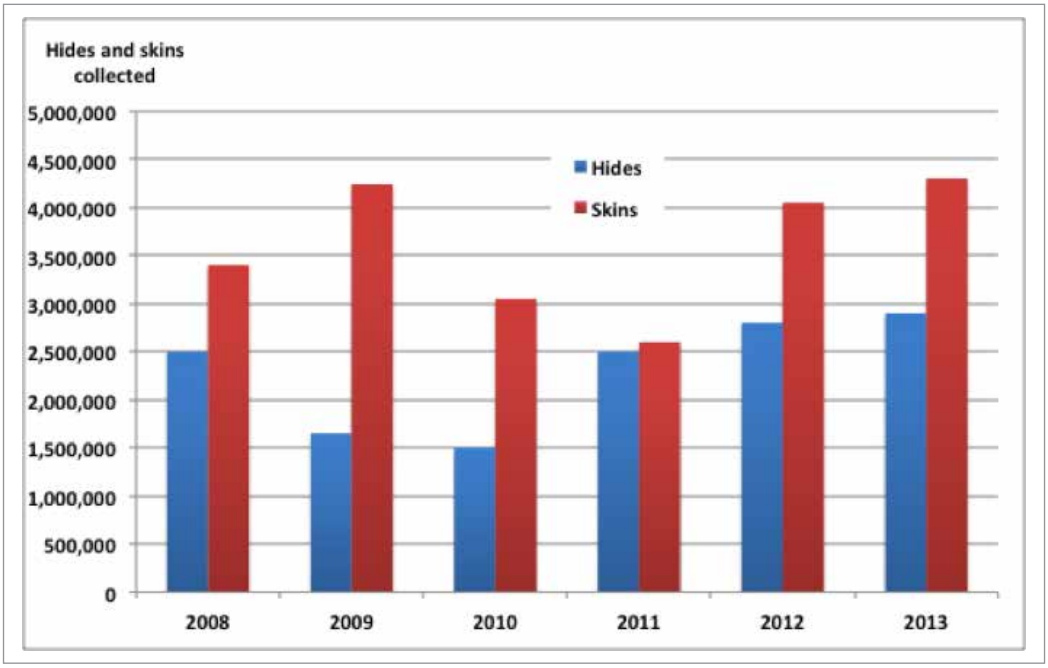
16. In advanced slaughter operations, the skins are preserved by freezing them. This is not yet possible in the United Republic of Tanzania due to frequent power cuts.

Figure 13: *Tanzanian production of H&S, 2008–2013 (equivalent to heads slaughtered)*



Source: Food and Agriculture Organization of the United Nations (2015).

Figure 14: *Collection of H&S in the United Republic of Tanzania, 2008–2013*



Source: ITC's calculations based on Government of the United Republic of Tanzania statistics.

SALTING SLABS AND DRYING SHEDS

For slaughter slabs and smaller slaughterhouses, an adjacent structure – salting slab and/or drying shed – is normally established to collect the skins and complete the preservation process. Salting slab and drying shed operators are also encouraged to collect H&S produced by individuals, in order to increase the collection rate and reduce waste. In the case of larger slaughterhouses and abattoirs, the curing or salting/drying of the H&S is completed as part of the slaughter process.

COLLECTION

Not all the H&S are collected after slaughter of the animals. Based on these figures, the estimated off-take ratio is around 75%, such that around 25% of the H&S are disposed as waste.[17]

Note: The off-take rate may exceed the number of animals slaughtered in any one year because of importation of live animals, unrecorded slaughtering rates which take place at household or marketplace level, and differences in the reporting period between the slaughtering of an animal and the collection of the hide.

Collectors gather their H&S from three main sources: either directly from the place of slaughter, from the drying sheds, or from the collection centres of slaughterhouses or abattoirs. In the first case, the collector would have the facilities to complete the preservation steps (salting/drying). Alternatively, the collector will collect H&S from salting slabs and drying shed operators, or H&S preserved by the larger slaughterhouses and abattoirs. Village collectors and intermediary small traders store the H&S until they are finally transported to tanneries.

At the collection stage, a small share of the H&S are exported as raw H&S, estimated to be around 10% of all H&S.[18] This is a result of the export levy. It is assumed that, in order to evade the cost of the export levy on raw hides, collectors and traders smuggle raw H&S to neighbouring countries. This flow of unreported H&S exports to neighbouring countries, particularly Kenya, can be explained by the higher capacity of tanneries in these countries to pay a premium for raw H&S. While this proportion seems extremely low, a lack of availability of skins for Tanzanian tanneries was reported by stakeholders, which would imply that unreported trade is happening on a large scale.

The price of hides varies and is seasonal. The approximate increase in price along the value chain is given as follows (per kg or approximately per two square feet):[19]

- TZS 300–400 for hides straight from abattoirs (green)
- TZS 600–700 salted hides
- TZS 700–800 offered by the tannery
- US$0.6–US$0.7 for wet-blue

TANNING

As indicated in Table 7, there are nine tanneries in operation in the United Republic of Tanzania. These tanneries buy the salted or dried H&S directly from slaughterhouses, salting slabs/drying sheds, or collectors.

17. Estimation by leather core team.

18. Leather core team estimations.

19. Leather core team estimations.

Table 9: *Selected Tanzanian tannery capacities in 2015*

Company	Location	Installed annual capacity (pieces)		Installed annual capacity (ft²)
		Hides	Skins	
Afro Leather Industries Ltd	Dar es Salaam	300 000	700 000	10 650 000
Lake Trading Co. Ltd	Kibaha	90 000	420 000	4 260 000
Himo Tanners & Planters Ltd	Moshi	90 000	900 000	6 300 000
SAK International Ltd	Arusha	450 000	900 000	15 300 000
Moshi Leather Industries Ltd	Moshi	180 000	1 200 000	9 900 000
ACE Leather (T) Ltd	Morogoro	1 200 000	3 600 000	27 450 000
Meru Tanneries Ltd	Arusha	624 000	1 500 000	8 310 000
Xing Hua Investment Co. Ltd	Shinyanga	900 000	2 100 000	12 700 000
Huacheng International Ltd	Dodoma	900 000	1 500 000	9 000 000
TOTAL		4 734 000	12 820 000	103 870 000

Source: Leather Development Fund Technical Committee.

According to data collected by the Ministry of Industry and Trade (MIT) and the Leather Association of Tanzania (LAT), Tanzanian tanneries have a total annual capacity to process 3.6 million hides and 12.8 million skins. The total installed capacity of the United Republic of Tanzania is equivalent to 104 million square feet per year, while actual capacity utilization reaches around 86% for hides and 61% for skins of this level.

Based on the classification of raw H&S and leather (see box 1) the Tanzanian tanning industry produces mainly wet-blue leather. Crust and finished leather account for a smaller share of production. There are no tanneries producing high-fashion finished leather. One of the challenges facing tanneries relates to the investment made in equipment without a compensating increased level of production, owing to the unavailability and quality of raw H&S. Tanneries are therefore operating well below capacity. Other challenges include growing requirements in terms of environmental compliance and standards, chemical controls (including the Registration, Evaluation, Authorization and Restriction of Chemicals regulation) and dealing with the delivery requirements of buyers (e.g. grades, timings, etc.).

LIGHT MANUFACTURING

Once the finished leather is produced in tanneries, it is sent to leather industries which turn the finished leather into specific leather articles (footwear, cut and stitch upholstery, and other leather products). There are around 40 micro, small and medium-sized enterprises and two large enterprises which are involved with the manufacture of leather products and footwear, and account for all Tanzanian exports of finished leather.[20] A list of the larger light manufacturing companies is presented in table 10. Some of these companies are also vertically integrated in the tanning sector.

20. United Nations Industrial Development Organization (2011); Leather core team.

Table 10: *Tanzanian leather and leather product manufacturing companies in 2015*

		Leather processing				Leather products				
		Wet-blue	Crust	Finished leather	Vegetable tanning	Footwear	Leather goods	Gloves	Leather garments	Upholstery
ACE leather	Large	✔								
Afro Leather Industries	Large	✔								
Asilia	SME				✔		✔			✔
Eddy Leather Craft	Small					✔	✔			✔
Himo Tanners & Planters	Large	✔	✔	✔		✔	✔	✔	✔	✔
Ital Shoes	Small					✔	✔			✔
Jack's Footwear	Small					✔	✔			✔
Jae	Medium					✔	✔			
LAT Training & Production Centres	Medium					✔	✔			
Late Trading Co.	Small	✔	✔	✔		✔	✔			
Marvelous Flotea	Small					✔	✔			✔
Meru Tannery	Large	✔								
Mgagao	Small					✔	✔			✔
Moshi Leather Industries	Large	✔	✔	✔				✔		
P.M. Tito's (Twins)	Small					✔	✔		✔	

		Leather processing				Leather products				
		Wet-blue	Crust	Finished leather	Vegetable tanning	Footwear	Leather goods	Gloves	Leather garments	Upholstery
Phylli & Sons Leather Products	Small					✔				
SAK International	Large	✔								
Shah Industries	Medium						✔			
Stecor Leather Works	Small					✔				
Tavoka Enterprises	Small					✔	✔			✔
Tesha's Leather Shoes	Medium					✔				
Uronu Leather Craft	Small					✔	✔			✔
Woiso Shoes	Large					✔	✔			
Xing Hua Investment	Large	✔								
Mareshi Shoe Makers	Small					✔	✔			
Kiwawashi Women Group	Small					✔	✔			✔
Trashsh Leather	Small					✔	✔			✔
Mwebrania Family Group	Small					✔	✔			✔
Kiu Leather Products	Small					✔	✔			✔

Source: United Nations Industrial Development Organization (2011); updated by leather core team.

The footwear manufacturing sector was vibrant during the nationalization period, but has since remained quite anaemic in view of the difficulty of sourcing local materials as inputs, the large investments needed, and severe competition from imports.

EXPORTS

Exports of leather and leather products occur at different levels of the value chain. As indicated above, raw H&S are often exported by collectors to regional markets in order to supply their local tanning industries. These exports are often unreported in order to avoid paying the current levy of 90% on exports of raw H&S. Exports of wet-blue and crust are normally done directly by tanneries exporting to a buyer in the destination market. Exports of leather products are also normally executed by tanneries equipped with some kind of manufacturing unit. Small manufacturers of leather products normally cater to the national market.

STRATEGIES, POLICIES AND LAWS GOVERNING THE LEATHER SECTOR

In order to promote the development of the sector, a number of policies have been formulated and implemented, and regulations have been enacted. The MLFRD plays a critical role in developing upstream market conditions, while MIT plays an equally critical role in the development of downstream industries, from tanning to leather products. This section provides an overview of the key policies in place which support the sector.

STRATEGIES AND POLICIES

A National Livestock Policy was created in 2006 to increase the income of livestock keepers, attain self-sufficiency in food production of animal origin, and raise the sector's contribution to gross domestic product. A series of import controls, both tariffed and quantitative in nature, have been aimed at limiting imports of competing goods in this sector. Included in the Policy are animal registration and traceability, indigenous technical knowledge, emerging diseases, livestock products, regulatory institutions, and veterinary laboratory systems.[21] The Livestock Sector Development Strategy was completed at the end of 2010 to implement the National Livestock Policy.

The IHSLDS was launched in 2007 by the Government of the United Republic of Tanzania. It intended to boost the sector through quality improvements, cluster formation, local investment and promotion activities. The IHSLDS aimed to improve capacity utilization of tanneries and increase value addition in the sector. It also promoted domestic production of consumer-end products (footwear and leather goods). Through the IHSLDS, the Government of the United Republic of Tanzania aimed to foster greater processing of raw H&S, from 20% to 80%, and to increase the production of footwear from 230 to 1,500 pairs per day by 2012. The Government also introduced an export levy on raw H&S products so as to promote exports with value addition and more local processing.[22]

The National Export Strategy was approved in 2009 and focused on leather and leather products as a target sector. The recommendations of the strategy included:

- Improving the marketing delivery infrastructure for livestock and all associated products;
- Building capacity and strengthening key stakeholders' organizations;
- Establishing a system that ensures consistent production and quality for all livestock products;
- Establishing an elaborate market information system encompassing collaboration and networking;
- Expanding livestock plants' processing capacities;
- Creating a larger range of livestock products produced in the United Republic of Tanzania.

The Integrated Industrial Development Strategy was launched in 2011 and sets out a vision up to 2025. It sets the target of manufacturing sector growth at 15% per annum on average, compared with between 8% and 9% growth between 2004–2009, such that the manufacturing sector would reach 23% of gross domestic product, compared with just under 9% in the baseline analysis. Leather and leather products are a targeted subsector of the Integrated Industrial Development Strategy. It sets the targets of eliminating exports of raw H&S from 2015 and eliminating the export of semi-processed leather by 2025 in order to boost production of finished leather, footwear and leather goods more than tenfold by 2025. This is expected to be achieved through reviving and strengthening the Tanzania Institute of Leather Technology; introducing technology, technological transfers and financing initiatives; implementing the Domestic Investment Promotion Initiative Programme; continuing the implementation of the IHSLDS; and formulating national programmes geared towards promoting the leather sector.

LAWS AND ACTS

Animal Welfare Act (No. 19 of 2008)

The Animal Welfare Act was enacted by the Tanzanian parliament in December 2008 and aims to provide for the humane treatment of animals, the establishment of an Animal Welfare Advisory Council, the monitoring and mitigation of animal abuse, and the promotion of awareness of the importance of animal welfare.[23] Among other provisions, the Act notes the importance of animal welfare in livestock productivity and allows for the appointment of inspectors to monitor and enforce the provisions set out, including ensuring animals are transported, slaughtered and handled in humane ways. In line with this Act, the Animal Welfare Advisory Council was launched in late 2010 to oversee animal welfare in the country and sensitize the population to better observe the Act.[24] The government has also introduced instant penalties for cases of animal cruelty, ranging from TZS 20,000 to TZS 100,000.

Meat Industry Act (No. 10 of 2006)

The Meat Industry Act makes provisions for the restructuring of the meat industry and the establishment of a proper basis for its efficient management, and to ensure the provision of high-quality meat products.[25] It was signed by the Government in December 2006 and came into force in May 2007. The Act makes provisions for the establishment of both an Annual Council, which is entrusted with overseeing the development of a sustainable meat industry in the country, and the Tanzania Meat Board. The

21. World Trade Organization (2012). *Trade Policy Review East African Community (EAC), Annex 4: Tanzania.*

22. *Ibid.*

23. Government of the United Republic of Tanzania (2008). *The Animal Welfare Act, 2008*. Available from http://www.fao.org/fileadmin/user_upload/animalwelfare/tanzania.pdf.

24. Tanzania Animals Protection Organization (2010). Tanzania penalty for animal cruelty upped to 100,000/-, 5 November. Available from http://tanzania-animals-protection-org.blogspot.be/2010/11/tanzania-penalty-for-animal-cruelty.html.

25. Government of the United Republic of Tanzania (2006). *The Meat Industry Act, 2006*. Available from http://faolex.fao.org/docs/pdf/tan142842.pdf.

Tanzania Meat Board was inaugurated in November 2008 and has the vision of 'an effective and competitive meat industry subsector in the market by the year 2025'.[26] The Board is collaborating with the main industry stakeholders to restructure the Tanzanian meat industry, ensuring its proper management and provision of high-quality meat.

Hides, Skins and Leather Trade Act (No. 18 of 2008)[27]

The Hides, Skins and Leather Trade Act of December 2008 focuses on developing and regulating the production and preservation of hides, skins and leathers and the promotion of their trade through regular inspections and licensing requirements, in order to improve the quality of hides, skins and leather for both domestic and international markets. It also aims to ensure that production takes place in an environmentally friendly manner and with community-level participation. In this regard the Act provides for a Hides, Skins and Leather Advisory Committee in every LGA, as well as in every village, to advise on and enforce the implementation of the Act.

Livestock Identification, Registration and Traceability Act (No. 12 of 2010)

This Act was signed in May 2010 to provide for the establishment of the National Livestock Identification, Registration and Traceability System for the purposes of controlling animal diseases and livestock theft, enhancing food safety assurance, regulating the movement of livestock, improving livestock products and production of animal genetic resources, and promoting market access, among other related matters.[28] The Act allows the Minister to prescribe the method of applying livestock identification devices and oversee the branding system, which applies to the size, design, application sites and pattern of the brand and branding equipment.

Environmental Management Act (2004)

This Act requires all investment in new facilities for leather production to undertake an environmental impact assessment, since the leather sector is considered by the Act as likely to have significant adverse environmental impacts, and that in-depth study is required to determine the scale, extent and significance of the impacts and to identify appropriate mitigation measures. The application for an environmental impact assessment certificate is made in the form of a project brief and requires a fee to be paid to the NEMC.

The need to integrate environmentally sustainable practices in all economic sectors is underscored in the United Republic of Tanzania's Development Vision 2025 and the National Strategy for Growth and Reduction of Poverty II (2010). Particularly, Article 9 of the Constitution of the United Republic of Tanzania (1977) requires the Government to ensure that national resources are harnessed, preserved and applied towards the common good; and the draft constitution (2013) has a direct article that recognizes the right to a safe, clean and healthy environment as a fundamental right.

Environmental management in the United Republic of Tanzania is guided by several national policies as well as legislation. Of these, the National Environmental Policy (1997) provides a framework for making fundamental changes that are needed to bring environmental considerations into the mainstream of decision-making in the country. Unlike other industries, the leather sector has not been involved in national cleaner production initiatives. However, the Government is revising the 1963 Hides and Skins Trade Act to improve the legal framework for leather and leather products. The Government's commitment to ensure sustainable development is also embedded in the Tanzania Investment Act, 1997, which stipulates that one of the functions of the Tanzania Investment Centre (TIC) is liaison with appropriate agencies to ensure investment projects use environmentally sound technologies and restore, preserve and protect the environment.

The United Republic of Tanzania is also a party to various multilateral environmental agreements. Among others, the major international treaties aimed at the protection of the environment and linked to the leather sector are:

- Stockholm Convention on Persistent Organic Pollutants (ratified – 2004)
- Vienna Convention for the Protection of the Ozone Layer (ratified – 1986)
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (ratified – 1992)
- Bamako Convention on the Ban of the Import into Africa and the Control of Transboundary Movement and Management of Hazardous Wastes within Africa
- Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (ratified – 2004)
- Montreal Protocol on Substances that Deplete the Ozone Layer

26. United Republic of Tanzania, Ministry of Livestock and Fisheries Development (2015). Tanzania Meat Board. Available from http://www.mifugouvuvi.go.tz/tanzania-meat-board/.

27. Government of the United Republic of Tanzania (2008). *The Hides, Skins and Leather Trade Act, 2008*. Available from http://www.tvla-tz.org/wp-content/uploads/2013/07/The-hidesskins-and-Leather-Trade-Act-No-18-of-2008.pdf.

28. Government of the United Republic of Tanzania (2010). *The Livestock Identification, Registration and Traceability Act, 2010.* Available from http://www.tanzania.go.tz/egov_uploads/documents/The_Livestock_Identification,_Registration_and_Traceability _Act,_2010_(Act_No_sw.pdf.

- United Nations Framework Convention on Climate Change (ratified – 1996).

STANDARDS AND REGULATIONS

The Tanzania Bureau of Standards (TBS) was established in 1975 and became operational in 1976. Its main duties are enacting, formulating and implementing the national standards that various sectors of the economy should abide by. A standard upheld by the TBS is applicable to any product which has an impact on the national economy or health and safety of the environment. Leather is monitored closely by the Textile Divisional Standards Committee, which in turn is able to check the quality of products and promote standardization in industry and commerce.[29] A list of Tanzanian standards applicable to leather is provided in appendix 2.

THE KEY INSTITUTIONS SUPPORTING THE SECTOR VALUE CHAIN

Trade and investment support institutions assist with leather sector value chain development. They are determined by their functions and roles and can be classified by four main categories: policy support network, trade services network, business services network and civil society network. The main institutions presented below will contribute to future leather sector growth.

POLICY SUPPORT NETWORK

MLFD is responsible for building and supporting sector capacity through providing support to local governments and private authorities; it aims to develop, guide and control livestock and fisheries.

- TVLA, formed by MLFD, enhances animal health and welfare through animal diagnostic services and studies to increase livestock productivity, food safety and security.
- The mission of LITA is to provide livestock training and education to customers, through consultancy and research services for sustainable development of the livestock sector.
- The Animal Welfare Advisory Council was launched to control animals' welfare and prevent animal cruelty, as well as secure the decent treatment of animals according to the Five Freedoms of animal care, which enhance livestock productivity.
- VCT provides accessible veterinary services for improved quality livestock and manages the veterinary profession, to contribute more effectively to food security through improved livestock products.
- The aim of the National Livestock Research Institute is to reinforce livestock industry technologies for production and productivity expansion.

MIT facilitates regional and international trade, and develops the marketing of industry and trade. This ministry aims to promote the United Republic of Tanzania's investment opportunities in industrial development and other key sectors by facilitating and maintaining trade relations with foreign countries and formulating relevant policy frameworks.

- Working under MIT, TanTrade provides trade information and consultancy services aimed at establishing global business partnerships. TanTrade organizes international and specialized trade fairs, solo exhibitions, and product and market research; and facilitates trade missions, buyer–seller meetings and contact marketing programmes.
- TIRDO is a multidisciplinary R&D organization established in 1979. Its mandate is to assist the Tanzanian industrial sector by providing technical expertise and support services to upgrade its technology base. A division of textiles and leather processing technologies was set up to conduct applied research and offer consultancy services to leather industries.
- TEMDO is an applied engineering R&D institution established in 1980 which operates under MIT. It provides engineering and other technological support services for small and medium-sized enterprises' (SMEs) development and growth.
- NDC is an economic development organization that initiates, develops and guides the implementation of economically viable projects undertaken in partnership with the private sector.
- Operating under MIT, TBS formulates and publishes standards, quality control, testing, calibration and training. TBS sets a number of standards for the leather sector and is in charge of their enforcement.
- EPZA and SIDO are also under MIT. EPZA coordinates and facilitates the processing of products intended for export, promotes investment, and establishes links between local economies and the international market. The priorities of EPZA are to attract and encourage the transfer of new technology and investment in export-led industrialization. SIDO specifically focuses on the development of the small industry sector, working on a wide range of tasks from policy formulation to establishing SMEs in rural and urban areas.

29. United Republic of Tanzania Bureau of Standards Official Website.

Table 11: *Trade and investment support institutions supporting the Tanzanian leather sector*

Policy support network	• Ministry of Livestock and Fisheries Development (MLFD): – Tanzania Veterinary Laboratory Agency (TVLA) – Livestock Training Agency (LITA) – Animal Welfare Advisory Council – Veterinary Council of Tanzania (VCT) – National Livestock Research Institute • MIT: – Tanzania Trade Development Authority (TanTrade) – National Development Corporation (NDC) – Tanzania Industry Research and Development Organization (TIRDO) – Tanzania Engineering and Manufacturing Design Organization (TEMDO) – TBS – Export Processing Zones Authority (EPZA) – Small Industries Development Organization (SIDO) • Prime Minister's Office – Regional Administration and Local Government (PMO–RALG) – LGAs • Ministry of Communication, Science & Technology – Dar es Salaam Institute of Technology (DIT) – Tanzania Commission for Science and Technology (COSTECH) • Ministry of Education and Vocational Training – Vocational Education and Training Authority (VETA) – Sokoine University of Agriculture (SUA) • Other ministries • Vice President's Office – National Environment Management Council (NEMC)
Trade services network	• LAT • Tanzania Tanners Association (TTA) • TIC • Tanzania Revenue Authority (TRA) • Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) • Confederation of Tanzania Industries (CTI) • Tanzania Exporters Association • Tanzania Private Sector Foundation (TPSF)
Business services network	• Uwangota (an association for traders dealing with production, collection and trading of H&S)
Civil society network	• Economic and Social Research Foundation • Commercial banks • Tanzania Investment Bank (TIB)

The NEMC sits within the Vice President's Office, where its main role is to provide advice on all matters pertaining to environmental conservation and management. The NEMC is the leading technical advisory, coordinating and regulatory agency responsible for the protection of the environment and the sustainable use of natural resources in the United Republic of Tanzania.

PMO–RALG coordinates livestock development though livestock development strategies; mobilizes and allocates resources for implementation of livestock development programmes and activities; has established a mechanism for livestock information exchange; and monitors and reports on livestock disease outbreaks within the region.

The Ministry of Education and Vocational Training is the government body responsible for providing education in the United Republic of Tanzania.

VETA is an autonomous government agency charged with the overall responsibility for coordinating, regulating, financing, providing and promoting vocational education and training.

SUA was established on 1 July 1984 by Parliamentary Act No. 6 of the same year. SUA has six mandates: selling, Customs care, training, research, consultancy and outreach.

The Ministry of Communication, Science and Technology is responsible for policy formulation, monitoring and evaluation, and regulatory and legal matters pertaining to communications, science, technology, innovation, and information and communications technology.

DIT was established in 1997 through Act of Parliament No. 6. It is fully accredited by the National Council for Technical Education to offer technician and engineering programmes.

COSTECH is a parastatal organization, created by an act of the National Assembly of the United Republic of Tanzania in 1986. Its function is that of coordinating and promoting research and technology development activities in the country.

TRADE SUPPORT NETWORK

LAT develops commercial information and outreach to export-oriented tanners and LAT members, improves self-governance within the private sector, and supervises export procedures and practices.

TTA encourages improvements in the quality of leather products, and calls for the Government to ban the export of raw H&S and support local tanning industries.

TIC facilitates foreign and local investment in the United Republic of Tanzania, and acts as an advocacy platform for investors with the Government. It is responsible for monitoring the Tanzanian business environment and growth of FDI in the country. It also acts as a one-stop shop for investors by assisting with obtaining all permits, licences and visas, granting land derivative rights to investors, and assisting investors to navigate administrative and regulatory hurdles. It is attached to the Prime Minister's Office (PMO).

TRA incorporates the functions of Customs and excise, and trade facilitation and procedures for import and export at the borders. As such it has a critical role in the ease of cross-border trade and influences the competitiveness of the leather sector not only for accessing inputs and technology from abroad but also for facilitating exports. TRA is in charge of administering tariffs, duties and taxes at the border.

TCCIA facilitates the development of the Tanzanian private sector, undertaking sector-specific advocacy and lobbying while providing a forum for business dialogue. This is also the institution tasked with providing certifications of origin, business information, sector-specific surveys, and trainings and workshops.

CTI is a business membership organization that was launched in 1991. It is an independent, self-financed, legally constituted organization that lobbies public policy. The main aim of CTI is to ensure that there is a conducive legal, financial and economic environment within which industry, including the leather industry, can operate.

The Tanzanian Exporters Association is responsible for lobbying and advocating on behalf of Tanzanian businesses looking to export products abroad, building their capacity, and providing relevant information to exporters and importers.

TPSF is responsible for facilitating the overall growth of the private sector. The Foundation undertakes policy impact programmes aimed at influencing national policies in favour of private sector businesses, as well as providing capacity-building and other member services, and seeking to improve enterprise competitiveness.

BUSINESS SERVICES NETWORK

Uwangota is an association comprising traders dealing with production, collection and trading of H&S. It plays a critical role in the leather sector for the collection and sales of H&S.

CIVIL SOCIETY NETWORK

The Economic and Social Research Foundation is a research and networking organization, which conducts policy research and analysis; strengthens capacity for such research and analysis; increases awareness among decision makers; and encourages and supports debate, discourse and networking on relevant policy issues. It can play a role in the analysis of policy issues relevant to the leather sector.

ANALYSIS OF TRADE AND INVESTMENT SUPPORT INSTITUTION PERFORMANCE

A number of key institutions play a critical role in the development of the leather sector. The most relevant institutions have been plotted in figure 15 according to the perception of stakeholders in terms of the institutions' importance to the sector and their capacity to fulfil their mandates as they relate to the leather sector. Most of the institutions listed have a very high influence on the sector, and a number respond well to the sector in carrying out their mandate. Examples of successful institutions include TVLA, VCT, CTI, TPSF, NEMC and TIB. These organizations have the necessary financial resources at their disposal, and the technical skills, human resources and equipment required to fulfil their mandates successfully. Other institutions, such as commercial banks, EPZA, LITA, NDC, the National Livestock Research Institute, TanTrade, PMO–RALG, SUA, TRA, TCCIA, TIC and Uwangota have some difficulties in successfully fulfilling their mandates but still play a critical role in the sector's development. A number of other institutions are seen as having quite weak capacity and require substantial support.

Figure 15: *Perception of trade and investment support institutions – influence versus capacities*

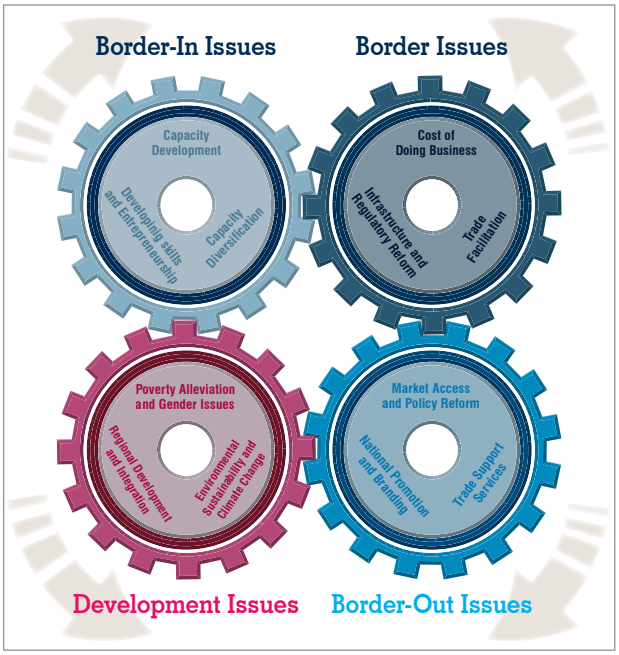
	Capacity to influence the leather industry	
	Low	High
High	• Animal Welfare Advisory Council (technical/ financial) • SIDO (technical) • DIT (technical, human resources) • VETA (technical, human resources) • LAT (human resources, financial, geographic reach) • TTA (human resources, technical, financial) • National Livestock Research Institute (finance) • TanTrade (finance) • TIRDO (technical) • EPZA • TRA (controlling smuggling) • TCCIA (technical, financial) • Uwangota (human resources, coordination)	• LITA (technical) • NDC (initiative) • PMO–RALG (human resources – extension officers, financial) • SUA (financial) • TIC (technical) • Commercial banks (technical) • TVLA • VCT • CTI • TPSF • NEMC • TIB • TBS (technical)
Low	• TEMDO (technical, financial) • Tanzania Exporters Association (technical, financial)	• Economic and Social Research Foundation

Note: the perceived weaknesses of different institutions are added in brackets.

COMPETITIVENESS CONSTRAINTS AFFECTING SECTOR PERFORMANCE

Traditionally, the scope of trade strategies has been defined in terms of market entry, such as market access, trade promotion and export development. This ignores several important factors in a country's competitiveness. For an strategy to be effective it must address a wider set of constraints, including any factor that limits the ability of firms to supply export goods and services, the quality of the business environment, and the development impact of the country's trade, which is important to its sustainability. This integrated approach is illustrated by the four gears framework schematic on the right.

The following section describes the key performance issues identified as challenges to the performance of the Tanzanian leather sector. Listed below each major constraint are the root causes that impede sector performance.



SUPPLY-SIDE ISSUES

NOT ENOUGH QUALITY H&S FOR THE TANNING INDUSTRY

The availability of H&S should be a relatively simple problem to address in a country like the United Republic of Tanzania, which has the third-largest livestock population in Africa. However, despite the size of its livestock population, the industry complains of a lack of available raw H&S to feed into the tanning industry. Moreover, the H&S which are available are of variable quality. As a result, the shortage of quality H&S affects downstream production areas of the leather industry.

The source of the low levels of supply relate to the branding practices of farmers, which often damage the skins; the lack of incentives for improving the flaying practices in abattoirs; and the poor storage of skins, which leads to an estimated 30% of H&S being disposed of as waste following the slaughter of the animals. Some improvements have been made in controlling diseases among livestock, which has led to improvements in the quality of the hides. However, some of the practices linked to protecting the animals from ticks, such as dipping, cause the hides or skins to be valued much lower. Scratches, horn rakes, tick bites, curing, storage and transportation methods for animals also all play a significant part in reducing the quality and value of the H&S available. The poor handling of animals (including branding and dipping) is estimated to reduce the value of the H&S to 10%–40% lower than if such practices had not taken place.

Other significant challenges remain after the slaughter of the animal has taken place. The insufficient number of slaughter facilities with the necessary salting slabs and drying sheds to preserve the H&S that would allow for later, larger collections ahead of being taken to tanneries is a major ongoing problem, as is the inadequate handling of the animals, which leads to too many raw H&S being rendered unusable.

Figure 16: *Key performance issues affecting the leather sector*

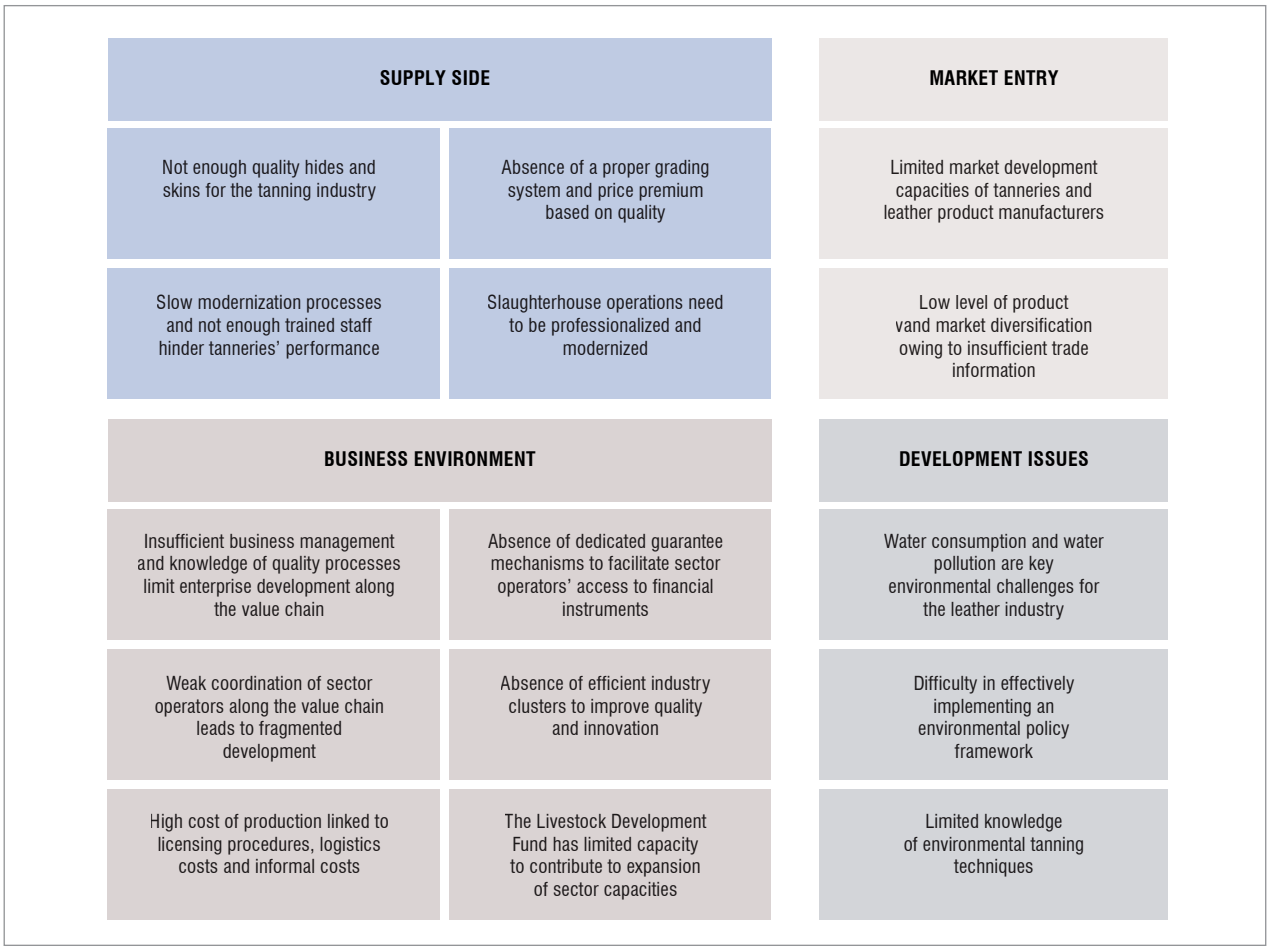


Table 12: *Production, collection and off take statistics for Tanzanian hides and skins, 2008–2013*

Producing animals slaughtered (head)						
	2008	2009	2010	2011	2012	2013
Hides, cattle, fresh	2 300 000	2 350 000	2 550 000	2 750 000	3 050 000	3 070 000
Skins, sheep and goats	3 675 000	3 695 000	3 718 000	4 700 000	5 000 000	5 250 000
Collection (pieces)						
	2008	2009	2010	2011	2012	2013
Hides	2 500 000	1 650 000	1 500 000	2 500 000	2 800 000	2 900 000
Skins	3 400 000	4 240 000	3 050 000	2 600 000	4 050 000	4 300 000
Off-take (calculation: collection/production*100)						
	2008	2009	2010	2011	2012	2013
Hides	108.70	70.21	58.82	90.91	91.80	94.46
Goat skins	92.52	114.75	82.03	55.32	81.00	81.90

Sources: FAO; MIT; ITC.

Note: Off-take ratios should be less than 100. Smuggling of skins has been reported, as well as underreporting of slaughtered animals, also leading to inconsistent numbers.

The rudimentary tools that continue to be used by slaughterhouses or farmers during the slaying and flaying processes and, more generally, the limited value given to hides by those involved in the slaughter and collection process all contribute to the low number of high-quality H&S available. Moreover, the lack of monitoring or supervision of both slaughter and post-slaughter handling processes results in the lack of improvement of facilities and the ongoing use of poor curing and preservation techniques ahead of the H&S reaching the tanneries, further aggravating the quality problem.

To address these issues, the Strategy will look to improve the supply side by improving the quality of H&S at the field/farm-level through trainings, awareness-raising of the importance and economic benefits down the line of better animal husbandry practices, and train the trainer programmes on best practices. The Strategy will take steps to improve the operations of dipping facilities, slaughter slabs/houses and abattoirs through the possible promotion of public–private partnerships (PPPs) for the improvement of local-level facilities and operations, including renovation of current facilities. The strategy will also address imvproving the collection and storage of H&S through the renovation of facilities, or by looking to PPPs for the building of improved drying, salting and collection facilities.

The following activities of the PoA focus on these issues: 1.2.1 to 1.2.6, 1.3.1 to 1.3.3, and 1.4.1 to 1.4.3.

ABSENCE OF PROPER GRADING AND A PRICE PREMIUM BASED ON QUALITY

Under IHSLDS, in place since 2007, some efforts have been made to tool and skill those involved in the slaughter, preservation and collection of H&S so as to generate higher-quality skins that can be graded. However, the lack of clear guidelines or sufficient follow-up inspections leads to a continued absence of grading. As a result, many tanneries continue to purchase ungraded H&S, resulting in inferior-quality tanned skins.

There is also a lack of awareness among livestock owners about the value of H&S, and how it could be higher if better care was taken. Without a grading system in place, there are no quality-based price differentials, and so no commercial incentive is generated to ensure a better quality of H&S. This of course restricts the prices fetched on the international market, and has affected the reputation of Tanzanian skins and leather. Without the implementation of a proper quality grading system linked to a price premium, many local exporters remain unconcerned about the quality of the H&S being sold.

The Strategy will introduce a proper grading and price system to incentivize the production of quality H&S and leather products in line with technical requirements. This will be achieved by promoting the grading of hides, skins and leather through developing/revising guidelines for dissemination by inspectors, and through train the trainer programmes. The Strategy will also encourage the introduction of systematic inspection in line with technical regulations to better promote adherence to the guidelines.

The following activities of the PoA focus on these issues: 1.1.1 to 1.1.3, 1.3.1, 1.3.4 and 1.4.4.

SLOW MODERNIZATION PROCESSES AND LIMITED TRAINED STAFF HINDER TANNERIES' PERFORMANCE

The slaughtering capacity in the United Republic of Tanzania is currently underused, which can in large part be attributed to the lack of modern, mechanized facilities. Only three modern abattoirs exist, with the rest of the country relying on slaughterhouses, which in the majority of cases amount to little more than slaughter slabs. This affects the number of animals that can be slaughtered and the way in which they are slaughtered. The result is that a lower number of H&S are available than the sector's potential and their quality is poor, which in turn affects the productivity of the tanning industry, which continues to perform at a level much lower than its capacity.

There is also a lack of staff who have the training or experience on pre-slaughter defects and correct flaying and curing techniques. Tanzanian tanneries have also suffered from a training deficit since their privatization in the mid-1980s and the Government's subsequent withdrawal of state-sponsored training. This has left a deficit in trained staff, and most of those who benefited from this earlier training are now close to retirement, without any successors. The absence of any mechanism – either financial or research-oriented – to stimulate the modernization of operations within the leather industry has hindered the development of the sector.

The Strategy will encourage the modernization of existing slaughterhouses/abattoirs through the promotion of PPPs, as well as training of trainers to bring the capacity of staff up to the necessary level. In addition, the strategy will seek the support of the necessary institutions to ensure the availability of training for tanneries on new techniques and technologies to drive the development of the sector. This will include on-the-job training and international knowledge transfer. Investment promotion will also be important to take advantage of the new market opportunities that are possible with improved facilities and techniques.

The following activities of the PoA focus on these issues: 1.2.2, 1.2.4 to 1.2.6, 1.3.1 to 1.3.3 and 3.1.1 to 3.1.7.

LEATHER PRODUCT MANUFACTURERS HAVE LIMITED CAPACITIES TO EXPAND PRODUCTION AND IMPROVE QUALITY

Tanzanian leather product manufacturers are small-scale operations reliant on low-skilled technology. Their limited knowledge of the market or fashion trends, along with their lack of technical expertise, restricts their ability to adapt and take advantage of emerging trends in the leather market. Their capacity to expand can in part be attributed to the fragmented nature of the sector and the absence of a sector incubator that could work to reduce costs and stimulate innovation. Without such an incubator, access to knowledge on best practices and access to finance for further growth are drastically limited. An incubator would also act as a missing link between the tanning and leather manufacturing industries in the country, which is desperately needed considering no Tanzanian tanneries produce high-fashion finished leather, further limiting the production capacity of the local manufacturing industry.

In addition, the Government does not support the sector through its public procurement process. Stakeholders believe that not enough efforts are being made to stimulate the development of leather products by favouring national products.

The Strategy seeks to improve the capacity of leather product manufacturers to respond to local and international demand through the promotion of clustering amongst leather manufacturers, which by creating incubators, providing common facilities and mentoring/coaching, will allow for more coordination and increased development of the manufacturing sector. Technical training for leather goods manufacturers is also needed to improve their ability to better adapt to fashion trends, including use of new tools and techniques for finishing leather to appeal to a wider international market. It will also support the upgrading and maintenance of tools and equipment, and will lobby for public procurement to favour locally produced items. Access to finance will also be promoted through the use of loans and a credit guarantee scheme.

The following activities of the PoA focus on these issues: 2.3.4 and 3.2.1 to 3.2.5.

BUSINESS ENVIRONMENT ISSUES

INSUFFICIENT BUSINESS MANAGEMENT AND KNOWLEDGE OF QUALITY PROCESSES LIMITS ENTERPRISE DEVELOPMENT ALONG THE VALUE CHAIN

Following the privatization of the industry in the 1980s, inadequate management and limited technical skills or knowledge of quality processes has seen the industry fail to develop. Poor management – a result of failings in business and administration education and training – has left a deficit in the successful management of local businesses as well as depriving them of the ability to create successful business plans to access finance.

The lack of technical expertise, particularly in regards to quality processes, persists despite the introduction of the IHSLDS and the work of TBS. The IHSLDS was to boost the sector through quality improvements, whilst TBS is entrusted with formulating and publishing standards, quality control, testing, calibration and training. However, their role within the leather sector does not ensure the application of quality standards to the products manufactured, nor the promotion of an industry standard that would allow for enterprise development along the value chain. The human resources issues experienced by TBS are one of the most binding constraints for it to carry out its mandate effectively throughout the leather sector.

The Strategy will address insufficient business management through the provision of training and certification in business and administration skills, as well as on quality management, in particular by working with international institutes, as well as TBS, to develop bankable business plans and modalities for access to finance. Supporting the integration of information technology, including e-learning, in the sector will also ensure improved production management through the sharing of knowledge and market information. The Strategy will also seek to build the capacity of TBS itself, including upgrading their testing facilities.

The following activities of the PoA focus on these issues: 2.2.9, 3.1.5 to 3.1.7, 3.2.5 and 4.3.2.

ABSENCE OF EFFICIENT DEDICATED CREDIT GUARANTEE MECHANISMS TO FACILITATE SECTOR OPERATORS' ACCESS TO FINANCIAL INSTRUMENTS

Despite the establishment of two governmental initiatives – the Export Credit Guarantee Scheme (in 2003) and the SME Credit Guarantee Scheme (in 2005) – it is still difficult for most sector operators to access finance, which is a major inhibitor to growth in the sector. These schemes were established with the aim of boosting production of high-value exports for greater economic development by mitigating the high collateral requirements banks normally demand, and offering Government-guaranteed loans to enable borrowers in the SME sector access to finance. At present these schemes operate under the Ministry of Finance and Economic Affairs, and are managed by the Bank of Tanzania (BOT). Several other players are also involved, including MIT, six facilitating institutions and 22 Participating Financial Institutions (PFIs).

Despite 22 commercial banks – so-called PFIs – signing deals with BOT, in 2012 only 11 banks were actively using the guarantee. It seems that a poor understanding of the schemes on the part of PFIs, coupled with high costs for them, has discouraged their participation. Therefore, the problem of accessing loans by SMEs and exporters continues for reasons that also include high borrowing costs, high collateral requirements, the slow processing of applications, low public awareness, and some suggestions that the amount of capital available is too low for the estimated demand. There is also a suggestion that the export scheme does not in fact support value added products and so is actually undermining Government efforts to promote value addition in agriculture.

The Strategy seeks to address these issues by improving access to finance for sector operators and investigating using the LDF to support the development of the sector. The establishment of a publicly-backed industrial development fund will be explored, to provide low-interest loans. In addition, it could be useful to look at lessons learned from state-owned credit guarantee schemes in other countries (particularly in the region) that have been operating successfully, for example:

- Following their lead and setting the schemes apart to be managed together as a separate legal entity, thus avoiding any conflict of interest;
- Reducing the number of players or, alternatively, increasing their level of coordination so the relationship between the PFIs and BOT would be strengthened;
- Building the capacity of the staff involved to better understand the needs of SMEs, particularly those operating in the agricultural sector;
- Ensuring PFIs set fees that are more affordable, as well as shortening processing times for applications;
- Creating schemes that are more targeted at individual groups to better raise public awareness.

The following activities of the PoA focus on these issues: 4.3.1 to 4.3.4.

WEAK COORDINATION OF SECTOR OPERATORS ALONG THE VALUE CHAIN LEADS TO FRAGMENTED DEVELOPMENT

Throughout the industry, a significant weakness is the enforcement of regulations and the lack of a code of conduct and an apex body in charge of certifying products and business processes. LAT is limited in its capacity to drive sector development across all segments of the value chain. LAT has a number of paying member subscriptions and receives ongoing support from the United Nations Industrial Development Organization (UNIDO), the LDF and the Common Fund for Commodities. However, it lacks a sustainable financial plan, which would go a long way to strengthening the operations of its secretariat.

Photo: (CC BY-SA 2.0) Jeroen Pots@flickr.com.

Therefore, despite having some impact through its advocacy and export monitoring role, it continues to operate at a moderate level of efficiency.

In addition, public–private dialogue is imperfect and does not cover all the key institutions of the sector, creating knowledge gaps about what the sector as a whole needs for more coherent development of the value chain. This leads to haphazard improvements and policy that, although well-intentioned, does not serve the development of the sector.

The Strategy assumes a greater role for LAT across many of the planned activities, with the Association expected to act as lead implementer on many of the activities because of its prominent, central role. LAT will also be instrumental in the development of the PPPs and investment needed to drive the sector forward. Therefore, strengthening the sector development and planning capacities of LAT will be crucial. The establishment of a 'leather board' will also be important to ensure more efficient and effective public–private dialogue and coordination for more comprehensive and appropriate policy-making for the greater development of the sector.

The following activities of the PoA focus on these issues: 2.1.1 to 2.1.4 and 2.2.1.

ABSENCE OF EFFICIENT INDUSTRY CLUSTERS TO IMPROVE QUALITY AND INNOVATION

Industrial clusters that bring together slaughterhouses, collectors, tanneries and manufacturers of leather products allow for an enhanced industry in terms of access to materials and skills, quality outputs, and greater innovation. Unfortunately, in the United Republic of Tanzania there is an absence of such clustering, despite cluster formation being one of the goals of the IHSLDS.

This prevents the pooling of resources, the sharing of facilities and the sharing of best practices, which raises the cost of production, including transportation and preservation costs. Individual, fragmented infrastructure is costly. In addition, the efficiency of production is reduced and revenue gains are lower compared, for example, with a country such as India, where the Government shares the cost of infrastructure for the proposed cluster and directs the industry to establish or relocate in the new area. The Indian cluster-based approach has played a significant role in enhancing the competitiveness of their leather and footwear industry by promoting a favourable and more cost-effective business environment.

This Strategy will promote the creation of clustering within the leather sector. This aims to include all those along the value chain, including slaughterhouses/abattoirs and leather goods manufacturers. The creation of incubators where facilities can be shared will be central to their success, particularly for the manufacturing sector. It may be necessary to collaborate with international leather incubators in defining a clear implementation plan. Increased coordination and planning among the key ministries and associations will also be important to ensuring the success of this clustering plan, as will PPPs. Clustering will also extend to the promotion of common infrastructure, including the establishment of common effluent treatment plants for tanneries.

The following activities of the PoA focus on these issues: 1.3.3, 2.3.1 to 2.3.4 and 3.3.4.

LIMITED CAPACITY OF KEY SUPPORT INSTITUTIONS TO STIMULATE SECTOR DEVELOPMENT AND ENFORCE EXISTING POLICIES, RULES AND REGULATIONS

The institutions governing the sector, both public and private, are currently not well-coordinated or well-resourced, and lack proper management skills to implement the strategies developed to support the sector. An example is the implementation of the export tax, which was designed to enhance the competiveness of the local leather industry by providing it with low-cost, high-quality raw materials. However, this has only led to an increase in smuggling of H&S, as the prices they can fetch in neighbouring countries such as Kenya are at a higher premium than prices in the local market.

These illegal exports to neighbouring countries occur mostly because of weak enforcement of the local legislative and regulatory framework. Issues such as corruption – which allows the prospering of these illegal exports of raw materials – show that the existing structure of the industry is not properly monitored and thus renders the export levy ineffective. The roles of Customs, TBS, regional authorities and local government councils, and others, need to be strengthened.

Similar problems exist with the LDF (see below), and the implementation of the actions embedded in the IHSLDS and other measures. The institutional framework requires an important overhaul, with stronger coordination and monitoring capacities, and stronger implementation of government decisions.

This Strategy will strengthen the coordination and planning capacities of the sector and its institutions to increase capacity for the monitoring of exports and the application and enforcement of existing regulations. An inventory of the existing actors will be undertaken initially to guide this activity. An impact analysis will also be undertaken on the introduction of prevailing levies, particularly on wet-blue and raw H&S. This will go some way to addressing the perceived ineffectiveness of the current export levy. In particular there is a need to build the capacity of key ministry personnel for improved and more appropriate policy formulation. To this end, the establishment of a leather board is necessary to ensure efficient public–private dialogue and coordination for the development of the sector. The improvement of control mechanisms at border posts and ports will also be pursued to reduce the smuggling of raw hides.

The following activities of the PoA focus on these issues: 2.1.1 to 2.1.4, 2.2.1 to 2.2.10, 2.4.2, 2.4.3 and 2.4.5.

THE LDF HAS LIMITED CAPACITY TO CONTRIBUTE TO EXPANSION OF SECTOR CAPACITIES

The levy of 20% of the free on board value of exports was introduced in 2003 with the aim of increasing the local supply of raw materials so that local tanneries could benefit from their low cost. However, the increase in smuggling of H&S in order to get higher prices from importing countries led to the imposition of a 40% export levy in 2007. In 2012 it was increased to 90% of the free on board value, or TZS 900/kg (due to a sharp decrease in exports of around TZS 10 million in the period 2008/09 compared with the previous period, which is believed to be because of the increase in illegal exports), whichever of the two is highest.

Table 13: *Export levies introduced since 2000*

Year	Amount of export levy applied to the free on board value of exports
2003	20%
2007	40%
2012	90%

Source: World Trade Organization (2012).

A 10% levy on the free on board price on wet-blue was also introduced under the budget of June 2015. The levy was introduced to increase supply of wet-blue for leather products, although the impact of this levy on the performance of tanneries has received criticism.[30]

Revenue from the export tax is due to be used to replenish the LDF (which supports extension services to pastoralists and provides capacity-building in improving the quality of H&S) by introducing trainings and technology to the sector. The United Republic of Tanzania has some minor operations in the tanning industry and exports of wet-blue skins and leather products, such as footwear and articles of leather. The effectiveness of the levies are explored in the supply-side constraints above and again when discussing the potential for investment below.

The LDF is built on the proceeds from the export levy established in 2003. The funds collected are to be used to address issues affecting the whole of the value chain, such as facilitating improvements in the quality of available raw H&S, building the capacity of existing industries, and strengthening stakeholder organizations.

The IHSLDS was formulated to provide guidance and a strategic direction for industry players using LDF funds. However, there has been relatively little direct impact resulting from the LDF, which has seen its resources squandered in areas which stakeholders consider not to have contributed to the development of the sector.

In addressing the weak enforcement issues surrounding the export levy, the Strategy will increase the funding of the LDF, thus enhancing its capacity-building abilities in the industry. The LDF Steering Committee will need to be sensitized on the necessity to alter their structure, function and auditing procedures to enhance their new role. Funds from the LDF are expected to play a central role in improving facilities to further develop the sector. Greater private sector investment can be secured with the LDF providing a credit guarantee mechanism to local private operators wanting to renovate or build facilities, or upgrade their tools and techniques to take advantage of new technologies to increase domestic production of consumer products. By charging a low percentage of interest, the Fund can grow and have a greater impact.

The following activities of the PoA focus on these issues: 2.1.4, 3.2.4 and 4.3.3.

HIGH COST OF PRODUCTION LINKED TO LICENSING PROCEDURES, LOGISTICS COSTS AND INFORMAL COSTS

High production costs continue to constrain the leather sector in the United Republic of Tanzania, with most inputs having to be imported into the country. Not only are there cost constraints in accessing the required dyeing agents and chemicals, there are also complicated licensing procedures to comply with. In addition, access to laboratory testing is restricted, as is access to skilled workers across the value chain, all of which raises production costs. Issues such as corruption, high transportation costs and the informal costs of doing business further reduce the efficiency of trade and discourage foreign investors and entrepreneurs.

The low competitiveness of the Tanzanian leather goods sector is a situation that is not helped by the ongoing availability of low-cost imports, particularly shoes, which continues unabated. The large volumes of uncontrolled, imported new and second-hand leather footwear and leather goods – often traded at prices lower than similar local products – have brought about fierce (some say unfair) competition to locally manufactured products.

The Strategy will address these issues, firstly by simplifying and streamlining the bureaucracy and licensing procedures by decentralizing the issuing of permits and licences, as well as reviewing the ability of export permits to be handled in one centralized ministry department. Several measures related to import and export taxes will also be considered, including better harmonized policies. This will also include exploring the possibility of continuing the recently introduced export tax on wet-blue. Strategies

30. International Leather Maker (2015). Fear of factory closures with 10% export levy on wet-blue, 16 June. Available from http://internationalleathermaker.com/news/fullstory.php/aid/1710/Fear_of_factory_closures_with_10_25_export_levy_on_wet-blue.html.

to attract more FDI and joint venture partnerships will be sought through the easing of permits, visas and licenses.

The following activities of the PoA focus on these issues: 2.4.1 to 2.4.4 and 4.2.3.

MARKET ENTRY ISSUES

LIMITED MARKET DEVELOPMENT CAPACITIES OF TANNERIES AND LEATHER PRODUCT MANUFACTURERS

The Tanzanian leather industry is characterized by its low level of development and consequent low market penetration. Even domestically, the local tannery and manufacturing market for leather footwear and other leather goods in the United Republic of Tanzania continues to face serious challenges both from cheap imports that continue to suffocate local production, and the inability of local manufacturers to keep up with foreign competition either quantitatively or qualitatively. Low skills among artisans in design concepts, fashion trends, tools and marketing contribute to the limited market development capacity of local manufacturers.

The tanning industry in the country produces mainly wet-blue leather, with a small number of tanneries producing crust and finished leather, and only around 40 micro, small and medium-sized enterprises and two larger enterprises manufacturing leather products and footwear which could be exported. The inability of the industry to address market demand is due to its weak knowledge of market trends and buyer requirements, which is in part due to the small-scale, fragmented nature of the industry. The lack of market information, access to finance, and access to new techniques and technology prevents improved production and productivity of the sector. For example, although fashion very much drives the industry, no Tanzanian tanneries produce high-fashion finished leather because of a lack of the highly skilled workers and technology that it requires.

The Strategy will build the market development capacity of the sector by providing up-to-date knowledge on the global market and establishing quality guidelines for tanneries, which will also be useful in ensuring they adhere to market requirements. Technical training will be provided to leather goods manufacturers on adapting to fashion trends, and will include market knowledge and design, as well as techniques for finishing leather and the use of new tools. An incubator programme can be developed for this purpose. The establishment of clusters will also go some way to improving knowledge and access to information that is currently lacking, as will better access to finance. Increasing the integration of information technology in the sector will further allow the sharing of knowledge and increase access to up-to-date market information.

The following activities of the PoA focus on these issues: 1.4.4, 2.3.4, 3.1.1, 3.1.2, 4.1.1 and 4.1.2.

LOW LEVEL OF PRODUCT AND MARKET DIVERSIFICATION OWING TO INSUFFICIENT TRADE INFORMATION

Leather industries manufacturing end products are disadvantaged because they are not acquainted with new market trends in terms of either designs or quality processes. There is very limited trade intelligence and information available on existing markets in terms of products which could be exported, particularly in the case of tanned products. The Tanzanian leather industry does not have a high quality reputation, which is not helped by the lack of Tanzanian presence at international trading events, which could provide the missing trend insights as well as better promote the local industry for the development of the sector.

The Government's national policy towards privatization in the late 1980s had a negative impact on research capacities, as it did on the training of the industry, with the withdrawal of state sponsorship for the main research and training institute. The resulting low levels of industry research in the United Republic of Tanzania in line with global market trends and opportunities results in a low number of market destinations for Tanzanian leather products. There is consequently a limited number of partnerships with global research institutes, which prevents information or technology transfer, hindering product or market diversification. The Tanzanian leather industry is thus unable to respond to the growing global demand that other emerging markets are taking advantage of.

The Strategy will complete detailed market profiles for the main product/market combinations for dissemination to tanneries, manufacturers and exporters to increase their knowledge. The promotion of R&D will be central to the long-term success of the sector, and the strategy will support the creation of partnerships/synergies between key institutions and the private sector to enhance existing, or develop/ adopt new, technologies. In addition, a marketing and communications strategy will be necessary to transform the small-scale, fragmented nature of the sector by promoting the image of the Tanzanian leather industry, exposing domestic manufacturers/producers to potential markets, and establishing market linkages between stakeholders along the leather value chain. The Strategy will also develop and maintain an information system on buyer requirements, technical regulations, emerging trends, prices, trade fairs, government notifications and changes in regulations.

The following activities of the PoA focus on these issues: 4.1.1 to 4.1.6 and 4.2.1 to 4.2.4.

DEVELOPMENTAL ISSUES

WATER CONSUMPTION AND WATER POLLUTION ARE KEY ENVIRONMENTAL CHALLENGES FOR THE LEATHER INDUSTRY

The high level of pollution and the poor standard of waste management in the United Republic of Tanzania is evident throughout the leather value chain, from slaughterhouse to collection all the way through to the leather manufacturing process. The majority of slaughter facilities consist of makeshift operations with limited equipment and poor hygienic conditions that are exacerbated by a lack of running water. Moreover, the disposal of solid and liquid waste does not meet environmental regulations, forcing authorities to close many operations down.

Water consumption is greatest in pre-tanning, but significant amounts of water are also consumed in post-tanning processes. In the course of processing hides into leather, roughly 50–150 litres of water are used per one kilogram of converted leather.

Wastewater effluent discharges from tanneries are voluminous, highly coloured and contain a heavy sediment load including toxic metallic compounds, chemicals, biologically oxidizable materials and large quantities of putrefying suspended matter. In most instances, tannery effluents are discharged into water bodies or open land without any treatment, resulting in contamination of both surface and subsurface water. Studies have revealed that the water in rivers has been significantly polluted by tannery wastes. Tanneries are directly contaminating prime agricultural land: crop yield has been adversely affected and food contaminated as a result.[31]

The Strategy will improve effluent treatment and waste reduction by promoting the adoption of cleaner technology, as well as the 3R approach of reduce, reuse and recycle, in order to reduce pollution among leather sector actors as well as bring them in line with global market requirements. It will also audit all effluent treatment plants and provide recommendations for their improvement, as well as encourage better monitoring and control of all slaughterhouses and tanneries. Additionally, as part of the clustering of the sector, the establishment of common effluent treatment plants will be encouraged, which will be a more cost-effective solution within the tanning industry and a system to better collect industry waste will be sought that makes use of such by-products.

The following activities of the PoA focus on these issues: 1.3.5 and 3.3.1 to 3.3.4.

31. Mkuula, S. (1993). *Pollution of Wetlands in Tanzania*. Available from http://www.oceandocs.org/bitstream/handle/1834/529/Wetlands8593.pdf;jsessionid=7E4A1EB6552AE3A44D6545DFF3A3DC34?sequence=1.

DIFFICULTY IN EFFECTIVELY IMPLEMENTING THE ENVIRONMENTAL POLICY FRAMEWORK

Although there are several laws and regulations that can help promote cleaner production in the leather tanning industry, they are not as effective or comprehensive as they could be. Insufficient coordination between responsible institutions is one factor and inefficient national implementation is another one. At the national level, there is limited capacity for supervisory bodies to monitor compliance with environmental protection laws and standards set by TBS and NEMC.

Owing to this lack of capacity of supervisory bodies, most of the leather industry operates without adhering to the standards set by TBS and NEMC. Therefore, as slaughters are not properly controlled or monitored, poor wastewater management systems remain in place and effluent treatment is weakly regulated, regardless of TBS or the existing environmental standards. The result is harmful discharges released into the surrounding environment, which of course contributes further to local-level pollution.

Although the tanning industry has been, and continues to be, under increasing pressure to comply with environmental management legislations that govern proper effluent treatment and promote the use of cleaner production technologies, the production of leather continues to rely on the use of chrome, which is extremely harmful if discharged into the environment. The production of leather also generates environmental concerns for several other reasons, including the issue of the salts used for preservation getting into rivers, lakes and/or groundwater, which makes the water unsuitable for drinking or other uses, as well as the excessive quantity of water used during leather production. The difficult application of wastewater management regulations is resulting in tanneries continuing to discharge effluents and wastewater to the detriment of the environment.

The Strategy will build the supervisory capacity of key regulatory institutions such as TBS and NEMC and encourage more regular inspections along the value chain, in order to better enforce the laws and regulations. It will also encourage and support compliance with environmental production processes through awareness raising of the benefits. Pilot projects and eco-labelling initiatives will also be explored as a way to encourage compliance with regulations and guidelines. An annual leather innovation awards event will also be organised to promote and strengthen the environmental image and nature of the leather industry.

The following activities of the PoA focus on these issues: 1.1.3, 1.3.4, 2.2.9 and 3.4.1 to 3.4.5.

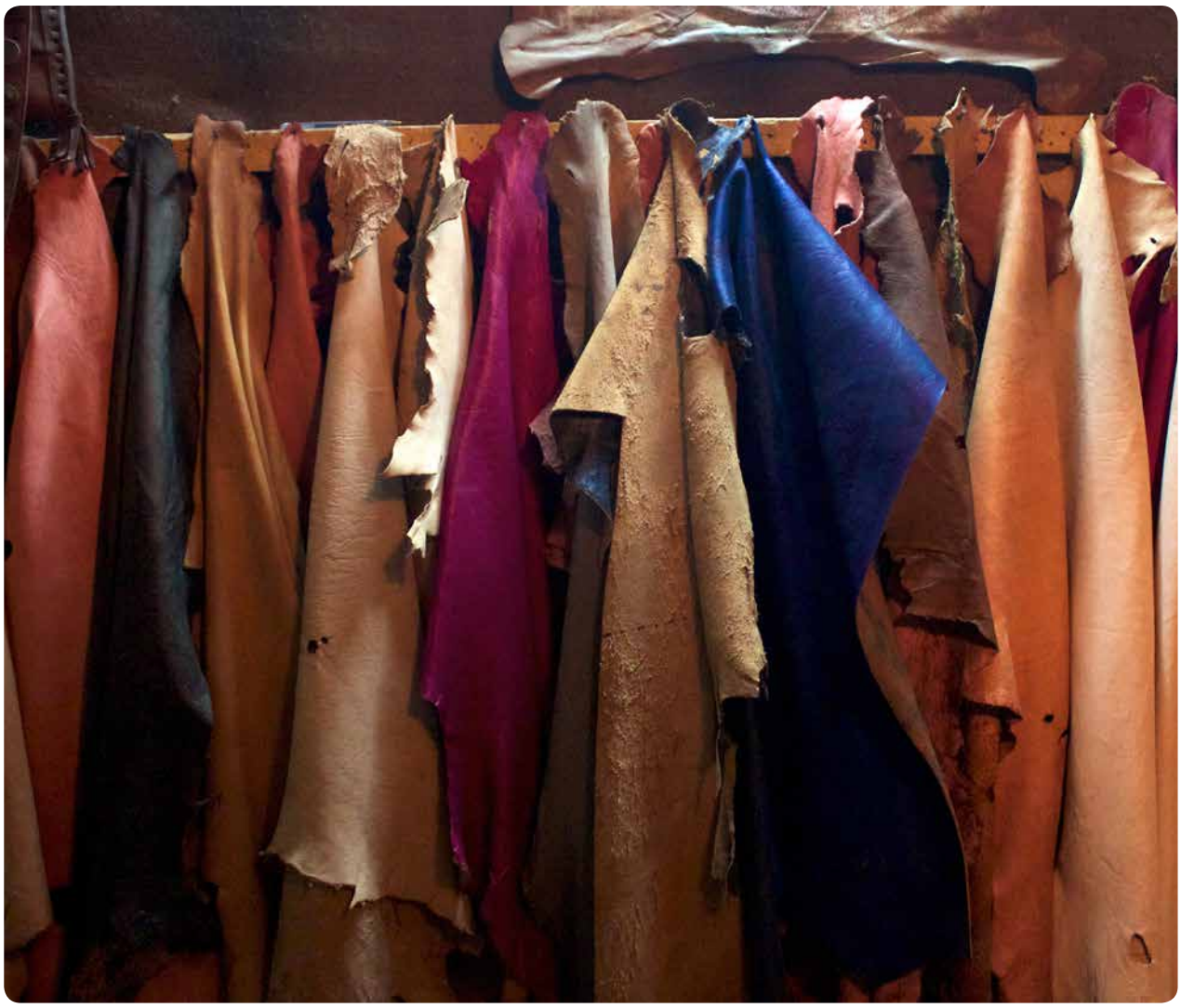


Photo: (CC BY-SA 2.0) Jeroen Pots@flickr.com.

LIMITED KNOWLEDGE OF ENVIRONMENTALLY FRIENDLY TANNING TECHNIQUES

The limited training offered or available to the smaller tanneries and leather product manufacturers, who dominate the Tanzanian leather sector has resulted in a general lack of knowledge about newer, more environmentally friendly tanning processes. The international leather industry has increasingly come under pressure to improve its practices and have a less costly effect on the environment, in particular regarding the level of air, water and ground pollution, as well as health costs for the workers involved. Therefore, while the leather market is experiencing global growth, stricter environmental standards are becoming more expected as the norm.

A major challenge is the use of chrome, which in the United Republic of Tanzania – as in most of the rest of the world – continues to dominate the tanning sector. Chrome is cost-effective but is also one of the most toxic tanning methods. The lack of awareness of other methods, such as wet-white (using a mixture of synthetic and vegetable tannins) or other vegetable tanning, is compounded by the higher costs of these methods, and exacerbated by the higher production costs of the Tanzanian leather sector and the lack of access to sustainable financing.

The Strategy will train tanneries on new tanning techniques and technologies, including vegetable, wet-white and improved chrome tanning. This will also allow the sector to take advantage of access to emerging market trends. The re-use of waste by the industry will also be encouraged. The Strategy will also support the upgrading of tools and the modernization of tanning facilities to adopt new technologies through better access to finance, using the LDF as a guarantee mechanism for smaller tanneries.

The following activities of the PoA focus on these issues: 3.1.1 to 3.1.5, 3.3.3 and 3.4.1 to 3.4.3.

THE STRUCTURE AND ROLE OF INVESTMENT IN CURRENT PERFORMANCE

The existing tanning sector owes its existence less to a compelling business case than to investments by state-owned enterprises and development aid, which aimed to translate a comparative advantage in livestock into industrial development.[32] Although the sector has since been privatized, several firms have gone out of business, and today the tanning sector comprises only nine firms operating at only about 34% of capacity. Beyond the sector characteristics detailed in the preceding section, there are three areas of public policy and policy-making, in particular, that encourage foreign investors to opt for locations such as Ethiopia and Kenya instead of the United Republic of Tanzania. These are: (i) the failure to halt the smuggling trade that leaves a low, poor-quality, and uncertain supply of raw H&S; (ii) failure to effectively regulate the slaughter trade, which further degrades quality through its poor practices; and (iii) failure to set policies of major consequence to the sector's competitiveness in a transparent and inclusive manner.

The single largest factor driving leather sector investors to look beyond their own borders for inputs is a large and growing shortage of raw H&S. In the United Republic of Tanzania, the loss of the highest quality raw H&S (and about half the total) to smuggling means resource-seeking investors would be hard-pressed to obtain the secure supply they seek. Although significant progress has been made in upgrading the quality of goat and sheep skins, the quality of cattle hides remains the same. Nitori Holdings, a Japanese home furnishings company, is currently investing US$ 550 million to establish the country's first large-scale cotton farm and attendant processing facilities. This is a pioneering business move from a company that emphasizes its corporate social responsibility.

It is therefore interesting to note that Nitori also expressed interest in processing upholstery leather, but suspended its project when the Government could not guarantee a supply of 40,000 cattle hides per year, in a country that produces between 1.4 million and 1.7 million hides most years. Until the Government of the United Republic of Tanzania can bring an end to smuggling, or otherwise secure a better supply of raw H&S, foreign leather processors have little reason to select the United Republic of Tanzania as the location for their investment projects.

Many African countries with growing leather sectors manage to grow while, in tandem, grappling with the problems of low skills and outdated machinery. However, the United Republic of Tanzania's problems extend to weak legislation and supervisory capacity for abattoirs, even in cities, that allow unregulated abattoirs and slaughter slabs to produce the overwhelming majority of H&S. While about 90% of Zimbabwe's hides come from its mechanized slaughterhouses, that figure is less than 10% in the United Republic of Tanzania.

This general appearance that the Government is unable or unwilling to take fundamental steps to buoy the sector is aggravated by a perceived lack of consultation and transparency in policy-setting. This is exemplified by the June 2015 announcement that a 10% levy was being imposed on exports of wet-blue. Tanning sector leaders had understood that the Government would impose such a levy only some years after an expected ban on exports of raw H&S, which had yet to be announced. Furthermore, some investors felt that the start of the levy only one month after its announcement unnecessarily prevented tanners from planning accordingly, and meant that tanners would take losses on many existing orders for which prices had already been agreed by customers.

As long as the problem of smuggling, in particular, continues to deprive the United Republic of Tanzania of its biggest competitive strength, significant FDI should not be expected in leather processing or goods manufacturing. Ace Leather Tanzania, a private Tanzanian-Italian joint venture, appears to be a rare case of a foreign-invested company doing relatively well in the Tanzanian leather sector and deepening its presence there. With about 200 employees, it has the largest tanning operations today and has advanced from exporting only wet-blue to over one-third of its exports being crust leather. It also has plans to install a leather finishing plant with the latest technology, once a steady supply of more raw material can be assured. However, Ace is the private reincarnation of the earlier state-owned giant Morogoro Tanneries, so its purchase put its new, private owners in control of large strategic assets. This is a market entry strategy which is no longer available to foreign investors in the now-fully privatized leather sector.

In the short term, however, there is the potential to entice a small number of investors with the prospect of market leadership in a few supporting subsectors. These are animal feed manufacturers, mechanized slaughterhouses, and the private development of industrial zones specific to the leather value chain. These are explored further in the future value chain section of this Strategy.

32. Moshi, Morogoro, and Mwanza Tanneries were all established by the government. Moshi was a joint venture between the Tanzanian and Swedish governments. Morogoro was started with financial assistance from Bulgaria. Mwanza was funded by a World Bank loan. Three-quarters of JAE Tanzania's start-up capital came from the SIDO. Many of these have also benefited, at various times, from material support and training from the likes of UNIDO and the Swedish International Development Cooperation Agency.

THE UNITED REPUBLIC OF TANZANIA'S LEATHER INDUSTRY OUTLOOK

The previous section of this document delineates the sector's value chain and its operators, and reviews its overall positioning within the global industry context in order to confirm its current performance. The following sections discuss the strategic development and positioning of the sector to increase its performance. In doing so, the sections discuss two questions –'where do we want to go?' and 'how do we get there?'

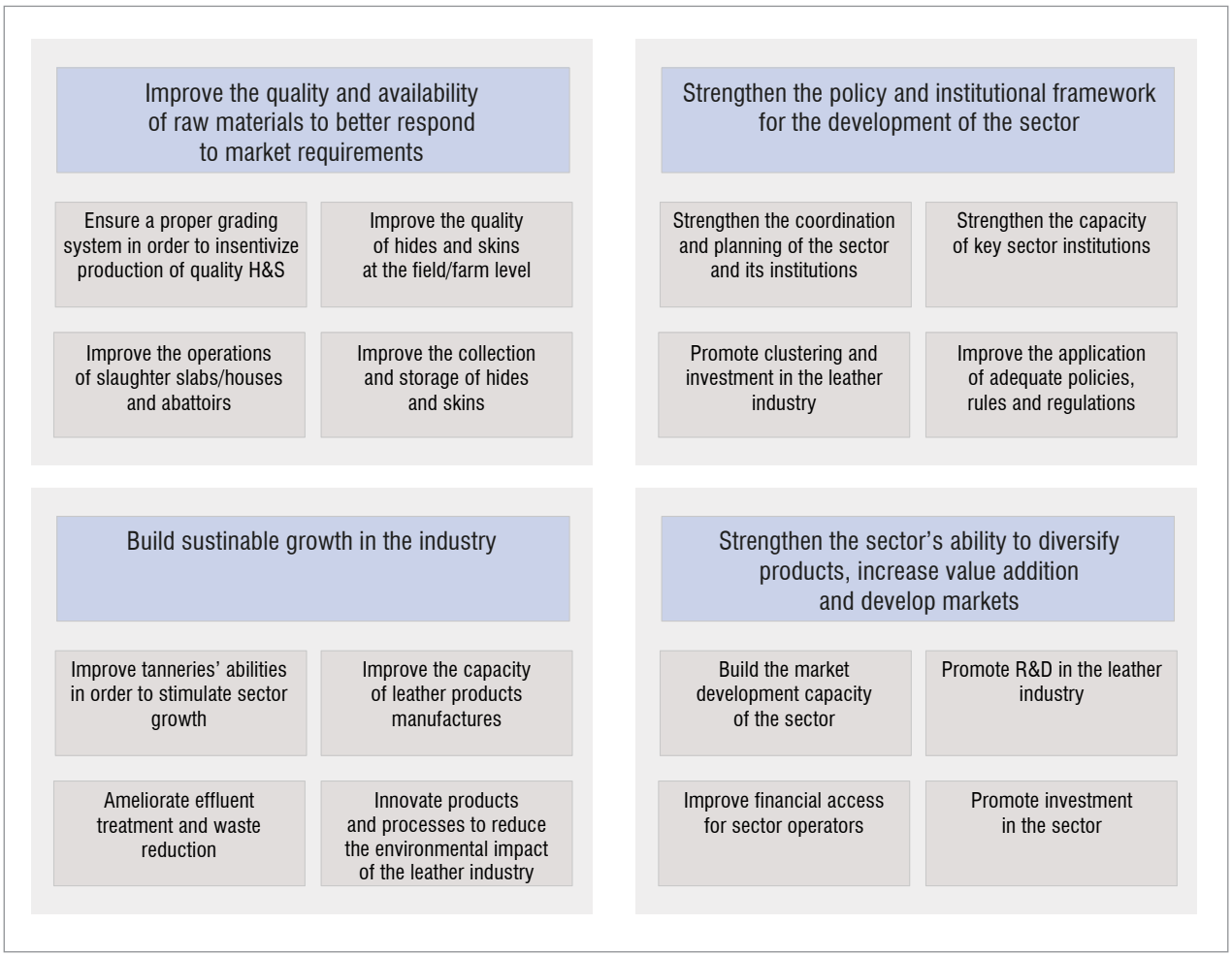
Through the definition of a sector vision and specific strategic objectives, the Strategy sets the goals to be achieved in the following five years. The description of the future value chain will highlight focus areas for structural improvements of the sector's operations, define specific market opportunities and identify target areas for investment. These steps are then further detailed in a structured and prioritized manner within the PoA.

The growth of the Tanzanian leather sector will be underpinned by a successful response to growing demand for raw hides and wet-blue leather from global tanneries, mainly in Asia; this has also been driven by the global restructuring of the leather industry. This trend is expected to continue in the future, owing to the growing pressures of demographics in India and China. The growth is also expected to be underpinned by growing demand for leather from downstream leather goods manufacturers in the United Republic of Tanzania, as well as some increased demand for leather crust.

The sector's vision is:

> By the year 2025, the United Republic of Tanzania will produce high-quality hides and skins processed to finished leather, footwear and leather goods for domestic and export markets while protecting the environment

Figure 17: *Strategic and operation objectives*



THE STRATEGIC OBJECTIVES

The strategic objectives define the main thrusts that will guide Strategy implementation in order to achieve the vision lay out by sector operators. To achieve the development of the Tanzanian leather sector, four strategic objectives have been identified as the cornerstones to enhance its competitiveness and organization.

The first strategic objective is to improve the quality and availability of raw materials to better respond to market requirements. The strategy will achieve this through the following operational objectives.

- Ensure a proper grading system in order to incentivize production of quality H&S and leather products in line with technical requirements.
- Improve the quality of H&S at the field/farm level.
- Improve the operations of slaughter slabs/houses and abattoirs.
- Improve the collection and storage of H&S.

The second strategic objective is to strengthen the policy and institutional framework for the development of the sector. This will be achieved through the following operational objectives.

- Strengthen the coordination and planning capacities of the sector and its institutions.
- Strengthen the capacity of key sector institutions.
- Promote clustering in the leather industry.
- Improve the application of policies, rules and regulations.

The third strategic objective is to build sustainable growth for the industry. This will be achieved through the following operational objectives.

- Improve tanneries' ability to stimulate sector growth.
- Improve the capacity of leather products manufacturers to respond to local and international demand.
- Reduce environmental impact through improved effluent treatment and waste reduction.
- Innovate through new products and processes to reduce the environmental impact of the leather industry.

Photo: (CC) wingtor@pixabay.

The fourth strategic objective is to strengthen the sector's ability to diversify products, increase value addition and develop into new markets. This will be achieved through the following operational objectives.

- Build the market development capacity of the sector.
- Promote R&D in the leather sector.
- Improve financial access for sector operators.
- Promote investment in the sector.

The outcomes from the implementation of the different strategic objectives will be to develop the future value chain map presented in Figure 17.

DEVELOPING THE FUTURE OF THE SECTOR

Unlocking the potential of the Tanzanian leather sector will require transformations throughout the value chain. These adjustments, as reflected in the future value chain schematic (see Figure 18), are the result of the targeted efforts detailed in the PoA of the Strategy that address the constraints identified in the competitiveness constraints section. The future value chain will be characterized by:

- Improved quality of H&S brought about by the training of farmers
- Incentives and skills building provided to slaughterhouses
- Improved preservation input distribution
- Improved overall coordination and governance
- Enhanced forward planning and trading capacities
- Increased market development
- Investment attraction.

The future value chain of the sector is driven by its market development objectives that effectively steer the value chain enhancements and the investment focus areas. The identification of new products and new markets underpins the elaboration of the future value chain.

MARKET DEVELOPMENT AND INVESTMENT OBJECTIVES

The Tanzanian leather industry has great potential, owing to the low development of the industry and very low penetration in important markets. Markets have been identified on the basis of market size, demand for products, technology, development, and the sustainability of the end-product industry in the near and long-term future. Present trade and cultural relationships have also been taken into account. The data for the broad categories of HS 4104, HS 4105 and HS 4106 from the ITC Trade Map have been taken as an indication of market potential in the target markets.

The domestic leather and leather products industries are always important, as the initial requirements are not stringent and can take care of low selections and products. It gives an opportunity to local tanners and product manufacturers as the scale, and hence the risk, is low. It also provides an opportunity to develop the local industry to curb imports and develop the local talent pool. However, the local capacities of tanners and product manufacturers must also be challenged by the more stringent requirements of foreign buyers. That experience is required for the sector to grow to a point where it can compete in global markets and, eventually, attract the foreign capital, technologies and expertise needed to move it up the value chain.

The distribution channels in the tanning industry are not complicated as H&S are more or less sold as commodities. Importers/traders and direct factory buyers are easy to approach through exhibitions, mutual trade delegations and direct contacts through electronic channels. Direct factory buyers and the largest importers/traders also represent the pool of likeliest foreign investors.

Figure 18: *Future value chain*

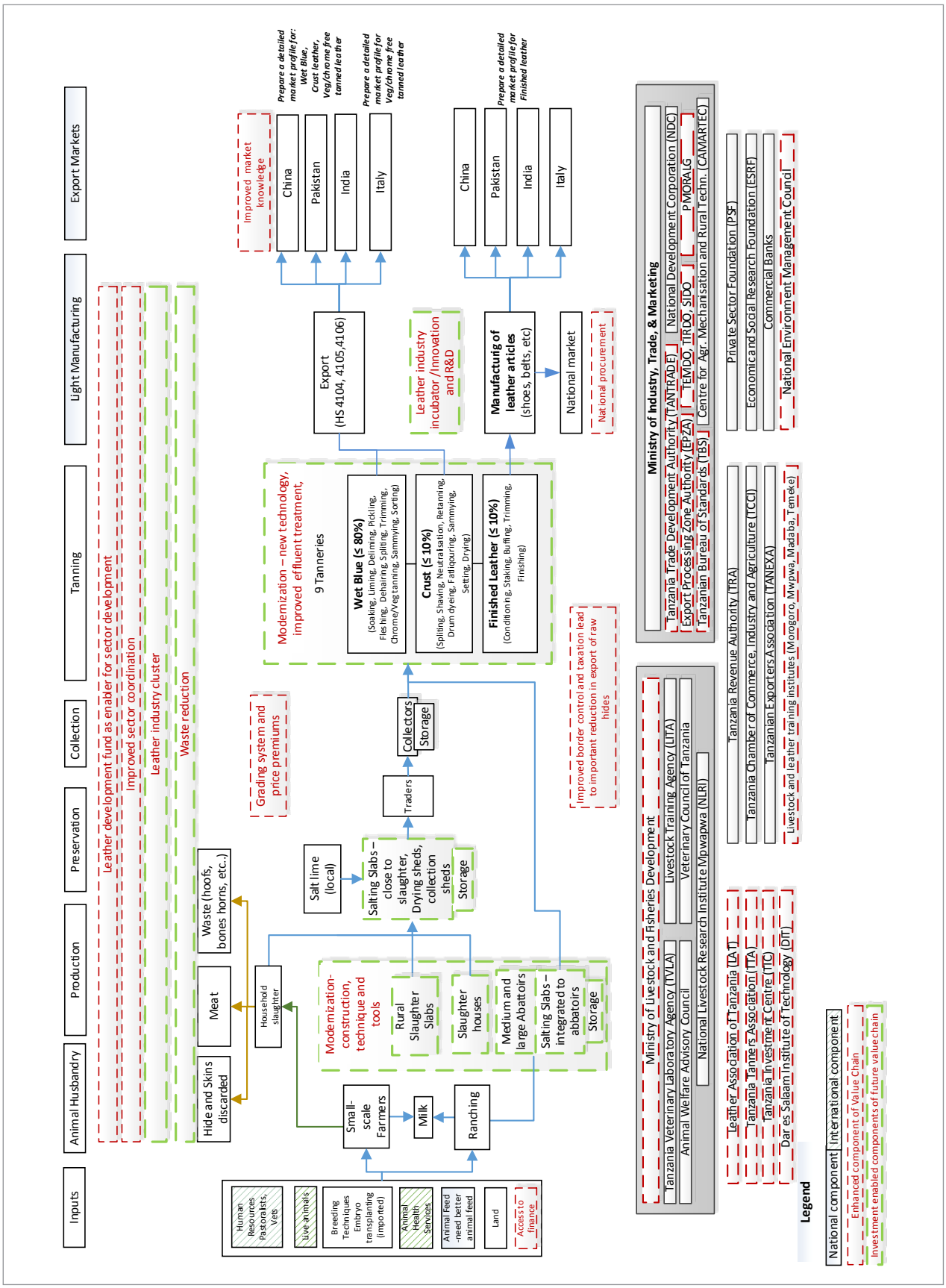


Table 14: *Market development opportunities for the United Republic of Tanzania leather sector*

Target markets	HS code	Product	Distribution channel	Tanzanian exports to market, 2014 (US$ thousands)	Total world exports to market, 2014 (US$ thousands)
India	4104	Bovine leather: wet-blue, veg, wet-white & crust	Importer/direct to factory	1 430	322 443
	4106	Goat/kid skin leather: wet-blue, veg, wet-white & crust	Importer/direct to factory	344	34 779
	4105	Sheep/lamb skin leather: Wet-blue, veg & crust	Importer/direct to factory	314	93 917
China	4104	Bovine leather: wet-blue, veg, wet-white and crust	Importer/direct to factory	4 063	1 809 116
	4106	Goat/kid skin leather: wet-blue, veg, wet-white & crust	Importer/direct to factory	423	67 744
	4105	Sheep/lamb skin leather: wet-blue, veg & crust	Importer/direct to factory	369	36 726
Italy	4104	Bovine leather: wet-blue, wet-white, veg & crust	Importer/direct to factory	1 105	1 700 495
	4106	Goat/kid skin leather: wet-blue, wet-white, veg & crust	Importer/direct to factory	414	250 070
	4105	Sheep/lamb skin leather: wet-blue, wet-white, veg & crust	Importer/direct to factory	1 470	232 007
EAC region	4104	Bovine leather: wet-blue, wet-white, veg & crust	Importer/direct to factory	0	1 559
	4106	Goat/kid skin leather: wet-blue, wet-white, veg & crust	Importer/direct to factory	34	247
	4105	Sheep/lamb skin leather: wet-blue, wet-white, veg & crust	Importer/direct to factory	0	1
National market: leather	410221, 410229	Pickle	Local tanneries for wet-blue and further processing		2
	410510, 410411, 410631	Wet-blue	Local tanneries for further processing and exports		0
	410530, 410622, 410632	Crust & finished leather	• Local tanneries for further processing and exports • Local souvenir manufacturers		0
National market: leather goods	6403, 420330	Shoes, belts	1. Army, police and other government departments where shoes and belts are a part of uniform 2. Schools 3. Domestic consumption		5 107
	420221, 420231	Leather bags & purses	Domestic consumption; shops & outlets at tourist places, hotels & airports		184
		Souvenirs	Shops & outlets at tourist places, hotels & airports		n.a.

SPECIFIC MARKET OPPORTUNITIES

INDIA

India's annual production of finished leather is 2 billion square feet, which will grow to 4 billion square feet in the next three years.[33] It is the second-largest leather footwear (2,065 million pairs) and garment (annual capacity of 16 million pieces) producer in the world after China. With 63 million pieces of leather articles, 52 million pairs of industrial gloves, and 12.5 million pieces of harness and saddlery items, India is a large market for leather goods. The export of leather and leather products in 2013–2014 was US$5.91 billion, recording a CAGR of about 14.77% (five years). The Indian industry will continue to grow due to its large presence across the country and employment potential.

India has a huge domestic market and a fast-growing emerging middle class that is an important shield to international market fluctuations. Despite having 21% of the world's cattle and buffalo, and 11% of the world's goat and sheep population, Indian imports of wet-blue and crust are 3% of total world trade.[34] There is a large, well-established leather and leather products industry for export and the domestic market. However, there are only nominal exports from the United Republic of Tanzania to India when compared to their total imports (HS4104, 4105 and 4106).

The breadth of India's presence in the product sector provides opportunities to sell all the products produced by the United Republic of Tanzania. India produces shoes, sandals, garments, handbags, luggage, furniture and auto upholstery for different price points using different technologies for domestic and international markets. This spectrum of products uses all grades of leather from different animals. For example, lower-grade small-sized goat skin can be used for suedes and lower-grade large-size skins can be used in antique finishes for garments and hand bags. Higher-grade small calf hides are being used for expensive shoe upper material, while large-size lower grades are used in furniture and auto upholstery.

Despite an abundance of raw materials, Indian-origin raw materials have some limitations in terms of quality, grades and size, and hence India continues to import raw materials from other countries. The technology available in India and its contribution to improving utilization of different origins and grades of leather further eases imports of different materials in India. Wet-blue, chrome-free, wet-white, full veg and crust products from all animals are in high demand by buyers in India. The United Republic of Tanzania can expand its exports of wet-blue to India, taking advantage of the vicinity and knowledge of the market (India is a major trade partner of the United Republic of Tanzania), and established political and cultural relationships.

Much as with the Indian textile and clothing sector, India's leather sector loses global competitiveness for lower-grade products as labour costs rise. This will push manufacturers to outsource more and more of their production and eventually contemplate investing directly in overseas production.

There are not many distribution channels involved in the leather trade except for finished footwear and finished leather products. Imports of leather are done either by the factory itself or through traders. Raw material cost is between 50% and 60% of the finished product. Most of the time, the procurement is carried out by technical commercial professionals, who closely monitor the inputs in the factory manufacturing process. In many cases, the buyers work with suppliers to procure the leather at different levels of grade. The important difference between traders and procurement operations from factories is quantity and grade. Traders can buy most of the grades in large quantities since they sell to different customers, although prices tended to be lower as a result. Factories tend to buy specific grades in smaller quantities but can pay price premiums and provide technical help.

The commercial arrangements are normally decided between the buyer and the seller. However, instruments like letter of credits or cash against documents are safer methods of transaction in international business. Other forms of payment include advance payment, deferred payment with specified credit days, or payment on delivery. The commercial and payment terms of international business should follow International Commercial Terms.[35]

CHINA

China has emerged as the largest producer and exporter of leather shoes and garments. China is also the largest importer of raw H&S, semi-finished and finished leathers in the world, according to the China Leather Industry Association. About 22% of the world's leather and 64% of the world's shoes are produced in China. Chinese (including Hong Kong, China) leather imports comprise 38% of the global trade and the growth rate peaked at 38% in

33. Various publications and reports from CLE (Council for Leather Exports, India – www.leatherindia.org) and Directorate General of Commercial Intelligence and Statistics, India (DGCI&S – http://www.dgciskol.nic.in/).

34. Various publications and reports from CLE (Council for Leather Exports, India – www.leatherindia.org) and Directorate General of Commercial Intelligence and Statistics, India (DGCI&S – http://www.dgciskol.nic.in/).

35. International Commercial Terms are published and updated by the International Chamber of Commerce.

2010.[36] China is the biggest manufacturer and exporter of leather shoes and garments. Large domestic demand shields China from international market fluctuations.

The industry is very large, and ranges from production of strap sandals to auto upholstery for local and international markets. Hence the industry in China uses most of the grades and origins of leather, such that all tannery products can be sold there. The mere size of the industry, the sizeable investments and the large dependence of the world market on China will maintain China as a major player in the leather market.

Tanzanian tanners have to build on existing contacts and trade, as they are already selling to China. China imports all products so it is easier to start with wet-blue, establish the quality and relationship, and then go to the next stage of crust sales.

There are some reports of shifting a part of the tanning and product industry outside China. The recent investment in footwear production in Ethiopia by the Huajian Group from China and George Shoes from Chinese Taipei is the beginning of the trend. There are already four Chinese tanneries operating in Ethiopia. Foreign investment has been attracted by building a good domestic infrastructure and promoting investment in the sector. While this investment is oriented to exports outside of the region, China is also the largest source of the EAC's US$64 million in leather product imports (55 %), raising the possibility of Tanzanian-based investment projects aimed at serving the EAC, South Africa, and other growing markets to which the United Republic of Tanzania has duty-free access.

Early discussions between the Government of the United Republic of Tanzania and representatives of prospective investors (e.g. Chinese Leather Industry Association, China Tanners Commission and China Leather Goods Commission) would yield valuable insights about the most meaningful actions the Government could take to alleviate sector constraints and steer Chinese investment away from the likes of Ethiopia and towards the United Republic of Tanzania. Linking concrete investments to specific reforms could lend greater impetus to their passage; most notably, securing raw supply through the halting of smuggling, effectively regulating the slaughter industry and institutionalizing public–private dialogue as a guiding force for sector development.

ITALY

The Italian tanning industry is historically considered a world leader, processing about 60% of adult cattle, 10% of sheep, 10% of goat and 8% of calf skins. Italian tanned leather is exported to around 120 countries worldwide.[37] Despite strong global competition, the Italian tanning industry is an undisputed international leader, with its production reaching 20% of world production in 2012.

The Italian leather, shoe, chemical and engineering industries are known for innovation, fashion leads and new technologies. They have extensive knowledge of the industry worldwide and are among the biggest leather traders. Italian traders are very active in the market and many buyers who do not have the requisite knowledge of emerging sources of supply tend to buy from Italian traders who either have warehouses in Italy or contracts with tanneries to supply markets.

Italian traders are always present in any developing market as they keep developing new sources around the world. They have been present in the United Republic of Tanzania for quite some time and this is an advantage. Italy offers a market for all types of products and selections. They are able to take lower selections as well, because they stock and trade worldwide. Moreover, with technology advancements they are able to use the lower selections and technically weak products. This can buy some time for the industry to improve.

REGIONAL OPPORTUNITIES FOR THE UNITED REPUBLIC OF TANZANIA

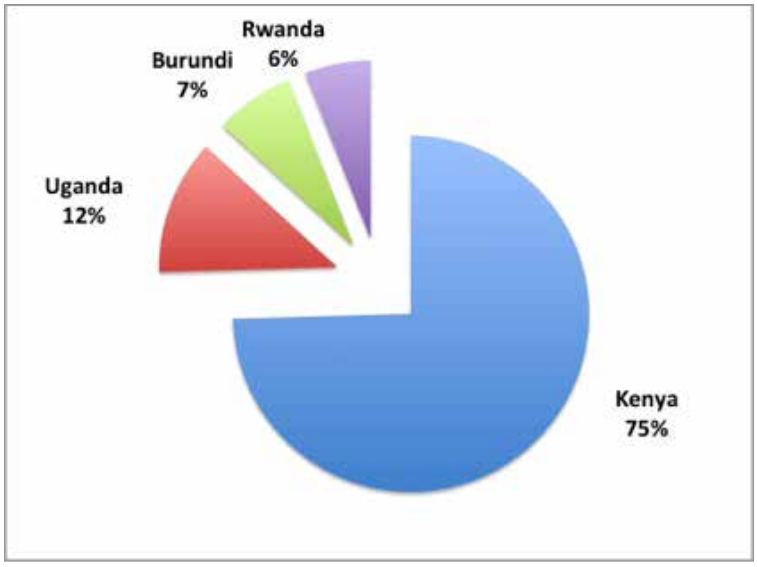
Intra-regional trade of leather & leather products within neighbouring countries is growing. However, the United Republic of Tanzania still exports relatively little tanned leather to any of its neighbouring regional economic integration groupings. In the case of the EAC, the United Republic of Tanzania exports around US$600,000 of leather goods, while the demand from its neighbours is as high as US$63 million (see Table 11). This represents just 1% of the market demand for imports.

The greatest market for Tanzanian exports is Kenya, which absorbs around three-quarters of Tanzanian exports to the region. An analysis is presented overleaf on opportunities in the EAC. The EAC market is dominated by Kenyan imports which account for nearly four-fifths of total imports in the region. Kenya's imports have also been growing rapidly, at 27% a year since 2010. This is one of the highest levels of growth in the region.

36. China Leather Web (2015). Website. Available from http://en.chinaleather.org/ ; and FAOSTAT

37. Leather for Us (2015). Website. Available from http://www.leatherfor.us/en.

Figure 19: *Regional imports from the United Republic of Tanzania*



Source: International Trade Centre (2015).

Table 15: *East African Community country imports of leather products*

Importers	Imports 2014 (US$ millions)	Average CAGR (%)		Share of EAC imports (%)	
		2005–2009	2010–2014	2005	2014
EAC*	63.8	14.3	24.7	100.0	100.0
Kenya	50.6	18.7	27.3	50.7	79.3
Uganda	8.2	7.0	14.3	43.8	12.8
Rwanda	2.8	29.9	7.9	4.4	4.3
Burundi	2.3	-13.1	65.1	1.1	3.6

Source: International Trade Centre (2015). **Note:** *EAC excluding the United Republic of Tanzania.

Table 16: *East African Community imports of leather products*

Rank	HS code	Product label	Imports 2014 (US$ millions)	Average CAGR (%)		Share of EAC imports (%)	
				2005–2009	2010–2014	2005	2014
		Total EAC* imports of leather products	63.8	14.3	24.7	100	100
1	640399	Footwear, outer soles of rubber / plastic, uppers of leather, n.e.s.	18.5	11.5	21.1	18.9	28.9
2	640510	Footwear with uppers of leather or composition leather, n.e.s.	8.4	14.7	82.2	13.4	13.2
3	640391	Footwear, outer soles of rubber / plastic, uppers of leather covering ankle, n.e.s.	5.1	23.0	33.4	6.5	8.0
4	410120	Whole raw H&S of bovine 'incl. buffalo' or equine animals	5.1	-64.8	163.1	1.8	8.0

Rank	HS code	Product label	Imports 2014 (US$ millions)	Average CAGR (%)		Share of EAC imports (%)	
				2005–2009	2010–2014	2005	2014
5	640340	Footwear, outer sole of rubber / plastic / leather, uppers of leather w/metal toe-cap	3.3	19.3	35.1	3.2	5.2
6	420330	Belts and bandoliers of leather or of composition leather	2.5	6.4	9.4	15.2	4.0
7	420231	Articles carried in pocket or handbag, with outer surface of leather	3.2	2.5	124.5	0.8	5.0
8	420211	Trunks, suitcases & similar containers with outer surface of leather	2.7	11.2	60.9	4.4	4.2
9	420221	Handbags with outer surface of leather	2.7	10.3	53.1	3.4	4.3
10	640320	Footwear, outer sole / upper of leather, strap across the instep / around big toe	2.2	-12.6	76.4	2.4	3.4
11	640359	Footwear, outer soles and uppers of leather, n.e.s.	2.0	-9.2	25.6	2.6	3.1
12	640319	Sports footwear, other than ski, outer sole of rubber / plastic / leather & upper of leather	1.0	-5.4	6.2	5.8	1.6
13	410411	Full grains, unsplit and grain splits, in the wet state 'incl. wet-blue'	1.4	0.0	21.7	0.0	2.2
14	420329	Gloves, mittens & mitts, other than for sport, of leather or of composition leather	0.8	17.3	26.2	1.7	1.2

Source: International Trade Centre (2015). **Note:** *excludes the United Republic of Tanzania.

Table 17: *Suppliers to East African Community markets for leather products**

Rank	Exporters	Exports 2014 (US$ millions)	Average CAGR (%)		Share of EAC imports (%)	
			2005–2009	2010–2014	2005	2014
1	China	35.2	8.8	47.1	39.7	55.3
2	India	5.9	30.1	19.4	7.8	9.4
3	Rwanda	5.2	12.9	8.6	7.7	8.2
4	Ethiopia	3.6	0.0	89.8	0.0	5.7
5	United Kingdom of Great Britain and Northern Ireland	2.1	26.4	5.7	5.8	3.4
6	Kenya	1.0	12.4	-9.7	3.6	1.5
7	South Africa	0.5	-1.9	-10.1	3.3	0.8
8	United States	1.4	13.1	36.6	0.6	2.2
9	Turkey	1.4	12.9	137.8	0.2	2.3
10	Uganda	1.4	19.7	10.8	2.6	2.3
11	France	1.1	9.2	127.9	0.5	1.7
12	United Arab Emirates	0.4	13.2	-4.3	11.3	0.6
13	Republic of Korea	0.7	-40.5	N/A	0.2	1.1
14	Italy	0.5	5.6	4.2	0.9	0.8
15	Burundi	0.4	45.1	-22.6	2.4	0.7

Source: International Trade Centre (2015). **Note:** *excludes suppliers to the United Republic of Tanzania; covers all leather goods.

Ethiopia is another interesting market and is fast becoming an important hub for finished leather and shoe production. The country is now short of skins and hides in all animals types. There is demand for large quantities of wet-blue from nearby sources, and the United Republic of Tanzania has the potential to become a supplier. Ethiopia's imports of raw H&S have soared from less than US$1 million in 2011 to US$22 million in 2014.

NATIONAL MARKET

Local demand for military shoes, school shoes and other uniform shoes is being met through imports. The Government may provide incentives to establish factories and to buy shoes from these companies. This will boost demand for locally finished leather. Moreover, the United Republic of Tanzania is an important tourist destination, which presents a good potential market for leather bags, sandals and souvenirs. It is estimated that the United Republic of Tanzania imports around 40 million of pairs of shoe.

STRUCTURAL IMPROVEMENTS TO THE VALUE CHAIN

The following segments of the value chain are foreseen as key areas of focus for achieving the future value chain. The Strategy aims to improve and modernize branding and flaying practices at the farm level as well as skills and practices in slaughterhouses for flaying, drying and storage. This will lead to direct improvements in the quality and quantity of raw materials for tanneries.

1. Improved R&D, innovation and technology – link to investment

The future performance of the Tanzanian leather sector will largely be determined by the ability of the sector to integrate new production techniques, to develop new products and stimulate innovation between sector operators. Innovation and R&D will be encouraged mainly at tanneries and at the leather products manufacturing level. The strategy aims to develop partnerships between operations in order to encourage innovation and develop/adapt new technologies. It also aims to stimulate investment, partnership and awareness, to encourage the adoption of new technologies such as cleaner technologies.

In order to stimulate partnerships and innovation, the strategy also foresees the establishment of an industry incubator for tanning and leather product manufacturing. Supported by the public and private sectors, and possible foreign investors, the incubators would link sector operators with new technologies, access to finance, business skills development and more, in order to foster creativity and innovation in the Tanzanian leather industry.

2. Modernization of slaughter techniques and facilities for better quality and efficiency – link to investment

The modernization of slaughter techniques and facilities is a determinant of the future performance of the sector. Improved operations with enhanced monitoring and control of flaying by the relevant authorities will minimize losses in the skins, improve the prevailing sanitary conditions and introduce a grading system for skins. Standards and grading of skins will also improve prices and thus the incentive for slaughterhouses to improve their practices.

Realization of these improvements, however, depends on significant investments in new and upgraded mechanized abattoirs and slaughterhouses. In 2013, MLFD estimated that the country's slaughtering capacity needed to increase by a full third to match demand. This represents another large and ready market for foreign investors, which would most likely come from other countries in the region such as Kenya, Zimbabwe or South Africa.

3. Development of clusters for improved efficiency and creating innovation – link to investment

The development of industrial clusters by agglomerating collection centres, slaughterhouses, tanneries and leather products producers will be a longer-term outcome and ambition of the Strategy. Clustering will reduce wastage because waste materials will be recycled and, in order to restrict the effluent discharge into the environment, there will be a move towards locally produced greener chemicals that adhere to set environmental standards. An example of the clustering approach used in India is given in box 8.

Box 2: Clustering of the leather industry in India

The cluster approach has played a significant role in enhancing the competitiveness of the leather and footwear industry in India. Local governments support the industrial clusters with several developmental initiatives to promote a favourable business environment. In January 2014,* the Government approved the Mega Leather Cluster (MLC) sub-scheme under the Indian Leather Development Programme. The sub-scheme aims to provide government assistance for setting up MLCs, particularly to provide infrastructure support to the Indian leather industry for its development. Government support to MLCs is provided in the following ways:

- Providing all the necessary clearances to set up an MLC, including environmental clearance where needed, and providing assistance for power, water and other utilities;
- Assistance in finding and procuring suitable land;
- Providing a flexible and favourable work environment and considering special facilities such as stamp duty exemption for the units in the MLC;
- Coming up with other related schemes to ensure effectiveness and efficiency of the project;
- Participating in the Special Purpose Vehicle that is responsible for coordinating the implementation of the project, by nominating a representative on the Board of the Special Purpose Vehicle.**

* Republic of India, Department of Industry Policy and Promotion (n.d.). Available from http://dipp.nic.in/English/schemes/ILDP/advertisment_MegaLeatherCluster_24January2014.pdf
** Council for Leather Exports (n.d.). *Guidelines of the Mega Leather Cluster Sub-Scheme of Indian Leather Development Programme.* Available from http://www.leatherindia.org/documents/pdf/guidelines_mega-leather-cluster.pdf.

Clusters may develop organically as companies gravitate towards customers, suppliers and resource sources. However, they may also be greatly facilitated through the development of serviced industrial zones with sector-specific infrastructure. These may be publicly developed, owned and/or operated, but private zones are generally viewed as having a better track record of success, as well as being better at mobilizing private capital. The Tanzanian Government could promote the development of an industrial park consisting of tanneries, leather training and research, finished leather production, and a common effluent treatment plant by encouraging and licensing a private company to develop, manage and/or own it. The winning company would likely have international experience in the sector and would be driven by the profit motive, further ensuring the technical feasibility of the park and, crucially, the marketing of park space to potential tenant investors.

4. Improved environmental management across the value chain – link to partnerships and investment

The leather industry being considered a very polluting industry and with increasing demands from consumers for environmentally friendly products, it is important for the future value chain to improve environmental efficiency. In order to green the value chain of the Tanzanian leather sector, a number of actions will be undertaken. At the slaughter level, the Strategy foresees better collection of skins and bone to reduce the amount of solid waste. A large share of the greening efforts focuses on tanneries having improved access to technologies to reduce consumption of water and energy; better management of water and solid waste through establishing effluent treatment units or reuse of waste; and new tanning techniques (wet-white and vegetable tanning) to reduce the environmental effects of chemicals (see box 9). Better application and monitoring of environmental standards in tanneries will contribute to strengthening environmental management across the value chain.

The development of partnerships with global leather institutes will aim to transfer know-how and techniques for a greener value chain. However, implementation of standards implies investment in greener equipment and technology. Ensuring that investors commit to green standards in this way demands clear regulations and their adequate enforcement. Foreign investors used to operating in well-regulated environments may bring their standards in any case, but good regulations and enforcement ensure they bring their best technologies and are not tempted to employ lower-cost, previous-generation technologies. Ensuring that domestic investors meet environmental standards may have much to do with access to finance for upgrading technologies. One way this will be done in the future value chain is through the leather sector development fund described in the following point.

Table 18: *Compilation of cleaner technologies for leather processing*

Category / process stage		Cleaner methods
Environmental management system		A licensed or owned Environmental Management System, incorporating occupational safety and health and corporate social responsibility, in place.
General	Water	Strict water monitoring / control and savings measures at process, at department and company levels; batch washing, recycling.
	Energy	Usual consumption / savings measures supplemented by obtaining energy from renewable sources, heat pumps, etc.
	Restricted Substances List	Apply the strictest global Restricted Substance and Substance of Very High Concern lists and avoid any limitations and risks in exports of leather and leather products.
	Occupational safety and health measures	• Noise, vibrations, malodour control; appropriate lighting and ventilation, sanitary facilities. • Strict segregation of acidic and sulphide containing streams, hydrogen sulphide monitors in place, staff trained. • Occupational safety and health measures, general and personal (personal protective equipment), including training, rigorously implemented and observed.
Beamhouse	Preservation / soaking	• Use of green, non-salted hides • Green fleshing • Biodegradable surfactants • Watch for harmful pesticides
	Liming	• Hair-save liming • Consider reuse of liming liquors • Ex-lime splitting
	Deliming	• Low-ammonium or ammonium-free deliming • Carbon dioxide deliming
	Bating	Low-ammonium or ammonium-free bating agents
Tanyard	Pickling and (chrome) tanning	• Low-salt pickling • Consider pre-tanning (wet-white tanning) • One or a combination of better chrome management systems: – Optimization of process parameters – High exhaustion – Direct recycling of spent bath – Reuse after chrome recovery – Use of acceptable fungicides.
Wet finishing	Retanning	• Use of acceptable retanning agents (phenol- and formaldehyde-free) • Use of low-salt retanning agents • High exhaustion rate • Careful selection of auxiliary agents
	Dyeing	• Avoidance of banned dyes • Use of dedusted dyes • High exhaustion rate • Careful selection of auxiliary agents
	Fatliquoring	• Strict avoidance of halogenated products • High exhaustion rate • Careful selection of auxiliary agents

Category / process stage		Cleaner methods
Finishing	Coating	• Control of airborne particles / dust • Use of water-based finishing systems • Avoidance of harmful cross-linkers • Avoidance of pigments containing banned / restricted metals • Coating by advanced spraying equipment (airless, high-volume low-pressure guns, scrubbers); curtain and roller coating
Solid waste	Consequent segregation of different waste categories, innovative approach in utilization and safe disposal.	
Effluent treatment	On-site pre-treatment and full scale (biological) on- or off-site treatment; compliance with local discharge norms.	

Source: Authors' compilation based on United Nations Industrial Development Organization (2015)

5. Improved border control and use of levies to build up the LDF

As indicated in the above, a key suggested factor for the development of the sector hinges on ensuring the LDF will be sufficiently resourced to support sector development as well as act as a credit guarantee for sector operators. The improvement of control mechanisms at border posts and ports will aim to reduce the smuggling of raw hides and improve tax collection in order to build the financial capacity of the sector. An evaluation of the funding mechanisms for the LDF will also contribute to identifying new opportunities to ensure the sustainability of the LDF.

6. Favour national procurement of leather products by the Government

As indicated above, it is foreseen in the future value chain that the Tanzanian leather sector will cater to the national market. In order to stimulate the gradual development of the sector and to build up the capacity of national enterprises, it is anticipated that the sector will be in a position to respond to orders from the national Government for leather goods such as boots for army, police and general government services. This is a practical solution since the Government Procurement Agreement of the World Trade Organization was not signed by the United Republic of Tanzania

Realizing the structural improvements envisioned by the future value chain will require a combination of public policy, stakeholder mobilization and – perhaps most critically – capital investment. Few factors are as fundamental to the success of a sector as its capital investment. The most sustainable investment is profit-driven private investment. However, at sector-critical value chain segments where private companies are not interested or able to invest, public investment may be essential to sector development. Table 19 shows the most likely roles of public investment, domestic private investment and FDI in realizing the future value chain.

FDI AS A CATALYST FOR VALUE CHAIN DEVELOPMENT

To invest in expanded capacities and new activities, private investors need to be confident of their supply and their market, and to feel that the United Republic of Tanzania better serves their needs than other locations. The Tanzanian leather sector's competitive weakness means that public investment will have to play a larger role in realization of the future value chain. Public investment is needed in the technical and administrative capacity to disseminate best practices to all value chain segments, effectively regulate the sector, and design and implement policy and/or enforcement alternatives that halt the loss of quality raw H&S to smuggling.

Once the issue of raw supply has been substantially improved and now-idle capacity is continuously engaged for some time, investor confidence in Tanzanian leather processing and leather goods manufacturing should improve fairly quickly. At that point, the United Republic of Tanzania's investment promoters for the leather sector, possibly with technical assistance, should undertake regular investor-targeting campaigns, whereby the investors most likely to be interested in the United Republic of Tanzania's particular value propositions are identified and directly approached in a marketing campaign. This is essential to realization of the future value chain. It is not enough to create a strong investment climate for the leather sector. The fact of that improved climate and segment-specific, even company-specific, business cases must be brought to the attention of investors who might otherwise continue to overlook the United Republic of Tanzania.

Leather goods producers in the Republic of Korea, Chinese Taipei, China, Turkey, India, Pakistan, Indonesia and Viet Nam are most likely to engage Tanzanian firms first as suppliers for wet-blue in the making of goods for mid-level consumer markets. The first step in an investor-targeting campaign would be the development of 'long lists' of potential investors through several weeks of intensive research. Lists of tanners, input manufacturers and service providers would be obtained from industry associations, industry publications, government statistics and trade shows, among other sources. For example, Table 20 shows the top 10 leather sector companies in India by market capitalization, and Table 21 shows a small sample of Leather International Magazine's extensive international directory of companies in the leather sector[38]. For each of the future value chain segments targeted for development, research into long-listed companies would be used to identify a 'short list' of companies strategically and financially poised to invest in a country close to the United Republic of Tanzania's profile. Websites, industry news, annual reports, press releases and sector studies would provide the basis of that analysis.

38. www.leathermag.com

Table 19: *Realizing the future value chain for the Tanzanian leather sector: the role of investment*

Investment sources	Components of the Tanzanian future value chain which might reasonably be enabled by each source
Public sector	• Improved sector coordination. Coordinating staff, facilities, event sponsorship • LDF. Capital, administrative staff and costs. • Modern slaughter technology • Leather industry zone / incubator. Facilities, administrative staff (possible FDI, possible PPP) • Slaughterhouse practices. Cost of programmes for training and other forms of best-practice dissemination • Market knowledge. Capacity and resources of trade-supporting institutions • Effluent treatment. Shared facilities, such as those at an industrial zone; administrative cost of elaborating and enforcing regulations; possible subsidy for compliance by domestic investors • Innovation / R&D. Optimal characteristics and practices for local breeds of livestock • Public procurement. Shoes and belts for public uniforms
Domestic private sector	• Improved collection and storage. Improved sector coordination should result in clearer opportunities for domestic enterprises to achieve the economies of scale needed to invest in better collection and storage • Basic effluent treatment technologies and practices. As mandated and enforced by government regulation • Leather tanning • Modern slaughter technology. Supported by the sector development fund • Leather article manufacturing
FDI	• Modern, efficient slaughterhouses. Building and operation. This critical segment will be relatively unattractive to FDI without well-organized regional and international markets for hides and meat to plug into • Leather tanning • Leather article manufacturing • Leather industry zone / incubator. Development, construction and / or operation. (Likely public investment. Possible PPP) • Market knowledge • Innovation / R&D. In product design and manufacturing processes. Although cost-driven FDI may employ previous-generation technologies and designs, this would still represent an upgrade to Tanzanian norms in many cases • Modern effluent treatment technologies and practices. As a standard part of manufacturing projects

Table 20: *Top 10 leather sector companies in India, by market capitalization*

Company	Market capitalization USD, million
Bata India	94774.45
Relaxo Footwear	89012.37
Mirza International	18415.74
Bhartiya International	9281.70
Liberty Shoes	5344.39
Superhouse	2788.44
Lawreshwar Polymer	1116.06
Super Tannery	722.90
Phoenix International	218.16
Mayur Leather	190.07

Source: Moneycontrol.com (2015).

Table 21: *Sample of companies registered in Leather International magazine's sector directory*

Company	Country	Products and services	Website
Adorn Specialty Polymers	India	Dyestuffs	www.adornspeciality.com
Ahmed Tannery	India	Wet-salted H&S	www.ahmedtannery.com
Al Nafay	Pakistan	Crust, finished leather, leather goods	
Al Rehman Impex	Pakistan	Laboratory and analysis	www.alrehmanimpex.com
Al Karam Tanneries	Pakistan	Calf skins, clothing leather, crust	khalid@alkaram.lcci.org.pk
Allansasons	India	Tannery, upper leather, upholstery leather	khalid@alkaram.lcci.org.pk
Alliance International	India	Glove leathers	
Allied International	India	Raw, wet-blue, wet-salted	www.alliedinternational.net.in
Alpha Midrolik Makina Sanayii	Turkey	Embossing/plating presses	www.alpamakina.com
Alps Chemicals	India	Dyestuffs	www.alpschemicals.com
Al-Qamar Sanaat Wa Tajarat	Pakistan	Bellies, dyestuffs, retans and syntans	
Anchor Leathers	India	Finished leather, garment leather	www.anchorleathers.com
Arc International	India	Bovine leathers, calfskins	
Archit Meta Chem	India	Chrome tanning compounds and preparations	www.architmetachem.com
Aryan Dyes & Chemicals	India	Fatliquors, polyacrylates and polyurethanes	
Asian Tannery	India	Bovine hides, bridle leather, calfskins	
Asianol	India	Bates and enzymes, beamhouse chemicals	www.asianol.com
Asphan Leather	Pakistan	Belts, cases, clothing	www.asphan.com
ATP	Pakistan	Chemicals, calf skins, chamois	www.worldbid.com/allrounder
Ayder Dis Ticaret	Turkey	Wet-salted H&S	
Azaan Impex	India	Leather goods	www.azaanimpex.webs.com

Source: Leather International (2015).

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New strength as an exporter of wet-blue to manufacturers of goods for mid-level consumer markets will be the foundation of the United Republic of Tanzania's future leather value chain. Concerted attention from sector stakeholders at known weak points – livestock breeds, nutrition, branding, optimal culling age, slaughter technology, post-slaughter handling, etc. – would accelerate its realization. The leather board to be created should act as a sector development coordinator and policy advocate, implementing this Strategy and ensuring that stakeholders continuously address issues of hide quality, personnel training and market penetration. In this way, existing capacities can continuously be pushed to evolve. Capacities in both production and marketing need to be proactively developed by systematically addressing the sector's growth constraints at each step from crust leather to finished leather to leather goods, as well as from supplier to subcontractor to original equipment manufacturer and original brand manufacturer. Understanding where those constraints are and designing an effective response requires that the Government continuously engages with domestic and foreign investors at every stage of the value chain as partners.

Photo: (CC) Griffin Technology.

HOW TO GET THERE – MOVING TO ACTION

The development of the future value chain for the leather sector is a five-year endeavour that was defined through a consultative process between public and private sector stakeholders in the United Republic of Tanzania. Achieving the future value chain depends heavily on the ability of sector stakeholders to implement the activities defined in this Strategy. For this reason, it is recommended that the following key areas of intervention be implemented with priority in order to facilitate the implementation of the Strategy:

- Strengthen the institutional framework governing the sector and its policies;
- Formulate a position paper/business plan and a government policy that will provide guarantee schemes for the leather sector;
- Build the operational, business skills and innovation capacities of sector operators;
- Undertake an impact analysis regarding current levies on wet-blue (10%) and raw H&S.

These actions aim to initiate the implementation of the Strategy PoA in a coordinated and transparent manner. Leather being a growing sector in the United Republic of Tanzania, a large share of value chain development will fall under the responsibility of the private sector as a key driver and beneficiary. By enabling and supporting private sector operators to develop the sector, the Government of the United Republic of Tanzania will be able to contribute to its overall national development goals.

MANAGING STRATEGY IMPLEMENTATION TO GENERATE RESULTS

The comprehensive Leather Sector Strategy of the United Republic of Tanzania endeavours to generate the conditions for a favourable expansion of the industry so as to contribute to overall socioeconomic development. Nevertheless, a strategy in and of itself is not enough to ensure the industry's sustainable development. Such development will require the coordination of various activities. While the execution of these activities will allow for the Strategy's targets to be achieved, success will depend on the ability of stakeholders to plan and coordinate actions in a tactical manner. Apparently unrelated activities must be synchronized across the public sector, private sector and non-governmental organization communities in order to create sustainable results.

Indeed, the Strategy is not the strategy of any specific institution; rather it is the strategy of the United Republic of Tanzania, and to ensure its success, it is necessary to foster an adequate environment and create an appropriate framework for its implementation. The following section presents some of the key success conditions considered necessary for the Strategy to be effectively implemented and achieve self-sustainability and long-lasting benefits for the United Republic of Tanzania.

ESTABLISH AND OPERATIONALIZE A PUBLIC AND PRIVATE COORDINATING BODY AND EXECUTIVE SECRETARIAT

A key success criterion for the Strategy is the ability to coordinate activities, monitor progress and mobilize resources for its implementation. It is recommended to work with the LDF Steering Committee as an existing public–private body responsible for advising Government and guiding sector development interventions.

The LDF Steering Committee is responsible for overall coordination, the provision of policy guidance and the monitoring of strategy implementation. The Committee is facilitated by a secretariat coordinated by the Ministry of Agriculture, Livestock and Fisheries and comprised of experts from the implementing Ministries and stakeholder's organization (LAT).

The Steering Committee is composed of:

- Permanent Secretary, Ministry of Agriculture, Livestock and Fisheries – **Secretary**
- Permanent Secretary, Ministry of Industry, Trade and Investment – **Chairman**
- Permanent Secretary, Ministry of Finance and Planning – **Member**
- Permanent Secretary, Ministry of Education, Science, Technology and Technical Education – **Member**

- Permanent Secretary, Office of the President, Regional Administration and Local Government – **Member**
- Chairman, Leather Association of Tanzania (LAT) – **Member**

The specific functions of the Steering Committee are:

i. To manage the Livestock Development Fund;
ii. To oversee the implementation the strategy and provision of policy guidance;
iii. To monitor implementation of the strategy in terms of adherence to the implementation schedule; fulfilment of set standards and consistency to national policies; and
iv. To allocate resources for the implementation of the strategy.

Under normal circumstances, the committee meets quarterly.

- The LDF Steering Committee also has a Technical Committee composed of:
- Director from the Ministry of Agriculture, Livestock and Fisheries
- Two officers from the Ministry of Agriculture, Livestock and Fisheries
- Director from the Ministry of Industry, Trade and Investment
- Two officers from the Ministry of Industry, Trade and Investment
- Executive Secretary, LAT
- Head, DIT, Mwanza Campus - Leather Institute
- Director, Office of the President, RALG
- One Officer from Office of the President, RALG

The Technical Committee are responsible for the:

i. Preparation of quarterly, mid-year and annual physical and financial implementation reports;
ii. Preparation of the work plans and budgets;
iii. Preparation of steering committee meetings; and
iv. Implementation of the activities.

Overall it is proposed that a public and private committee, composed of LDF members, be responsible for the following responsibilities related to Strategy implementation:

- Coordinate and monitor the implementation of the Strategy by the Government, private sector, institutions or international organizations to ensure implementation is on track;
- Identify and recommend allocation of resources necessary for the implementation of the Strategy;
- Assess the effectiveness and the impact of the Strategy;
- Ensure consistency with the Government's existing policies, plans and strategies, and align institutions' and agencies' internal plans and interventions with the Strategy PoA;
- Elaborate and recommend revisions and enhancements to the Strategy so that it continues to best respond to the needs and long-term interests of the national business and export community;
- Propose key policy changes to be undertaken, based on Strategy priorities, and promote these policy changes among national decision makers;
- Guide the sector secretariat for the monitoring, coordination, resource mobilization, and policy advocacy and communication functions to enable effective implementation of the Strategy;
- Provide the sector secretariat with the mandate and the necessary resources to fulfil its functions in an effective manner.

As indicated in the Strategy recommendations, it is foreseen that a revision of the LDF Steering Committee terms of reference might be required to ensure the new functions related to Strategy implementation are included in the responsibilities of the LDF Steering Committee.

In addition to the overall coordination mechanism, it is proposed that a sector secretariat acts as an operational body responsible for the daily coordination, monitoring and mobilization of resources for implementing the Strategy. It is proposed that LAT takes on the responsibility of being the secretariat of the Committee, in coordination with temporary representatives from MIT, MLFD and PMO.

The core responsibilities of the sector secretariat should be to:

- Support functioning of the LDF Steering Committee;
- Collect and manage data to monitor progress and impact of Strategy implementation;
- Liaise with and coordinate development partners for Strategy implementation;
- Elaborate project proposals and build partnerships to mobilize resources to implement the Strategy;
- Follow up on policy advocacy recommendations from the LDF Steering Committee;
- Ensure effective communication and networking for successful Strategy implementation.

KEY SUCCESS FACTORS FOR EFFECTIVE IMPLEMENTATION

Capacities for managing the implementation

The presence of the LDF Steering Committee to oversee the implementation of the Strategy is a key success factor but it is not sufficient to effectively fulfil its assigned functions. It will be important that the capacities and skills of the sector secretariat be sufficient to ensure effective management of Strategy implementation. The secretariat should have knowledge of best practices in monitoring,

programming, mobilizing resources and communicating results. It will be important to ensure the secretariat be adequately resourced and capacitated to effectively assume these responsibilities.

Private sector support and participation

As the primary beneficiary of Strategy implementation – through improved productive capacities, reduced costs of doing business, facilitated administrative procedures, enhanced access to finance, etc. – the private sector will need to be directly involved The private sector clearly expressed during the Strategy design process its willingness to contribute, directly or in partnership with public institutions, to the implementation of the Strategy. Their implementation efforts can range from providing business intelligence to institutions to contributing to development projects, establishing processing and transformation units, advocacy, etc. In brief, the private sector's practical knowledge of business operations is essential to ensuring that the activities of the Strategy are effectively implemented and targeted.

Proactive networking and communication

The key implementing institutions detailed in the PoA need to be informed of the content of the Strategy and the implications for their 2016–2020 programming. This networking and communication is essential to build further ownership and provide institutions with the opportunity to confirm the activities they can implement in the short-to-long term. Communication and outreach to sector stakeholders is equally important to create momentum and support for the recommendations of the Strategy. This active communication normally serves to speed up implementation through a larger engagement of all parties.

Resources for implementation

The LDF Steering Committee and its operational secretariat, together with the authorities, will need to capitalize on the momentum gained as part of the Strategy design process in order to leverage additional support for efficient implementation. Resource mobilization is crucial and indispensable in supporting Strategy implementation. Resource mobilization involves the identification of priority activities from the Strategy and proactive networking with various resource providers ranging from the Ministry of Finance and Economic Affairs to development partners, as well as national and foreign investors. Resource mobilization should be centralized at the leather sector secretariat and supported by the LDF Steering Committee.

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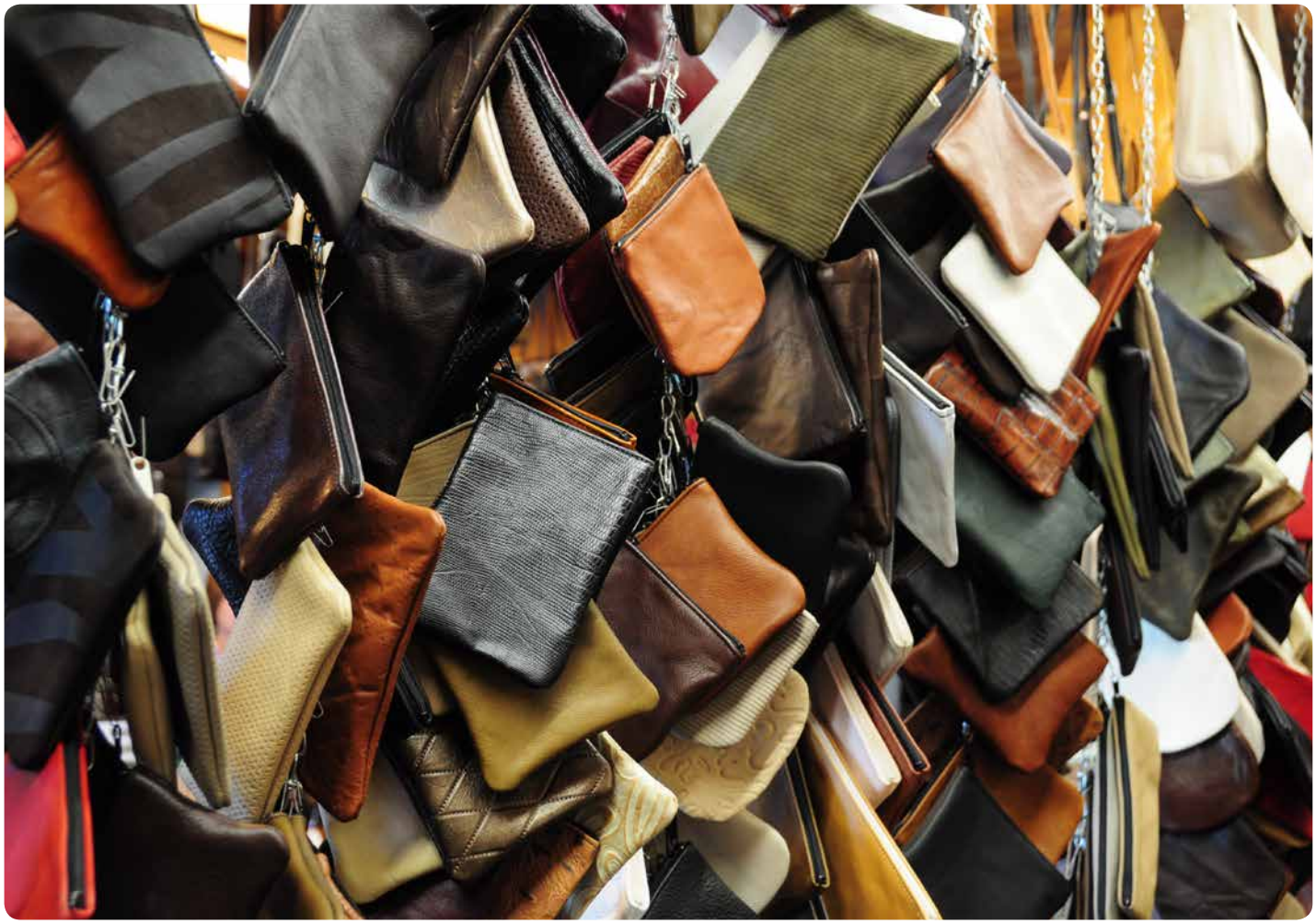
For effective implementation of the Strategy, the Government should define a minimum annual budget to be directed towards Strategy implementation. This commitment will demonstrate the Government's engagement towards strengthening the leather sector and encourage partners to also support sector development.

In addition to national budget support, resource mobilization will also target development partners and foreign investors to support key areas of the Strategy PoA. Because the Strategy has been developed with political endorsement, private sector buy-in and collaboration between national institutions, it provides an adequate framework for development partners to plan interventions based on the Strategy PoA.

Investment flows to the United Republic of Tanzania should also be considered as a valuable driver of Strategy implementation and overall trade development. The relevant authorities of the United Republic of Tanzania, in partnership with the private sector, should target priority investment as detailed in the future perspective section of the Strategy.

The various implementation modalities detailed will determine the success of Strategy implementation. However, high-level support from the Government, in collaboration with strong championship by the private sector, will be the real driver of successful Strategy implementation.



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THE REPUBLIC OF TANZANIA
LEATHER SECTOR DEVELOPMENT STRATEGY

PLAN OF ACTION

Strategic objective 1: Improve the quality and availability of raw materials to better respond to market requirements.										
Operational objective	Activities	Priority 1=high 2=med 3=low	Implementation period					Targets	Lead implementer	Supporting implementers	Possible funding source
			2016	2017	2018	2019	2020				
1.1 Ensure a proper grading system in order to incentivize production of quality H&S and leather products in line with technical requirements.	1.1.1 Promote the grading of hides, skins and leather by developing / revising and disseminating grading guidelines for onwards dissemination / use by H&S inspectors (district H&S inspectors & TBS inspectors).	1	X	X				» Grading guidelines developed for application » Guidelines disseminated through the LAT and TBS websites » Inspectors use grading system for inspections	TBS	MLFD, PMO–RALG, MIT, DIT, LAT, Uwangota, TTA	LDF
	1.1.2 Supervise / monitor implementation of the grading guidelines through an annual survey of collectors', tanneries' and exporters' satisfaction with H&S quality. Compile results and disseminate to sector stakeholders.	1		X	X	X	X	» Annual survey completed and disseminated through the LAT website	LAT	MLFD, PMO–RALG, MIT, DIT, TBS, Uwangota, TTA	
	1.1.3 Introduce more systematic quarterly inspections of tanneries, exporters and leather goods producers by TBS (for certification), and more comprehensive inspections in line with technical regulations, Tanzanian Standards 188, 189, 191, 192, 193, 195, 212, 211, 210, 201.	1	X	X	X	X	X	» Minimum of one inspection per quarter to operators carried out by TBS to check compliance	TBS	MLFD, PMO–RALG, MIT, LAT, TTA, Uwangota, NEMC	
1.2 Improve the quality of H&S at the field / farm level.	1.2.1 Update the dipping facilities survey on the condition and existence of dips across the United Republic of Tanzania.	1	X						MLFD	PMO–RALG, TIC	PADEPOU, SDC, Livestock Modernization Initiative
	1.2.2 Support the construction and maintenance of dips for livestock keepers through promotion of PPP co-financing to achieve a minimum of 500 dips covering 50 districts.	1		X	X	X	X	» One hundred and fifty dips to be constructed and 350 to be rehabilitated	MLFD	PMO–RALG, TIC	PADEPOU, SDC, Livestock Modernization Initiative
	1.2.3 Continue chemical subsidies (acaricides) to dip operators, with a gradual phase-out over by 2020.	1	X	X	X	X	X		MLFD	PMO–RALG	PADEPOU, SDC, Livestock Modernization Initiative
	1.2.4 Institute Training of Trainers programmes for farmers, livestock keepers, herders and butchers on the importance of animal husbandry (including feeding, disease control, dipping and branding), stunning, flaying and preservation. » Develop / revise training curricula. » Train H&S coordinators at district level. » Ensure each H&S coordinator organizes quarterly training of farmers, livestock keepers and herders. » Disseminate through cinema van. Trainings to be conducted: one for each of five zones – Lake Zone, Southern Highlands, Central, North and Eastern.	1	X	X	X	X	X	» Training of Trainers programme curriculum instituted » Three trainees per district (169 districts x 3 = 507 trainees) » Expect a multiplier effect of one trainee: 50 stakeholders	MLFD	LAT, TTA, Uwangota, PMO–RALG	Livestock Modernization Initiative, LDF
	1.2.5 Encourage stockists to make flaying knives available in their stores by subsidizing the stockist to sell knives at half price.	2	X	X				» Subsidies provided » Sales of knives by stockists	PMO–RALG	MLFD, LAT, Uwangota, DIT	MLFD
	1.2.6 With the renovation / building of slabs, encourage direct collection of H&S by slaughter slab / salting slab operators at the marketplace. The slab operators should collect the H&S as rapidly as possible (a few hours), by being informed by text message, in order to reduce waste and degradation. This will be achieved through a communication campaign at the village level.	2	X	X	X	X	X	» Percentage increase in recovery collection rate » Communication campaign through bulk text messages	PMO–RALG	MLFD, LAT, Uwangota, DIT	LDF

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Operational objective	Activities	Priority 1=high 2=med 3=low	Implementation period					Targets	Lead implementer	Supporting implementers	Possible funding source
			2016	2017	2018	2019	2020				
1.3 Improve the operations of slaughter slabs / houses and abattoirs.	1.3.1 Sensitize the owners of the slaughterhouses and abattoirs on the best practices (revised current training manuals) for operating slaughterhouses (drying sheds) and on the potential of quality H&S to increase their revenue. Feed in the results from the annual survey of tanneries' / exporters' satisfaction of H&S quality to ensure that the slaughter operators get a premium / discount based on the cutting / flaying quality.	1	X	X				» Minimum 25 abattoirs sensitized » Minimum 100 slaughterhouses sensitized	MLFD	LAT, PMO–RALG, Uwangota, TTA, Tanzania Food and Drugs Authority	LDF, Livestock Modernization Initiative
	1.3.2 Modernize existing abattoirs through the promotion of co-financing (PPPs). LAT / MLFD to provide TIC and EPZA with a list of abattoirs. investment on modern slaughter houses	1	X	X	X	X	X	» List provided to TIC and EPZA » Minimum 25 abattoirs modernized	PMO–RALG	MLFD, LAT, EPZA, MIT, TIC	Supporting Indian Trade and Investment in Africa (SITA)
	1.3.3 Promote establishment of new abattoirs in line with leather clusters through Special Economic Zones or Export Processing Zones (requiring 80% export), through investment promotion for private operators or PPPs. EPZA, TIC, MIT, MLFD and LAT to draw up a list of priority investment areas and measures.	2			X	X	X	» List of priority intervention areas elaborated » Investment developed » Minimum five abattoirs are established	MLFD	LAT, MIT, EPZA, PMO–RALG, TIC	SITA
	1.3.4 Enforce laws and regulations for operations of slaughterhouses / abattoirs in order to improve the quality of H&S by empowering inspectors and district officials.	1	X	X	X	X	X	» Flay cut defects reduced by 80% » Wastage minimized (rejects <5%)	MLFD	PMO–RALG, NEMC, Tanzania Food and Drugs Authority	Livestock Modernization Initiative, LDF
	1.3.5 Establish a system to collect the waste generated by slaughter slabs and abattoirs, to be used in production of by-products.	2	X	X	X	X	X	» Waste from slaughter slabs and abattoirs reduced	MLFD	PMO–RALG, NEMC, MIT	
1.4 Improve the collection and storage of H&S.	1.4.1 Rehabilitate and construct drying sheds / salting slabs / collection sheds: » Renovation of existing sheds located in Mwanza, Shinyanga, Singida, Tabora, Ukonga and Vingunguti abattoirs; » Build 15 salting slabs in Mufindi, Rungwe, Mbozi, Rombo, Meru, Hai, Makambako, Njombe, Handeni, Chamwino, Kyela, Kilolo, Same, Mwanga and Uyole. Promote co-financing with private sector investment and public or donor funding to provide a credit guarantee fund to local private operators wanting to renovate and / or build slabs.	1	X	X	X	X	X	» Six hides / skins drying / salting cum collection sheds rehabilitated » Fifteen salting slabs built	PMO–RALG	MLFD, LAT, TTA, Uwangota	
	1.4.2 Establish a pilot scheme for H&S auction markets in three districts (Dodoma, Arusha, Mwanza) through the provision of necessary facilities (weighing scales, pricing boards). Promote awareness / sensitize / provide necessary information to producers, collectors, traders, tanners (location, procedures, frequency and timings).	2		X	X			» Auction markets piloted » Awareness-raising campaigns conducted	Uwangota	PMO–RALG, MLFD, MIT, LAT, TTA	LDF
	1.4.3 Construct four new collection centres (dried and salted sheds) in Arusha, Dar es Salaam, Moshi and Tanga in order to increase recovery of H&S.	2		X				» Four collection centres constructed » Twenty per cent increase in the volume of H&S collected in those areas	MLFD	PMO–RALG	Livestock Modernization Initiative, LDF
	1.4.4 Provide quarterly market information on indicative grade prices (in line with application of grades premium / discounts) to the collection centres.	1	X	X	X	X	X	» Quarterly bulletin produced by LAT and disseminated to centres	LAT	MIT, MLFD	SITA

Strategic objective 2: Strengthen the policy and institutional framework for the development of the sector.										
Operational objectives	Activities	Priority 1=high 2=med 3=low	Implementation period					Targets	Lead implementer	Supporting implementers	Possible funding source
			2016	2017	2018	2019	2020				
2.1 Strengthen the coordination and planning capacities of the sector and its institutions.	2.1.1 Undertake an inventory of existing actors in the subsectors and respective information (categorize items into production capacity, employee numbers, location, physical and contact addresses, size, ownership, etc.). Make the inventory available through LAT, MLFD, MIT, etc.	1	X					» Inventory established and disseminated	MIT	LAT, TTA, CTI, TIC	MIT
	2.1.2 In line with the 2008 Hides, Skins and Leather Trade Act, establish (at district and village level) / strengthen existing advisory committees to function efficiently at all levels as stipulated in the law. The committees will be strengthened by nominating advisory members knowledgeable about the sector and ensuring they meet frequently by allocating a specific budget to the advisory committees for this purpose.	1	X	X	X			» National, district and village advisory committees functioning and strengthened	PMO–RALG	MLFD	LDF
	2.1.3 Establish a leather board. » Review the current Hides, Skins and Leather Trade Act to incorporate a leather board. » Formulate governance structure, functions and resources of the board. » Establish legal status of the board.	1	X	X				» Leather board established and operational with a membership of minimum 50% private stakeholders	MLFD	MIT, PMO-RALG, LAT, TTA, DIT Uwangota	LDF
	2.1.4 Audit the LDF on an annual basis via an external auditor and publish the results.	1	X	X				» LDF audited accounts published	MLFD		
2.2 Strengthen the capacity of key sector institutions.	2.2.1 Build the capacity of LAT to: » Recruit and capacitate key personnel responsible for supervision of the leather sector (one specialist in leather goods, one specialist in leather technologies, one specialist in footwear); » Procure facilities and equipment (laptops, Microsoft Office software) and small machines for practical trainings in areas such as fleshing, summing and lasting, particularly to DIT and LAT.	1	X	X				» Three specialists hired by the end of 2016 » Equipment purchased	LAT	DIT, SUA	SITA, UNIDO, LDF
	2.2.2 Build the technical, human and financial capacity of the four livestock training institutes (Morogoro, Mpwapwa, Madaba, Temeke) managed by SUA and DIT through the provision of training materials, training of teachers / technical staff, study tours, and provision of tools (demonstration slabs, flaying materials, etc.) and equipment for practical training.	1	X	X				» Training capacities improved » Training manuals exist » Two study tours in the first two years (maximum of five persons on each)	MLFD	PMO-RALG, DIT, LAT, SUA	SITA, LDF
	2.2.3 Build the capacity of MIT. » Identify and capacitate key personnel responsible for supervision of the leather sector (to have two subject matter specialists). LAT to provide the training. » Procure facilities and equipment for monitoring implementation (laptops, Microsoft Office software).	1		X				» Two persons trained in leather » Two laptops purchased	MIT	LAT	SITA
	2.2.4 Build the capacity of MLFD. » Identify and capacitate key personnel responsible for supervision of the leather sector (to have two subject matter specialists). LAT to provide the training. » Procure facilities and equipment for monitoring implementation (laptops, Microsoft Office software).	2		X				» Two persons trained in leather » Two laptops purchased	MoF	MLFD, LAT	SITA

Strategic objective 2: Strengthen the policy and institutional framework for the development of the sector.											
Operational objectives	Activities	Priority 1=high 2=med 3=low	Implementation period					Targets	Lead implementer	Supporting implementers	Possible funding source
			2016	2017	2018	2019	2020				
2.2 Strengthen the capacity of key sector institutions.	2.2.5 Build the capacities of TIC and EPZA to act as knowledgeable and proactive promoters of the leather sector, including by: » Assigning responsibility for the sector to one lead staff and one back-up staff at each institution, along with associated performance metrics; » Provide education on the sector's products, processes and markets.			X				» Four persons trained in leather	MIT	TIC, EPZA	
	2.2.6 Build the capacity of PMO–RALG. » Identify and capacitate key personnel responsible for supervision of the leather sector (to have two subject matter specialists). LAT to provide the training. » Procure facilities and equipment for monitoring implementation (laptops, Microsoft Office software).	2		X				» Two persons trained in leather » Two laptops purchased	PMO–RALG	LAT	SITA, LDF
	2.2.7 Build the capacity of the Regional Secretariat. » Identify and capacitate key personnel responsible for supervision of the leather sector (to have two subject matter specialists). LAT to provide the training. » Procure facilities and equipment for monitoring implementation (laptops, Microsoft Office software).	2		X				» Two persons trained in leather in each region (25 regions) » Two laptops purchased for each region (50 in total)	PMO–RALG	LAT	SITA, LDF
	2.2.8 Build the capacity of LGAs. » Identify and capacitate key personnel responsible for supervision of the leather sector (to have two subject matter specialists). LAT to provide the training. » Procure facilities and equipment for monitoring implementation (laptops, Microsoft Office software).	2		X				» Two persons trained in leather in each district (169 districts) » Two laptops purchased per district (338 in total)	PMO–RALG	LAT	SITA, LDF
	2.2.9 Build the capacity of TBS. » Identify and capacitate key personnel (two specialized in leather). » Upgrade and modernize TBS by providing testing equipment in the leather laboratory.	2		X				» Two staff are trained by LAT » Equipment for leather laboratory is purchased	TBS	MIT, TTA, LAT, SUA, DIT	SITA, EC
	2.2.10 Support the newly established Leather Science and Technology Department at SUA in terms of practical training of, and providing training materials for, academic staff. Some trainings to be provided by DIT and some from international experts.	1		X				» Trainings provided » Materials provided	Ministry of Education and Vocational Training	MLFD, MIT, DIT	
2.3 Promote clustering in the leather industry.	2.3.1 Formulate a plan to guide leather industrial clusters (water facilities, location, infrastructure, electricity, tax incentives) in Dodoma and Singida.	1	X	X				» Plan finalized for both areas	MIT	PMO–RALG, TTA, LAT, MLFD	LDF, UNIDO
	2.3.2 Implement the cluster plans through a PPP by TIC, MIT and LAT identifying investment focus areas.	1			X	X	X	» Two cluster areas are developed	MIT	PMO–RALG, TTA, LAT, MLFD	LDF
	2.3.3 Promote incentives and awareness of the existence of cluster areas to investors & supporting institutions (TIC, EPZA, ministries, CTI, TCCIA) in order to attract investment.	1			X	X	X	» Investment commitments registered in the cluster area	MIT	CTI, EPZA, TCCIA, TIC	SITA, Japan International Cooperation Agency, NDC, KOIKA

Strategic objective 2: Strengthen the policy and institutional framework for the development of the sector.											
Operational objectives	Activities	Priority 1=high 2=med 3=low	Implementation period					Targets	Lead implementer	Supporting implementers	Possible funding source
			2016	2017	2018	2019	2020				
2.3 Promote clustering in the leather industry.	2.3.4 Promote the creation of clustering for leather goods manufacturers by creating business incubators (common facilities with shared machines, tools, administrative support, etc.) (Mwanza, Arusha, Dodoma, Mbeya, Dar es Salaam). Support for beneficiary companies will involve: » Provision of mentoring and coaching; » Access to finance facilitation; » Specialized technical training on new tools, leather finishing techniques and best practices; » Marketing and trade intelligence support on market and fashion trends. As a first step refurbish existing LAT / DIT training facilities. The setting up of these facilities to be aligned with the clustering strategy. Collaborate with international leather incubators to define a clear implementation plan (business case) to seek financing and learn best practices.	1	X	X	X			» Two incubators established and 20 leather sector operators working in the incubator	SIDO	LAT, DIT, Sokoine University	SITA, UNIDO
2.4 Improve the application of policies, rules and regulations.	2.4.1 Simplify and streamline existing permit and licensing procedures. » Decentralize issuing of permits and licensing to LGAs. » Train and capacitate Regional secreteriats and LGAs. On delivering and monitoring of permits » Review MLDF structure to enable hides, skins and leather export permits be handled by one department.	1	X					» Simplified and streamlined permits and licensing procedures produced and implemented	MLFD	MIT, PMO–RALG	
	2.4.2 Undertake an impact analysis regarding the introduction of current levies on wet-blue (10%) and raw H&S in order to deliver a policy document for the Government to make informed decisions on policies to support the sector.	1	X					» Impact analysis completed	MLFD	MIT, PMO–RALG, TTA, LAT	LDF, UNIDO, SITA
	2.4.3 Harmonize the national laws governing the sector, i.e. the Hides, Skins and Leather Trade Act and the Animal Disease Act, to comply with the implementation of EPZA policies to avoid duplication of procedures.	1	X					» Laws are harmonized	MLFD	TIC, EPZA, CTI, TCCIA, MIT	LDF
	2.4.4 In line with the Hides, Skins and Leather Trade Act of 2008, operationalize the H&S tracking system. » Awareness-raising and sensitization seminars on the tracking system to target groups (TRA; LGAs; MLDF; MIT; Ministry of Communication, Science and Technology; Ministry of Home Affairs; PMO; LAT; TTA; producers; processors; traders; media, etc.). » Print and distribute H&S movement permits and provide working tools (ledgers, computers, printers, etc.). Local government extension workers to issue the permits. » Develop an information technology-based system for H&S tracking at MLFD: – Provide the necessary information required for the information technology specialists; – Train users on the use of the tracking system; – Provide necessary accessories; – Promote use of the tracking system.	1	X	X	X	X	X	» Local governments operationalize tracking system across the entire country (all 169 councils) » Tanneries' capacity utilization increased from the current 86% to over 95% by 2018	PMO–RALG	MLFD, MIT, LAT, DIT, TTA, Uwangota	LDF
	2.4.5 Establish 'animal products and by-products' border patrol teams to carry out surprise visits along border areas. Enable these patrols through adequate resources and policy support. Establish these units based on the experience of the Wildlife Department for curbing illegal hunting / poaching.	1	X	X	X	X	X	» Border patrol teams established » Reduction in informal raw H&S exports of 50% and increase of revenues for LDF by 2018	MLFD	Customs, LAT	

Strategic objective 3: Build sustainable growth in the leather industry.											
Operational objective	Activities	Priority 1=high 2=med 3=low	Implementation period					Targets	Lead implementer	Supporting implementers	Possible funding source
			2016	2017	2018	2019	2020				
3.1 Improve tanneries' abilities in order to stimulate sector growth	3.1.1 Training of tanneries (on-the-job training, under one year) on new tanning techniques / technologies by DIT (vegetable, wet-white, chrome tanning improvements) in order to better access emerging market trends. This will be achieved in partnership with reputable international leather institutes, such as the Central Leather Research Institute (India), and the Leather and Leather Products Institute (LLPI).	1	X	X	X	X	X	» Three to four courses a year » On-the-job training (DIT)	DIT	LAT, TTA, CTI, MIT, SUA	SITA
	3.1.2 Training of tanneries (professional – three years) on new tanning techniques / technologies by SUA (vegetable, wet-white, chrome tanning improvements) in order to better access emerging market trends. This will be achieved in partnership with reputable international leather institutes such as the Central Leather Research Institute (India) and LLPI.	1	X	X	X	X	X	» One professional class a year (SUA)	SUA	LAT, TTA, CTI, MIT, DIT	SITA
	3.1.3 Promote modernization of existing tanning plants (or setting up of new plants) through investment promotion / joint ventures, or targeted incentive measures (tax benefits / incentives / income tax temporary lifting). Large investment guarantee (TIB).	1	X	X	X	X	X	» Minimum of four existing tanneries modernized	MIT	TIC, TTA, LAT, TIB, EPZA	SITA
	3.1.4 Provide training and certification of operations on quality management (International Organization for Standardization (ISO) processes) by working with international institutes.	1	X	X	X	X	X	» Nine units certified by 2020	TBS	MIT, TTA, LAT	SITA
	3.1.5 Encourage knowledge transfer through the hiring of experts (leather / tanning) to build the skills of the industry.	1	X	X	X	X	X	» Minimum of four international experts a year	TTA	LAT, MIT, DIT	SITA
	3.1.6 Provide business and administration skills training (one or two weeks) for tanners (costing, marketing, etc.).	1	X	X	X	X	X	» One training a year	TTA	MIT, LAT, CTI, TCCIA	SITA, LLPI
	3.1.7 Establish quality guidelines for tanneries to adhere to market requirements.	1		X				» Guidelines produced and disseminated	TBS	MIT, TTA, LAT, NEMC	SITA
3.2 Improve the capacity of leather products manufacturers to respond to local and international demand.	3.2.1 Support the upgrading and maintenance of tools in leather products manufacturing through an audit made by SIDO of the facilities in place and preparation of a grant to purchase or provide directly the equipment.	1	X	X	X	X	X	» Minimum of nine manufacturers are upgraded	SIDO	LAT, TTA, CTI, MIT	LDF
	3.2.2 Lobby for public procurement preferences to promote local production of leather products (footwear, bags, belts, etc.).	1		X	X	X	X	» Minimum 30% of government procurement of leather products is sourced from domestic producers	PMO	LAT, all ministries, CTI	Public finance
	3.2.3 Increase the capacity of SIDO (financial) to provide loans for financing local leather goods and footwear manufacturers with business plan support to manufacturers in project proposals.	1		X	X	X	X	» Lending to the sector of TZS 10 million per year	SIDO	MIT, LAT, TTA, DIT	
	3.2.4 Establish a credit guarantee scheme for financing local leather goods and footwear manufacturers.	1	X	X	X			» Credit guaranteed scheme is established by 2018	MIT	LAT, TTA, DIT	
	3.2.5 Introduce, on a pilot basis, some e-learning modules in footwear and leather goods to SMEs.	1	X	X	X	X	X	» e-learning modules produced and minimum of 20 trainees per intake	DIT	LAT, SIDO, VETA	UNIDO

Strategic objective 3: Build sustainable growth in the leather industry.											
Operational objective	Activities	Priority 1=high 2=med 3=low	Implementation period					Targets	Lead implementer	Supporting implementers	Possible funding source
			2016	2017	2018	2019	2020				
3.3 Reduce environmental impact through improved effluent treatment and waste reduction.	3.3.1 Complete a full environmental assessment of the environmental impact of tanneries, including effluent treatment (physical, chemical or biological), in order to define a baseline and forecast of possible reduction of pollution loads of export-related tanneries.	1	X	X				» Assessment completed » Recommendations for corrective action provided to each tanneries	NEMC	TTA, LAT, MIT, TBS	SITA, UNIDO
	3.3.2 Maintain a survey on the status of effluent treatment plants in the tanneries, two years after the implementation of the Strategy (and compare to baseline analysis). Provide appropriate advice and recommendations, as well as guidelines.	1	X	X				» Survey completed every two years and results recommendations provided to tanneries	NEMC	TTA, LAT, MIT, TBS	SITA, UNIDO
	3.3.3 Promote the adoption of cleaner (more efficient) technology through the development of partnerships with international leather research institutes and the promotion of joint ventures.	1	X	X				» Cleaner technologies developed and disseminated	DIT	LAT, TTA, TIC, EPZA, MIT, TBS, NEMC	SITA, UNIDO
	3.3.4 As part of the clustering of the sector, promote establishment of common effluent treatment plants. Determine the financial requirements to establish effluent treatment plants for tanning industries.	2			X			» One common use of environmental facilities and support services established	MIT	TTA, LAT, NEMC, TBS, College of Engineering and Technology (University of Dar es Salaam)	SITA
3.4 Innovate through new products and processes to reduce the environmental impact of the leather industry.	3.4.1 Encourage and support sector enterprises to comply with environmental production processes such as ISO 14000 or other, by providing guidance on procedures and benefits.	2						» At least three tanneries certified ISO 14001	MIT	DIT, TBS, NEMC	
	3.4.2 Encourage and support tanners to develop new, greener tanning techniques such as vegetable, wet-white and improved chrome tanning by promoting the market benefits as well as facilitating knowledge and technology transfer. Identify experts to conduct training on production of environmentally friendly products.	1						» Five tanneries green their production	MIT	TTA, LAT, NEMC, TBS, DIT, TIRDO	
	3.4.3 Encourage and support tanners and leather product manufacturers to reuse waste in secondary productions such as cardboards, gelatine, glue, sludge in cement, etc. by organizing demonstration and pilot initiatives.	1						» Eight sector enterprises involved in valuation of waste	MIT	TTA, LAT, NEMC, TBS, DIT, TIRDO	
	3.4.4 Strengthen the environmental image of the leather sector by developing eco-labelling (with guidelines) for leather tanners and goods manufacturers. Apply the label to enterprises that comply with the guidelines.	2						» One ecolabel established » Five enterprises use the label	LAT	TTA, Manufacturers Association	
	3.4.5 Organize an annual leather innovation awards event to promote the most innovative and environmentally friendly enterprises of the sector.	3						» Three enterprises promoted at annual awards	LAT	TTA, Manufacturers Association	

Strategic objective 4: Strengthen the sector's ability to diversify products, increase value addition and develop markets.											
Operational objectives	Activities	Priority 1=high 2=med 3=low	Implementation period					Targets	Lead implementer	Supporting implementers	Possible funding source
			2016	2017	2018	2019	2020				
4.1 Build the market development capacity of the sector.	4.1.1 Complete detailed market profiles for the following product / market combinations and disseminate them through websites and directly to tanneries and exporters. **India** » Bovine leather: Wet-blue, veg, wet-white & crust » Goat / kid skin leather: Wet-blue, veg, wet-white & crust » Sheep / lamb skin leather: Wet-blue, veg & crust **China** » Bovine leather: Wet-blue, veg, wet-white & crust » Goat / kid skin leather: Wet-blue, veg, wet-white & crust » Sheep / lamb skin leather: Wet-blue, veg & crust **Italy** » Bovine leather: Wet-blue, veg, wet-white & crust » Goat / kid skin leather: Wet-blue, veg, wet-white & crust » Sheep / lamb skin leather: Wet-blue, veg & crust **EAC region** » Bovine leather: Wet-blue, veg, wet-white & crust » Goat / kid skin leather: Wet-blue, veg, wet-white & crust » Sheep / lamb skin leather: Wet-blue, veg & crust **National market:** » Leather » Pickle » Wet-blue » Crust & finished leather **National market:** » Leather goods – Shoes, belts – Leather bags & purses » Souvenirs	1	X	X				» Six market profiles completed and revised every two years » Information disseminated to stakeholders	MIT	TanTrade, LAT, TTA	SITA
	4.1.2 Assess markets for alternative leather products. » Study the existing supply capacity and demand for production of crust, finished leather and leather products. » Study the potential for increased vegetable tanning, including the quality and certification requirements in international markets.	2		X				» Market profiles completed » Information disseminated to stakeholders	MIT	TIRDO, LAT, TTA, TanTrade, SIDO	SITA
	4.1.3 Subscribe to international hides, skins and leather market survey reports in order to let stakeholders understand the market.		X	X	X	X	X	» Subscription paid » Results disseminated	LAT		LDF
	4.1.4 Develop and maintain a market information dissemination system. » Develop and maintain an online database system, to be hosted by LAT and linked to relevant institutions and operators. » Promote and create awareness of the database's existence. » Prepare brochures, leather magazines and newsletters, and use media for information dissemination.	2		X	X	X	X	» Information to be available to stakeholders	LAT	MIT, MLFD, PMO–RALG, TTA, DIT, Uwangota	LDF

Strategic objective 4: Strengthen the sector's ability to diversify products, increase value addition and develop markets.											
Operational objectives	Activities	Priority 1=high 2=med 3=low	Implementation period					Targets	Lead implementer	Supporting implementers	Possible funding source
			2016	2017	2018	2019	2020				
4.1 Build the market development capacity of the sector.	4.1.5 Participate in local and International trade fairs. Assist companies in the preparation of samples, presentations, materials and other preparations towards attending a trade fair. » Identify companies for co-financing their attendance at trade fairs. » Organize one annual local leather trade fair. » Co-finance stakeholders to attend international trade fairs (buyers and sellers meetings) by starting with African fairs in Ethiopia, followed by the Chennai fair in India.	1	X	X	X	X	X	» 50% of leather sector tanners and manufacturers participate in at least on trade fair in the next years	MIT	TanTrade, MLFD, LAT, TTA, Uwangota	SITA
	4.1.6 Develop a communication strategy for the leather sector with a view to changing the perception and professionalism of the sector (link to international trade fairs, dissemination of brochures, leather magazines / catalogues, newsletters and use of media).	1	X	X				» Export promotion materials developed	MIT	TanTrade, LAT, TTA, Uwangota, MLFD, TIC	SITA
4.2 Promote R&D in the leather industry.	4.2.1 Encourage and develop new designs for leather products linked to local and international markets. » Train and capacitate designers on product development and quality for leather products. » Develop market promotion tools (product catalogues, brochures, etc.) for manufacturers.	2		X	X	X	X	» Minimum of five designers per year attend trainings » New designs developed and disseminated » Materials for leather goods are produced	DIT	SIDO, TTA, LAT, MIT, VETA	SITA, United States Agency for International Development, East Africa TradeHub, EC
	4.2.2 Encourage partnerships between testing labs, research institutions and the private sector to enhance existing, and develop / adopt new, technologies through the holding of quarterly round tables. Conduct an annual symposium between research institutes (DIT, TIRDO, VETA, SUA, SIDO, COSTECH, TEMDO, etc.) and the private sector to share research findings.	1	X	X	X	X	X	» Round tables held quarterly » Cases of partnerships with private sector	Ministry of Communication, Science and Technology	DIT, COSTECH, TIRDO, VETA, SUA, SIDO, TEMDO	SITA
	4.2.3 Attract FDI and joint venture partnerships to acquire technological transfer by easing procedures (permits, visas, incentives) for such partnerships.	2			X	X	X	» Value of FDI attracted	TIC	CTI, TTA, LAT, MIT, EPZA	SITA
	4.2.4 Increase awareness of best practice in technology transfer from other EAC, Common Market for Eastern and Southern Africa, and South African Development Community countries to enhance competitiveness.	2			X	X	X	» Number of countries visited / contacted	CTI	TIC, MIT, TTA, LAT, MLFD, DIT	SITA, LLPI, Common Market for Eastern and Southern Africa, South African Development Community

Strategic objective 4: Strengthen the sector's ability to diversify products, increase value addition and develop markets.										
Operational objectives	Activities	Priority 1=high 2=med 3=low	Implementation period					Targets	Lead implementer	Supporting implementers	Possible funding source
			2016	2017	2018	2019	2020				
4.3 Improve financial access for sector operators.	4.3.1 Facilitate better understanding among banks about leather operators, cash flow cycles and financing needs by inviting bank representatives to stakeholders' meetings.	1		X	X	X	X	» Actors in the sector are able to apply for finance » Increased access to finance and business services	MIT	Ministry of Finance and Economic Affairs, BOT, TTA, LAT, MLDF, PMO–RALG	LDF
	4.3.2 Assist stakeholders in developing bankable business plans.	2	X	X	X	X	X	» Number and types of business plans developed	MIT	TTA, CTI, LAT, MLFD, DIT, TPSF	SITA, LDF
	4.3.3 Formulate a position paper / business plan and a government policy that will provide guarantee schemes for the leather sector. Sensitize the LDF Steering Committee on the need to change the function, structure (independent management) and auditing procedures of the LDF. Technical committee of LDF to compose a draft LDF mechanism in collaboration with the Ministry of Finance and Economic Affairs, TIB, MIT, MLFD, LAT (multiple members) and commercial banks.	1	X	X	X	X	X	» Guarantee schemes formulated and implemented	MLDF	MIT, LAT, commercial banks, TIB, Ministry of Finance and Economic Affairs	SITA
	4.3.4 Establish a publicly backed industrial development fund giving domestic investors low-interest loans to set up or upgrade to modern facilities, equipment, and practices in animal husbandry, slaughter, storage, tanning, or leather article production.	1	X	X	X	X	X	» Fund operational (i.e. first loan granted)	PMO	Ministry of Finance and Economic Affairs, MIT	
4.4 Promote investment in the sector.	4.4.1 Train and support leather sector firms in corporate governance and financial record-keeping, to increase viability as potential joint venture partners with foreign investors.	1		X				» 50% of firms in the leather sector receiving some corporate governance and financial record-keeping training	TIC	EPZA, LAT	
	4.4.2 Agree on an institutional cooperation framework for the promotion of investment in the leather sector, including Memorandums of Understanding setting out the roles and responsibilities of the partners. For example, TIC takes the lead in proactive investor-targeting; LAT provides sector intelligence and contacts; TIC and EPZA divide the work of facilitating government procedures, business start-up, and aftercare; LAT coordinates participation of existing sector stakeholders; etc.	1		X				» Investment promotion framework agreed and implemented	TIC	LAT, MIT, MLFD	LDF, SITA
	4.4.3 Undertake interviews of leather sector associations and leading companies in China, India, Brazil and Italy to understand investor needs, perceptions and interests in the sector in the United Republic of Tanzania.	2		X				» Interviews conducted and results applied in investment promotion efforts	TIC	MIT, CTI	SITA
	4.4.4 Conduct a competitiveness assessment for United Republic of Tanzania-based production of eco-friendly leather production and incorporate accordingly into the country's leather sector investment promotion strategy.	2		X				» Eco-friendly leather production assessment completed	TIC	LAT, EPZA	
	4.4.5 EPZA to proactively identify and approach private companies with experience in zone development and operation for the leather sector, presenting them with a business case for doing the same in the United Republic of Tanzania.	2		X				» 3-5 large leather sector investments attracted to EPZA	EPZA	LAT TIC, MIT	

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1st consultation

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APPENDIX 2: TANZANIAN STANDARDS APPLICABLE TO THE LEATHER INDUSTRY

TZS 200: 1984 (1st Ed)	Leather – Determination of nitrogen, hide substance and degree of tannage
TZS 199: 1984 (1st Ed)	Leather – Determination of pH and difference figure of an aqueous extract
TZS 198: 1984 (1st Ed)	Leather – Determination of chromium as chromic oxide
TZS 197: 1984 (1st Ed)	Leather – Determination of sulphated total ash
TZS 1662: 2014 (1st Ed)	Footwear — Leather men's closed shoes — Specification
TZS 1660:2014(1st Ed)	Polyurethane coated leather — Specification
TZS 425: 1989 (1st Ed)	Wet leather and pelts – Determination of moisture
TZS 276	Leather footwear – Method of sampling
TZS 191: 2014 (2nd Ed)	Leather – Chrome crust – Specification
TZS 194: 1984 (1st Ed)	Leather – Determination of volatile matter
TZS 195: 1984 (1st Ed)	Leather – Determination of matter soluble in dichloromethane or other solvents (extractable substances
TZS 207: 1984(1st Ed)	Leather – Determination of distention and strength of grain (ball burst test)
TZS 197	Leather – Determination of sulphated total ash
TZS 198	Leather – Determination of chromium as chromic oxide
TZS 199	Leather – Determination of pH and difference figure of an aqueous extract
TZS 200	Leather – Determination of nitrogen, hide substance and degree of tannage
TZS 207	Leather – Determination of distention and strength of grain (ball burst test)
TZS 201: 1984 (1st Ed)	Leather – Determination of shrinkage temperature
TZS 189: 2013 (2nd Ed)	Leather – Wet–blue chrome – Specification
TZS 209: 1984 (1st Ed)	Leather – Determination of apparent density
TZS 204: 1984 (1st Ed)	Leather – Determination of mildew resistance (including wet-blue chrome)
TZS 196: 1984 (1st Ed)	Leather – Determination of total water-soluble matter, water-soluble inorganic matter, and water-soluble organic matter
TZS 203: 1983 (1st Ed)	Leather – Determination of absorption of water (under static conditions)
TZS 190: 1984 (1st Ed)	Leather – Methods of sampling
TZS 211: 1984 (1st Ed)	Leather – Determination of colour fastness to-and-fro – Rubbing (wet and dry)
TZS 210: 1984 (1st Ed)	Leather – Determination of double hole stitch tear strength
TZS 188: 2013 (2nd Ed)	Hides, skins and leather – Glossary of terms
TZS 192: 2013 (2nd Ed)	Leather – Shoe upper – Specification
TZS 212: 1984 (1st Ed)	Leather – Determination of tensile strength and elongation
TZS 202: 1984 (1st Ed)	Leather – Determination of resistance to grain cracking and of crack index
TZS 205: 1984 (1st Ed)	Leather – Physical testing – Measurement of thickness
TZS 208: 1984 (1st Ed)	Leather – Determination of tear strength
TZS 193: 2013 (1st Ed)	Leather – Vegetable tanned sole – Specification

Effluent discharge

TZS 344: 1989 (1st Ed)	Tolerance limits for industrial effluents discharged into inland surface waters – Tanning industry

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FSC is an independent, non-governmental, not for profit organization established to promote the responsible management of the world´s forests.

Printed by ITC Reprographic Service on FSC paper, which is environmentally-friendly paper (without chlorine) using vegetable-based inks. The printed matter is recyclable.

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With the financial support of:

UKaid
from the British people

In partnership with:

Leather Association of Tanzania