



# **MADAGASCAR LEATHER VALUE CHAIN STRATEGY (2019- 2025)**

**(Draft)**

**DEVELOPED BY  
MINISTRY OF INDUSTRY, TRADE AND HANDICRAFTS OF  
MADAGASCAR IN COLLABORATION WITH AFRICA LEATHER AND  
LEATHER PRODUCTS INSTITUTE (ALLPI)**



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## ACKNOWLEDGEMENT

# CHAPTER I: CONTEXT SETTING

## INTRODUCTION

Madagascar is one of the largest Islands in the world with a total area space of 587,041 sq. km and is situated in the Indian Ocean, east of Mozambique. Its population stood at 25.57 million 2017<sup>1</sup> of which over 60% are under the age of 25. Agriculture, is the mainstay of the economy, however its predominantly subsistence, associated with low productivity levels. The majority of the Malagasy (estimated at 80 %) lives in rural areas. Agriculture, including fishing and forestry, accounts 25% of GDP and employ approximately 80% of the population of which two thirds are living below the poverty threshold.

Madagascar is ranked in the sixth position in the COMESA region with regard to livestock population size, and this has the potential to contribute to economic growth and export earnings. The benefits being generated from this sector, however are limited because of low productivity levels because of the lower levels of mechanisation. The high livestock numbers reflects the potential for promoting a vibrant leather value chain. The sector's contribution to the economy remained marginal due to a number of constraints that include production of lower quality hides and skins, poor collection levels, and the export of approximately 60% of the hides and skins in raw state. The enterprises involved in value addition are also operating at a very lower capacity because of a plethora of challenges they are facing, which among others include weak coordination, inadequate policy support and limited or no access to finance and inadequate skills development programs.

## Socio – Economic Situation

The structure and dynamics of the Malagasy economy reflects a high level of underdevelopment, however in recent years positive developments have been posted in the economy and social front, as reflected by positive growth figures in GDP and life expectancy in the period 1990 to 2018. For example in 2018 the economy registered a growth rate of 5.2%. The GDP growth rate was above the population growth rate of 2.7%, this marginal pushed up the GDP per capita. The economic growth was attributed to the Private sector buoyancy, which was fed mainly by the service sector growth and underpinned by positive macroeconomic conditions. The economy registered a decrease in inflation rate from 8.3% in 2017 to 7.3% in 2018, a relatively stable real effective exchange rate, and a fiscal deficit under control. Despite these notable growth figures, the country still remained gripped in poverty levels. The dynamics in the socio-economic set up of the economy is summarized in Table 1.

Table 1: Socio-economic Indicators

Indicator	1990	2000	2010	2018
Population (millions)	11.6	15.77	21.15	26.26
Population Growth (%)	2.9	3.1	2.8	2.7
Poverty Head count ratio at US\$1.90 per day	70.3	68.7	78.5	-
Life Expectancy at birth	51	58	63	66
GDP (current US\$) billions	3.08	3.88	8.73	12.10
Growth Rate (%)	3.1	4.8	0.3	5.2
Contribution of agric, fishery & forestry to GDP	29	26	26	20

Source: World Bank

According to the World Bank, the economy is projected to remain on the growth trajectory in the coming years, driven by the increase in public and private sector investments, including by public-private partnerships (PPPs). Growth in exports is projected to remain high owing to

<sup>1</sup><https://www.google.com/search?client=firefox-b-d&q=madagascar+population>

strong global demand for nickel and vanilla. Despite this unemployment remains high, and coincidentally high poverty levels with 75% of the population living on less than \$1.90 per day. It also has the lowest human capital index globally and it has the world's fourth highest rate of chronic malnutrition, with one child in two under five years suffering from stunting.

The informal sector is one of the most significant players contributing approximately 70% to employment. The high participation of the informal sector is a clear demonstration of the creativity capacity of the people and also of the need for the Government to play an active role in the formalisation process. The formalisation process will enhance growth, and fiscal performance, as the enterprises will start to contribute to Government revenue. Artisans and craftsman play a significant role in many subsectors of the economy, however they face numerous challenges ranging from low technical skills levels, machines and tools to operating in isolation.

## GLOBAL COMPETITIVENESS

Madagascar scored 3.40 points out of 100 on the 2018 Global Competitiveness Report published by the World Economic Forum. Competitiveness Index in Madagascar averaged 3.38 Points from 2007 until 2018, reaching an all time high of 3.45 Points in 2011 and a record low of 3.32 Points in 2016. The World Economic Forum ranked Madagascar, in the Global Competitiveness Index, at 132 position out of 140 countries in 2014, and 121 in 2018. This improvement in global competitiveness tallies with the economic growth which have been recorded in recent years as illustrated in Table 1. The World Economic Forum defines competitiveness as the set of institutions, policies, and factors that determine the level of productivity of an economy, which in turn sets the level of prosperity that the country can achieve. The trends in Madagascar's performance, with regard to global competitiveness against other 140 countries that are included in the sample, is illustrated in Figure 1.

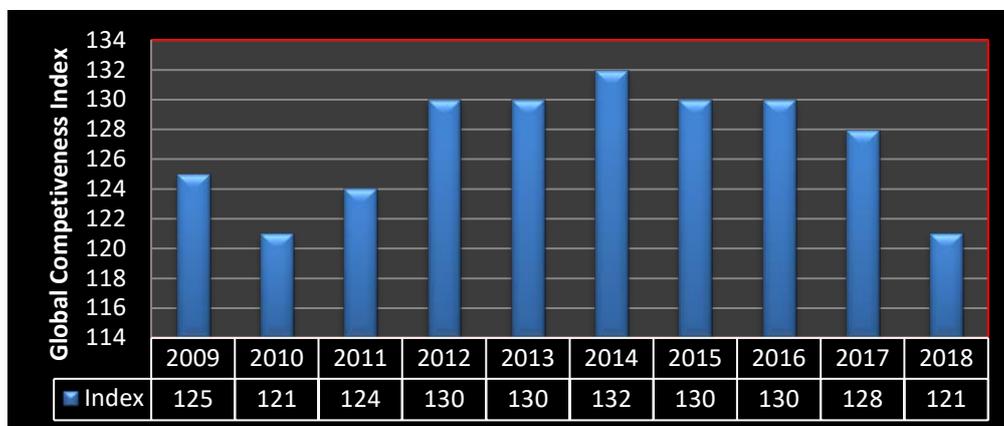


Figure 1: Madagascar Global Competitiveness Index Ranking

Source: World Economic forum, The Global Competitiveness Report 2017/18

## IMPORTANCE OF THE LEATHER VALUE CHAIN

### Global Level

The leather value chain globally is estimated at over USD 100 billion<sup>2</sup>. A comparison of this value chain with other commodities reveals that its trade is greater than the combined trade of meat, sugar, coffee and tea; as illustrated in Figure 2. Despite this immense importance, the sector has not received much attention, especially in many developing countries, when compared with other commodities whose production and marketing are championed by

<sup>2</sup> The USD 100 billion excludes leather blended products, e.g. sports shoes and fashionable bags.

institutional support, for example Meat Commission, Tea or Coffee Boards etc. The absence of an institutional support to the leather value chain has retarded its growth, as it has not attracted the desired policy and financial support from Central Governments and other relevant stakeholders.

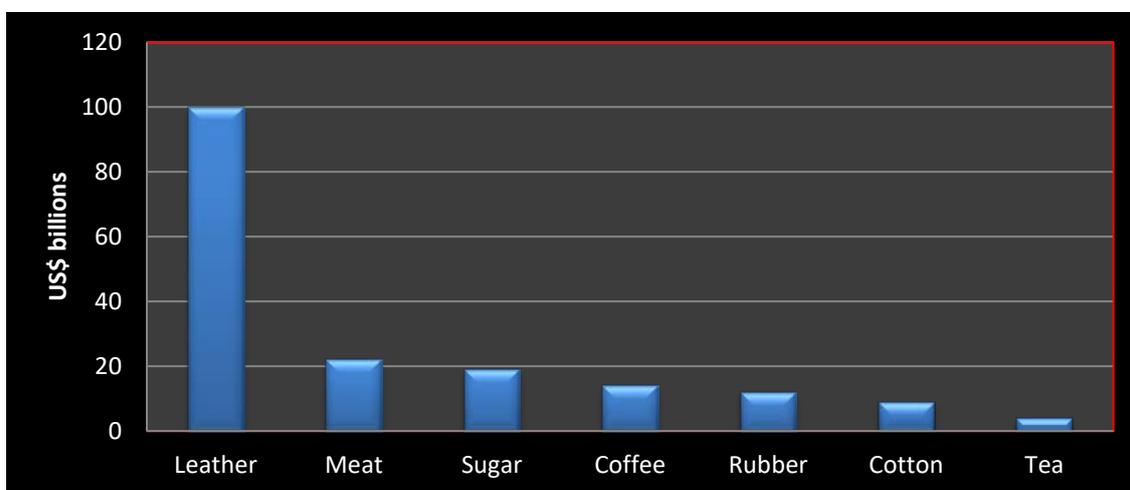


Figure 2: Global Importance of the Leather Value Chain

The global trade in the leather value chain grew over the period 1993 to 2011; the growth pattern for each product category is summarized in Table 2, below. There is a clear indication that growth in trade rose with the level of value addition, hence Madagascar must direct its attention towards the production and trade of value added products.

Table 2: Global Dynamics in the Trade of the Leather Value Chain

Product Category	Average USD billions)		Growth Rate (%)
	1993 to 1995	2009 to 2011	
Raw hides and skins	4.7	5.4	14.9
Semi tanned and finished leather	11.7	17.5	49.6
Footwear with leather uppers	22.7	44.9	97.8

Source: FAO (2012)

## Africa Situation

Africa holds 26% of the World livestock base (bovine, sheep, and goats), thus it has a significant potential to develop a vibrant leather value chain, however most of the countries are exporting raw hides and semi processed hides and skins, thus limiting the region's capacity to benefit from the multiplier opportunities associated with value addition. On the other hand Africa produces 16.2% of the global hides and skins (bovine, sheep and goats) per annum. Despite Africa's importance in livestock, and hides and skins production its contribution with regard to total output of leather and leather footwear stands at 6% and 3.5% respectively. This scenario is associated with high exports of raw hides and skins to Asia and other advanced countries. There is an inverse relationship between the increase in value addition and the ratio of Africa's contribution to global output as illustrated in Figure 3.

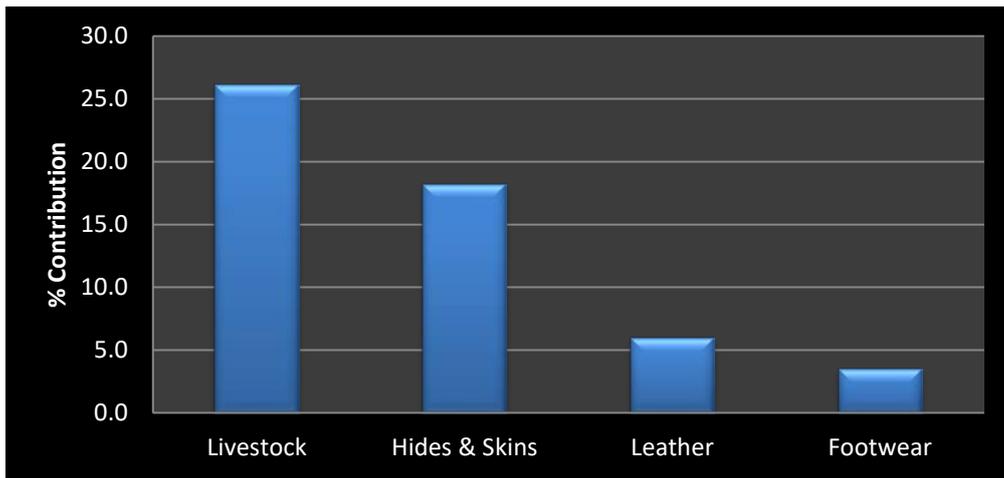


Figure 3: Contribution of Africa to Global Total Output

On the demand side, Africa's consumption of leather related products, for example footwear has been growing astronomically in tandem with the population and economic growth. Footwear was used to proxy the effective demand of leather products in Africa because, it is estimated that 60% of the total output of leather produced globally is used in the production of footwear. Africa's total footwear consumption per annum has increased from 0.71 billion to 1.1 billion pairs per annum between 2001 and 2017 respectively based on the footwear consumption per capita of 0.85 pairs per person per annum. In order to reduce the supply deficit, Africa's import bill has also shot up in sympathy, rising from US\$0.61 billion to US\$3.1 billion in the same period under review. The summary of the total demand and import dynamics are illustrated in Figure 4.

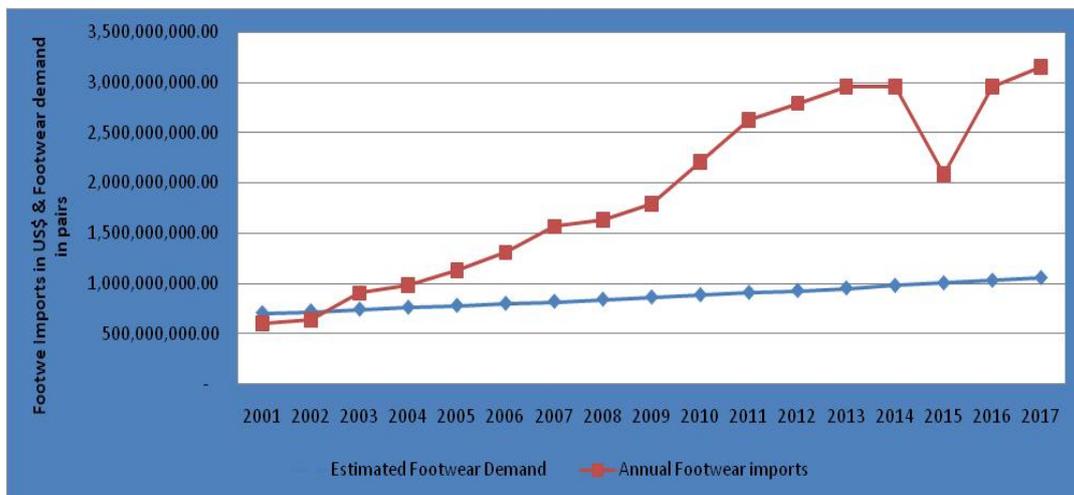


Figure 4: Africa's Total Footwear Demand and Imports Dynamics

The actions proposed in the strategy are targeted at enhancing the capacity of enterprises in Madagascar to produce value added leather products which can be traded globally, thereby reverse the scenario described above whereby Africa is a net exporter and importer of raw materials and finished products respectively. The proposed interventions will address the technical challenges which are faced by enterprises in Madagascar in their efforts to manufacture high quality and fashionable leather products which can compete in Madagascar, Africa and in other global markets. Inadequate capacity on products designing and development, timely delivery and the ability to respond to the technical and commercial terms of global distribution chains were found to be some of the key constraints undermining the entry of African enterprises into the global formal distribution chains, above other generic constraints such as inadequate finance, machinery and skills.

## Madagascar Situation

Madagascar has appreciable size of livestock population, which is a foundation of developing the leather sector, once the necessary technical, economic, human and infrastructure resources are put in place. Figure 6 shows that the number of cattle rose sharply between 2004 and 2005, however post that it has raised steadily, and it was reported to be retreating because of the impact of the recent drought. With an estimated average off take rate of 13%, approximately 1.3 million bovine hides and skins are estimated to be produced annually. This scenario presents an opportunity for value addition, which can support around ten tanneries, with a daily soaking capacity of 500 hides, assuming that all hides and skins are collected and are fed into the value chain. In order to optimize on this resource measures should be put in place to promote proper flaying and preservation techniques, supported by an effective hides and skins collection system. Figure 5, illustrates the dynamics in the bovine herd size and the number of animals slaughtered. The slaughter numbers are projected to rising with economic growth, as meat consumption is positively correlated with the growth in income levels.

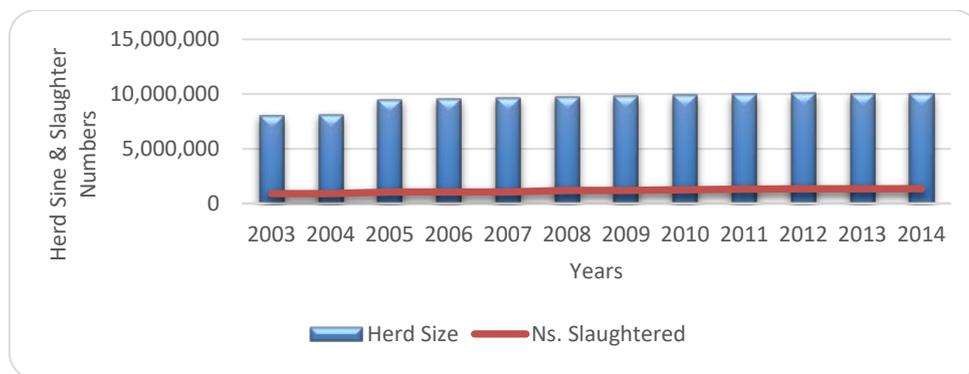


Figure 5: Bovine Herd and Slaughter Performance

Source: ALLPI based on data from FAO

The footwear demand in Madagascar, estimated based on the population size of 26.26 million and a regional average of 0.85 pairs of shoe per person and per capita is 22.32 million pairs of shoe per year. Figure 6 illustrates the increasing imports of footwear and by Madagascar during the period 2001 to 2018. Footwear imports rose sharply from US\$5.2 million to US\$10.2 million during the referred to period. This is a reflection of rising in effective demand of footwear, which shows the potential opportunities for local SMEs, if their competitiveness is enhanced through capacity building, improved access to finance and equipment.

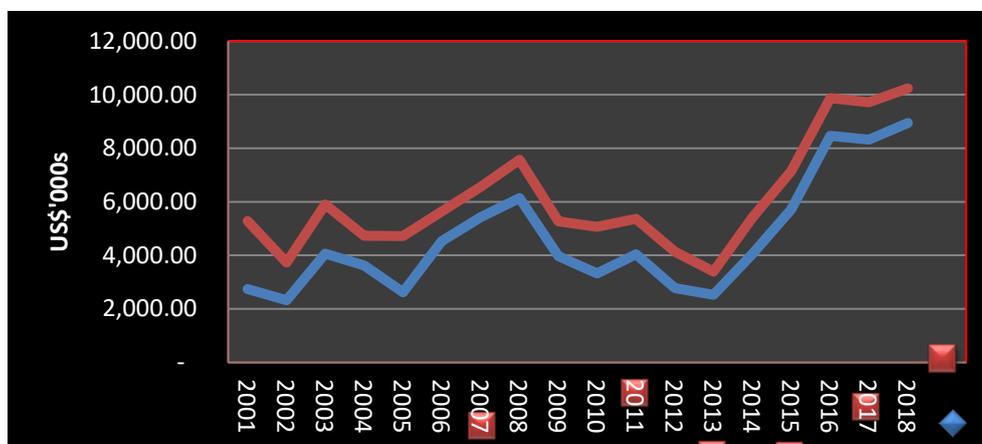
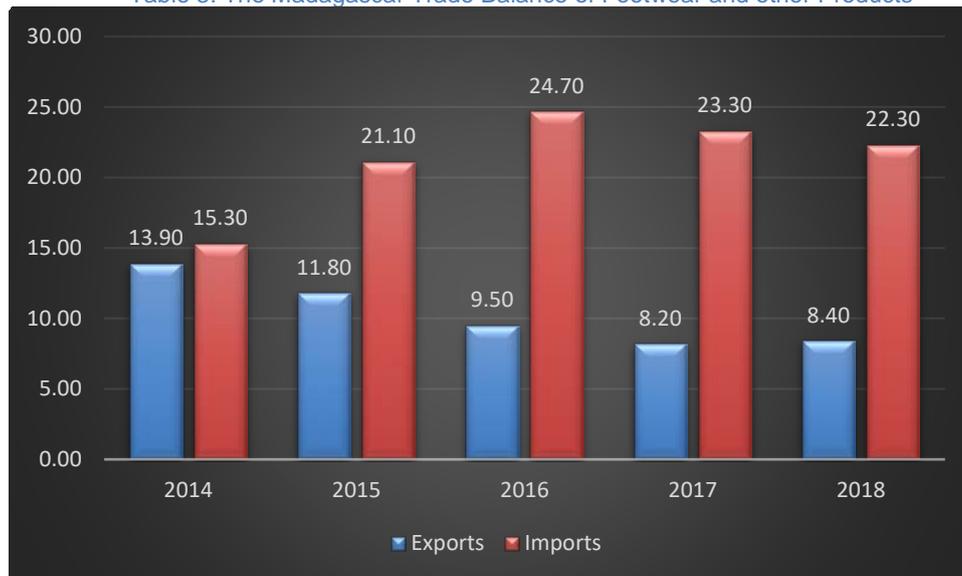


Figure 6: Madagascar Footwear Imports

## Import/Export Situation of the Leather Sector

The Madagascar leather sector import/Export situation was assessed based on data retrieved from the ITC trade statistics for international business development. The assessment result showed the market potential of the Madagascar leather value chain. Tables 3 and 4 illustrate the import -export situation in Madagascar for the last 5 consecutive years (2014 to 2018). The tables clearly show that between 2014 and 2018 footwear exports grew steadily in 2015 and 2016, however declined sharply in 2017 and 2018. From the Import side there was an increasing trend with record high importation registered in 2018. Figure 17 also shows that the country is a net importer of footwear and other leather products for all the indicated years. Thus, there is a need to support and strengthen leather sector enterprises to reverse the negative trade balance as well as satisfy local demands.

Table 3: The Madagascar Trade Balance of Footwear and other Products



Source: ALLPI based on data from Trade Map

### Summary of Key Issues

The picture emerging from the assessment of the structure of the economy and sector performance is that the economy remained not diversified; however the improved activity in the service sector, stable macroeconomic environment has stimulated economic growth, however the majority of people remain very poor. There are untapped opportunities in the leather sector in view of its huge potential for boosting growth and development through increased output and exports and by offering more job opportunities. Globally, the leather sector is growing, especially in the footwear production segment. Madagascar has a good livestock base, rising slaughter levels, which should be used to sustain the local tanning industry, and subsequently feed into the footwear and leather goods industry.

Considering the structure of the country's economy, a highly trainable workforce and the global, regional and national situation of the leather sector, there is opportunity to unlock the sector potential through value addition.

## CHAPTER II: SITUATIONAL ANALYSIS OF THE VALUE CHAIN

The leather value chain is the by/co-product of the meat and dairy industries and spans from livestock production to marketing of various products and encompasses a comprehensive set of activities that are required in the leather production. Hides and skins are a byproduct of the meat and dairy industry, which are converted into leather through a highly sophisticated chemical process and in turn the leather is converted into footwear and other leather goods. Simple value chain of the leather sector is illustrated in Figure 8.

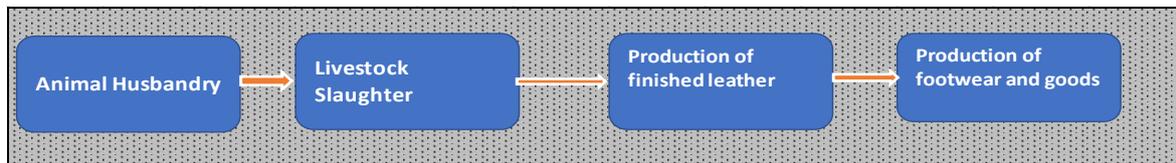


Figure 7: Simplified Value Chain

In summary, it was observed that in Madagascar every segment of the value chain is represented; however all these segments are underdeveloped. The scenario obtaining at the various segments are summarized in the subsequent sections.

### Trends in Livestock Population:

In Madagascar about 60 percent of rural families depend on livestock farming for their income<sup>3</sup>. Livestock population<sup>4</sup>, is estimated at 10.1 million of head of cattle, 2 million sheep and goats, 1.4 million pigs, is widespread in the country, and managed under extensive system of production. Livestock/agriculture provides a strong base for diversification and major source of livelihoods for most people. During the baseline survey that was carried out in 2017, respondents from the Ministry of Agriculture indicated that the cattle herd declining in recent years due to severe drought in different regions of the country and uncontrolled export of live animals to the Far East. Figure 9 shows trends in cattle population for the period 2003 to 2014. A sharp increase in cattle population (17% growth rate) was recorded for 2005 which then dropped to less than 1% growth rate in all subsequent years. The very low level of growth rate that even goes below zero in 2013 corroborates with what was indicated by the respondents from Ministry of Agriculture.

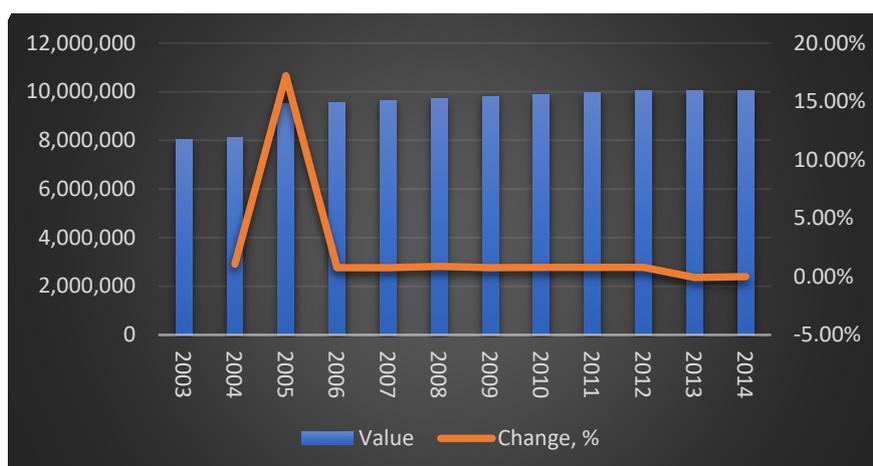


Figure 8: Trends in cattle population growth rate in Madagascar for the years 2003 to 2014.

Source: ALLPI based on data from FAO

<sup>3</sup>[https://en.wikipedia.org/wiki/Agriculture\\_in\\_Madagascar](https://en.wikipedia.org/wiki/Agriculture_in_Madagascar)

<sup>4</sup>FAO World Statistical Compendium For Raw Hides And Skins, Leather And Leather Footwear 1993-2012

## Hides and Skins Profile

The principal raw materials for the leather industry are cow hides, goat and sheep skins. Table 5 illustrates the profile of raw hides and skins subsector in Madagascar. Export of hides is generating an average of US\$8 million per annum, although positive as there is an inflow of foreign currency, however local formal and informal tanneries are operating below capacity due to shortage of raw hides and skins. The scarcity could be the fact that they are not able to compete with the export price, or they have a weak hides and skins collection system.

Table 4: Hides and |Skins subsector profile in Madagascar

Parameter	Quantity/Value
Quantity of Bovine Hides (in pieces)	1.3 million
Quantity of Sheep skins	900,000
Quantity of Goat skins	
Annual collection level hides	Less than 70%
Annual collection level sheep skins	Less than 10%
Annual collection level of goat skins	Less than 10%
Flaying method	Hand flaying
Preservation method of Hides	Wet salting, (8 kg of salt per hides and the hide is kept for a period of 10 days at collection center for operating tannery).
Grading system	No established quality grades; Hides and skins traders and tanners use Self-Assessment method to categorize hides into three grades; Choice Grade 1 (best quality), Choice Grade 2 (intermediate category) and Choice Grade 3 (poor quality).
Market for hides	Local market less than 5% Export:66% Major Markets: China,
Annual export value of raw hides for 2015	8,573,000USD for the year 2015
Average market bovine hide price at slaughter house gate	1,200 Ariary (0.40USD) per Kg of fresh hide and 1,400 Ariary (0.47USD) per Kg. of salt preserved hide
Average market sheep skin price	NA
Average market goat skin price	NA
Artisan Tanners Processing capacity per year	Estimated to be less than 2% of hides

Source: Various; Compiled from data collected from ITC and other sources,

Approximately 1.3 million bovine hides are produced annually in Madagascar, weighing on average 20kgs per piece. The utilization of these hides is summarized in Figure 10. The largest portion of 66% is exported in raw states, followed by 30%, which is composed of hides and skins which cannot be accounted for. Some accounted hides may be used /absorbed in the informal sector being used to make traditional products and also being completely lost because of non-collection. The non-collection of hides and skins is a drain to the national economy, as value that could have been generated by either exporting the hides or value addition is completely lost.

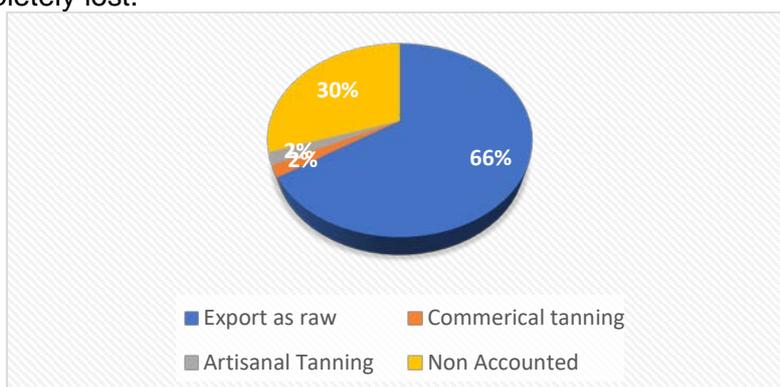


Figure9: Raw hide destinations in percentage of the total production

Source: ALLPI based on data from FAO and field survey

## Opportunity Cost of Exporting Raw Hides and Skins

Madagascar is currently exporting raw hides and skins, in dry salted form as shown in Figure 9. More than 66% of the cattle hide was exported in a raw state. It is fundamental to note that the export of raw hides/skins is tantamount to exporting approximately twelve-fold value that could have been generated domestically, had the raw materials been processed to finished products. Exporting raw hides implies also the exportation of jobs, foreign currency earning opportunities and other indirect benefits, which could have been generated in Madagascar had the large proportion hides and skins been transformed into finished leather or finished products. Table 7 illustrates the losses, which are incurred due to non-value addition. The value addition threshold that is expected per stage is calculated only for bovine hides, where information on current market value of raw hides is available. Considering that all hides are sold at raw stage, the cumulative loss estimated for only bovine hide is more than 114 million USD or more than 320 trillion Ariary.

Table5: Potential Revenue Earnings Simulations for Bovine hides in Madagascar

Stage of Processing	Potential Earnings (US\$)	Estimated Losses (US\$)	Value Addition Threshold (E)
Raw hide	10,400,000.00*	-	1
Wet Blue	20,800,000.00	10,400,000.00	2
Crust	31,200,000.00	20,800,000.00	3
Finished Leather	41,600,000.00	31,200,000.00	4
Finished Products	124,800,000.00	114,400,000.00	12
Cumulative Loss		114,400,000.00	
Computations based on Ariary			
Raw hides	31,200,000,000.00	-	1
Wet Blue	62,400,000,000.00	31,200,000,000.00	2
Crust	93,600,000,000.00	62,400,000,000.00	3
Finished Leather	124,800,000,000.00	93,600,000,000.00	4
Finished Products	374,400,000,000.00	343,200,000,000.00	12
Cumulative Loss		343,200,000,000.00	

\*: Calculated based on estimated total production level of 1.3 million hides, average weight per piece of 20 kg, and average buying price of hide at collection center of 1200Ariary/kg and exchange rate of 1 USD=3000Ariary

The highest proportion of hides and skins being exported at raw state, the small quantity processed within the country brings very low level of contribution to the country's economy, on top of the thousands of lost job opportunities. Strategic intervention that should be drawn from this analysis is that there is a need to discourage raw hides and skins export and support value addition efforts within the country. However, this should be done with a caution, which allows tanners to adjust and have the capacity to absorb all the hides produced in the country. The situation obtaining in the industry is summarized in the SWOT analysis in the next section.

## SWOT Analysis

The SWOT analysis of the Madagascar Leather Value Chain is summarized in Table 8; this highlights the Strengths and Weaknesses and also the Threats and Opportunities prevailing internally and externally to the sector respectively. The critical Strengths, Weaknesses,

Opportunities and Threats that were identified by the stakeholders are summarized in Table 6.

Table 6: SWOT Analysis

STAGES OF THE VALUE CHAIN	STRENGTH	WEAKNESSES	OPPORTUNITIES	THREATS
Pri -Slaughter (Livestock)	<ul style="list-style-type: none"> <li>• Large livestock herd</li> <li>• Large stretches of land for livestock farming</li> <li>• Natural cattle feeding system</li> <li>• Favourable agro-climatic condition for livestock farming</li> <li>• Indigenous breeds have higher resistance to diseases</li> <li>• Hides and skins are of very high texture</li> </ul>	<ul style="list-style-type: none"> <li>• Poor animal husbandry practices</li> <li>• Limited access to veterinary services due to location and finance</li> <li>• Weak extension system and capacity building on livestock management, breeding and production;</li> <li>• Livestock prone to skin disease due to natural causes and also hot iron marking for livestock identification, transporting system and beating</li> <li>• Poor feeding regime undermining animal growth;</li> <li>• Small size of zebu cattle (hides and skins of small size)</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical fashion global trends recognizing natural defects, as reflecting originality</li> <li>• Ban on the export of livestock;</li> <li>• Introduction of livestock traceability system</li> </ul>	<ul style="list-style-type: none"> <li>• Animals stunted growth incidences due to poor nutrition condition</li> <li>• High incidence of inbreeding</li> <li>• Climate change and drought hampering the recovery of natural grazing lands</li> <li>• High incidence of bush fires</li> <li>• Rising demand in human consumption of bovine hides and skins</li> </ul>
Peri – and post Slaughter (Hides and Skins Production and preservation)	<ul style="list-style-type: none"> <li>• Flayers with long years of experience have very good skill in flaying</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of formal training in flaying and preservation techniques</li> <li>• Negligence and use of inappropriate knives for flaying;</li> <li>• Under equipped slaughter facilities</li> <li>• There is a limited number of formal flaying facilities</li> <li>• No uniformity of hides/skin of different parts of the animal's body (colour, thickness, etc...)</li> <li>• Poor bleeding during slaughter resulting in vein....</li> </ul>	<ul style="list-style-type: none"> <li>• Growing and widening COMESA Market</li> <li>• FICHA Financial Support</li> <li>• "MAEP" policy (electronic chips, slaughter and vaccination corridor, support project ...)</li> </ul>	<ul style="list-style-type: none"> <li>• Illegal export of live animals</li> <li>• Use of illegal slaughter houses</li> <li>• Insecurity due to cattle raiding</li> </ul>
Tanning	<ul style="list-style-type: none"> <li>• Many artisans are involved in traditional tanning</li> <li>• Long tradition of tanning</li> <li>• Fresh skins obtainable in close proximity to artisan tanneries</li> <li>• Vegetable tanning is environmental friendly</li> </ul>	<ul style="list-style-type: none"> <li>• Mimosa not readily available in the local market,</li> <li>• The quality of vegetable tanning leather is brittle (poor)</li> <li>• The location of artisan tanneries located in backyards</li> <li>• Use of rudimentary tools and techniques undermining productivity</li> </ul>	<ul style="list-style-type: none"> <li>• Available of land in the country side to grow the Mimosa tree.</li> <li>• Studies showing possibilities of using other plant species (other than Mimosa) for vegetable tanning purpose.</li> <li>• Establishment of technical training centers for tanning.</li> </ul>	<ul style="list-style-type: none"> <li>• Bush fire incidences and use of Mimosa trees for charcoal making aggravating the availability of Mimosa for vegetable tanning</li> <li>• Synthetic and other products substituting leather</li> </ul>

STAGES OF THE VALUE CHAIN	STRENGTH	WEAKNESSES	OPPORTUNITIES	THREATS
	<p>when compared with chrome tanning</p> <ul style="list-style-type: none"> <li>Vegetable tanning is associated with limited occupational hazards</li> <li>Affordability of the inputs</li> <li>Ready market of the crust and shoes</li> <li>Highly motivated work force</li> <li>Workers highly skilled in the use of hand tools</li> </ul>	<ul style="list-style-type: none"> <li>Lack of formal training in vegetable tanning</li> <li>Poor and slow pelt- mimosa contact for better production</li> <li>Poor fleshing and summaying methods</li> <li>Using paint left overs as lime agents</li> <li>low product grade due to lack of finishing stage</li> </ul>	<ul style="list-style-type: none"> <li>Setting up of a common tanning place for Artisans and SMEs involved both in vegetable and chrome tanning.</li> <li>EU funded project supporting tanning activities</li> <li>Population that consumes crust and its products is big (26.5m people)</li> <li>Low market for finished leather from other countries</li> <li>High demand for crust locally made</li> <li>Available partners and projects to improve leather sector in Madagascar</li> <li>Willingness of Government to support leather sector</li> <li>People liking to dress and hold leather products</li> </ul>	<ul style="list-style-type: none"> <li>High instability in the prices of mimosa</li> <li>Demand of crust leather declining</li> <li>Low price of synthetic leather products and second products?</li> <li>Chinese leather of better quality yet of low cost</li> <li>Complaints about non-flexibility of crust?</li> <li>Shoddy finish of crust that require further modification before use.</li> <li>Change for alternatively flexible second hand leather in form of jackets</li> <li>Dirty environment at premises that does not appease buyers</li> </ul>
Footwear and other leather goods making	<ul style="list-style-type: none"> <li>Increasing demand for leather and leather products in local, regional and global markets</li> <li>Availability of finished leather in different forms and kinds (from crocodile skins, cattle hide and sheep and goat skins etc..)</li> </ul>	<ul style="list-style-type: none"> <li>Low productivity of SMEs/Artisans.</li> <li>Lack of modern equipment, and access to professional training.</li> <li>Poor leather quality and dyeing problem</li> <li>No or very few suppliers of accessories for leather products making.</li> <li>Relying on the demand of the external market of the few shoe manufacturing enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>Access to regional and global markets.</li> <li>Generating hard currency to the country</li> <li>Divers use of by-products from the leather industry</li> </ul>	<ul style="list-style-type: none"> <li>Unfair competition from Asia and other places.</li> <li>Piracy of models and brands of artisans/SMEs.</li> <li>Legislation on the CITES ban on crocodile skin and also export of live cattle.</li> <li>Frequently changing design and fashion trends in local regional and global markets.</li> <li>Mindset of the people considering “made in Madagascar” products as low quality products.</li> </ul>

## Stakeholder analysis

The development and implementation of the leather value chain strategy requires the participation of stakeholders in the planning and execution process. Hence, it is necessary to identify the concerned stakeholders and secure their involvement in the processes. Not only the identification of stakeholders is important but also determining their importance and influence is needed. Based on the SWOT analysis the major stakeholders and collaborators identified are prioritized as high, medium and low degree of importance. On the basis of the above framework, leather value chains Stakeholders were identified and their strengths/importance assessed as presented in Table 7.

Table 7: Stakeholder Analysis

Name in French	Abbreviated form	French translation of the name	Level of Importance
Program de soutien aux plus de micro entrepreneuriale et ceux économies régionales	PROSPERER	Program of support to more micro rural enterprise and those regional economies	Very important
Institute de Micro Finance	IMF	Institute of Micro Finance	Very important
Program d'appuie a l'emploi et a l'integration regionale	PROCOM	Program to support employment and regional integration	Very important
Madagascar Craft	MADACRAFT	Madagascar Craft	Very important
Fiosndronan'ny Mpandraharaha Malagasy	FIVPAMA		
Centre Nationale de l'Artisanat Malgache	CENAM	National Center of Malagasy Handicrafts	Very important
Chamber de Commerce et de l'industrie	CCI	Chamber of Commerce and Industry	Important
Ankohnana Sahirana Arenina (Centre de formation Professioneles)	ASA/CFP	Professional Training Center	Important

## External Analysis (PESTEL)

“PESTEL” is an abbreviation for Political, Economic, Social, Technological, Environmental and Legal analysis. The PESTEL, analysis will help to identify the governance, economic, social political, environmental and technological effects on the dynamics, issues and opportunities of the Madagascar Leather Value Chain. The Madagascar PESTEL is summarized in Table 8.

Table 8: PESTEL Analysis

PESTEL Dimensions	Impact on the Sector
<b>Political</b>	
<ul style="list-style-type: none"> <li>Government commitment</li> <li>Political stability</li> <li>Vision to transform living standards through a programme of inclusive growth that creates five million jobs and increases annual per capita incomes from US\$416 to US\$1,000 by 2030.</li> </ul>	<ul style="list-style-type: none"> <li>Improve domestic and foreign investment in the sector</li> <li>The sector is expected to contribute to this target</li> </ul>
<b>Economic</b>	
<ul style="list-style-type: none"> <li>Growing GDP per capita</li> <li>FDI growth</li> <li>Increased competition from imports</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand of leather products</li> <li>Decline of production in the country in face of external competition.</li> </ul>
<b>Social</b>	

PESTEL Dimensions	Impact on the Sector
<ul style="list-style-type: none"> <li>• Population growth;</li> <li>• Improved living standards</li> <li>• Improved literacy rate;</li> <li>• Increased number of higher education graduates;</li> </ul>	<ul style="list-style-type: none"> <li>• Increased demand of footwear and other leather goods;</li> <li>• Improved pool of labour force;</li> <li>• Improved supply of trainable labour force</li> </ul>
<b>Technological</b>	
<ul style="list-style-type: none"> <li>• Rapid expansion in productivity in other countries; which is not the case in Madagascar</li> <li>• Rapid growth in environmental friendly technologies but in Madagascar lack of this kind of technologies in use.</li> </ul>	<ul style="list-style-type: none"> <li>• Decline in the consumption of locally produced footwear and leather goods</li> <li>• Decline in demand of locally produced leather products, if the country fails to upgrade to new cleaner technologies.</li> </ul>
<b>Environmental</b>	
<ul style="list-style-type: none"> <li>• Increasing environmental demands such as REACH</li> <li>• Climate Change</li> <li>• Waste disposal laws;</li> <li>• Environmental Protection laws</li> </ul>	<ul style="list-style-type: none"> <li>• Leather products, which fail to meet the REACH directive maybe barred from entering European markets;</li> <li>• Increased investment cost for effluent management</li> </ul>
<b>Legal</b>	
Health and safety regulations	<ul style="list-style-type: none"> <li>• Failure to meet these may impact negatively on the country's Industry globally</li> </ul>

## Emerging Issues

The Value chain is dominated by artisans at every stage of the value chain. There is one big tannery and footwear factory. In broader context the Madagascar Leather Value Chain is constrained by the following factors:

- **Inadequate collaboration among value chain players** – The various chain players are operating in isolation, with limited interface with support institutions. For example, despite the existence of a commercial tannery, which has been in existence for many years, many players in the value chain were reporting that there was no tannery in Madagascar, just an example to illustrate inadequate collaboration and information asymmetry. Such challenges can be addressed through a participatory strategy formulation, validation and launch. The unpacking component is important in improving responsibility and accountability among value chain players, and consequently enhance the effectiveness and efficiency in the implementation of the strategy;
- **Production of lower quality hides and skins** – this was attributed to pre, peri and post slaughter defects. This has been ably demonstrated in the background section, there is no policy guideline on hides and skins grading or standards set by the industry;
- **Low Productivity at artisan tanning and production of leather goods** – This was attributed to limited skills and also use of rudimentary machines and equipment. During the mission, it was observed that there was a lot of creativity among the artisans, and in the short run availing of equipment would enhance productivity and durability of the products. Most of the SMEs, are operating informally in traditional way, with low productivity (it takes one to two days to produce one Ladies hand bag per person), poor quality raw materials and serving small localized markets. The Charity Organization training centre which is operating in Madagascar currently is extremely underequipped.
- **Absence of a road map or strategy:** There is no common vision and defined activities to undertake in order to improve the performance of the sector. Without such a road map the interaction and collaboration which is expected among value chain players,

stakeholders and government is very difficult. Effective strategies are developed with the full participation of Stakeholders representatives in order to have a strong buy in and commitment. The Methodology, which ALLPI has employed in many COMESA countries, and has immensely contributed to improved performance of the value chain is a stepwise process, which is fully participatory. It starts with a participatory workshop, followed by a validation workshop, then launch by the line Ministry and finally unpacking. Unpacking is a unique process, which gives stakeholders an opportunity to allocate responsibilities among themselves in a participatory manner. This process reduces barriers, which usually have negative impact on the effective and efficient implementation of strategies;

- **Inadequate Equipment and Machinery** – A gap analysis during the mission revealed that the SMEs and Centre de Formation Artisanale were underequipped, which impact negatively on productivity and also training capacity respectively;

## CHAPTER III: MISSION, VALUES & VISION

Stakeholders and Value chain Actors in Madagascar are committed to the development of the leather sector. The sector is dominated by artisans who have managed to remain afloat for many years, however they have remained stagnant. They want practical interventions which will improve the quality and volume of hides and skins, their tanning and the production of leather and finished goods (footwear and leather goods). In addition to this they want improved access to finance, quality mimosa, machinery and tools.

### Vision, Mission and Core Values

#### Vision

To be a US\$75 million Value Chain, contributing 2.5% to total export earnings of Madagascar by 2025.

#### Mission

Facilitate the transformation and growth of the Madagascar Leather sector to be a competitive and quality leather products manufacturing industry through enhanced vertical and horizontal collaboration, skills development, capacity building, suitable finance, improved productivity and export market access.

#### Core Values

The high character values of the value chain as defined by the leather sector stakeholders and which will guide all conduct by, within and for the leather value chain are:

- **Core**– Shared vision
- **Outer core**– Integrity and professionalism
- **Supportive** – Coordination

### Quantifiable Vision

Based on the simulation illustrated in Table 4, it is estimated that that the estimated cumulative loss is 114 million USD or more than 320 trillion Ariary, because of poor collection and low value addition. The contribution of the leather value chain with regard to production of leather and leather products is not known, however exports showed that Madagascar exported mainly raw hides and skins valued at an average of US\$4.2 million in the period 2001 to 2017. Raw hides contributed 91% to this export figure. The exports under chapter 41 reached a peak of US\$8.5 million in 2015, however it has been on a downward trend reaching US\$0.5 million in 2017.

The overall objective of the strategy is to modernize the Madagascar Leather Value chain which is dominated by traditional artisans in the area of tanning and production of footwear and leather goods. The modernization will lead to the production of improved quality of crust, and finished leather, footwear and goods. In addition to the strategy will also contribute to the accelerated growth of the business entities with regard to output, employment, sales in formal domestic, regional and international markets.

## Strategic Objectives and Activities

A two phased strategy is proposed, with the first phase running from 2019 to 2023, which will focus on the mobilization of artisans, strengthening collaboration through the use of joint production facilities and clustering and provision of hardware, skills and formalization of the sector and linking it with formal national, regional and international buyers. The phase two will be formulated on the basis of a thorough review of the performance of the first phase and new interventions aimed at taking the sector to the industrial production levels will be proposed, through a stakeholder's consultation process. The second phase will run from 2024 to 2028. The proposed objectives have not been prioritized, because a holistic implementation of the proposed activities is foreseen.

### Objective One: To strengthen the horizontal and vertical collaboration across the VC

Weak Value Chain collaboration is usually associated with high transaction costs, which are then cascaded downwards until it reaches to customers in form of high prices, thereby undermining the competitiveness of the industry in the domestic, regional and international markets. Thus, improved collaboration is usually associated with reduction in transaction costs, which consequently boosts the competitiveness of the value chain. The benefits that are associated with improved value chain collaboration are as follows: supply chain risk reductions, improved customer satisfaction, cost reductions, improved flexibility and improved supplier relationships, consequently enhancing the value chain (VC) competitiveness. The collaboration will also enhance the voice of the VC in policy lobbying aimed at attracting tax incentives, preferential loans and broadly a favorable business environment. Currently most of the artisans belong to an association. The activities and expected outputs under this objective are listed in Table 9.

Table 9: Activities under Strategic Objective One

To improve the collaboration across the Value Chain				
Activities	Expected Output/Outcome	Stakeholders	Time	Budget Estimate (USD)
Undertake a detailed assessment of the current structure and organization of the value chain players	Validated study report		By March 2020	
Design a capacity building framework to improve the collaborative capacity of the VC	Validated capacity building training program		By June 2020	
Train all members on collaboration processes and systems	The number of artisans trained		December 2020	
Design a governance system for managing associations	A governance system for effective management of associations in place		December 2020	
Train the leadership of the associations in leadership and governance systems	The number of leadership representatives trained.		December 2020	
Design a stakeholders and advocacy management system	Validated stakeholders and advocacy management system		December 2020	
Train the leadership of the association in stakeholders management and advocacy	The number of leadership representatives trained.		December 2020	

<b>To improve the collaboration across the Value Chain</b>				
<b>Activities</b>	<b>Expected Output/Outcome</b>	<b>Stakeholders</b>	<b>Time</b>	<b>Budget Estimate (USD)</b>
Design an M & E system to monitor the implementation of this objective	System designed		March 2020	
Implement the M & E system	Quarterly report produced and shared with all the relevant stakeholders.		Starting from June 2020	

**Objective Two: To facilitate the improvement in quality and collection of hides and skins**

It is estimated that Madagascar produces approximately 1.3 million hides and skins per annum, however because a significant number of animals are slaughtered in back yards in both urban areas and villages the number of hides and skins entering the value chain is lower than the estimated output. In addition to this the quality of hides and skins is also poor with regard to pre and peri and post slaughter challenges. It is estimated that 60% of the damages which are inflicted on the hides and skins, takes place at the peri-slaughter stage, and addressing of such challenges are easier to address than pre-slaughter. It is in this vein that interventions to address hides and skins challenges will focus on the low hanging fruits that is dealing with peri-slaughter issues.

Table 10: Activities under Strategic Objective Two

<b>To facilitate the improvement in quality and collection of hides and skins</b>				
<b>Activities</b>	<b>Expected Output/Outcome</b>	<b>Stakeholders</b>	<b>Time</b>	<b>Budget Estimate (USD)</b>
Undertake a national identification of the major slaughter points across the country	Validated report presented to stakeholders		By March 2020	
Design a hides and skins collection system	The system validated and institutionalized		By June 2020	
Facilitate the renovations and equipping of the major slaughter facilities	Number of facilities renovated		By Dec. 2021	
Design a slaughter facilities management system to ensure production of quality hides and skins	Number of supervisors (ToTs) trained		December 2020	
Design and implement a hides and skins quality monitoring system at slaughter point	Number of slaughter facilities implementing the systems		December 2020	
Train flayers on proper flaying techniques	Number of flayers trained		By June 2021	
Design and implement an incentive schemes to promote the production of quality hides and skins	Number of slaughter points implementing the system		December 2020	
Implement the M & E system	Quarterly report produced and shared with all the relevant stakeholders.		By June 2021	

### Objective Three: To facilitate the modernization and formalization of the artisans

The majority of artisans working in hides and skins tanning and footwear and leather goods making operate in isolated backyards and use rudimentary tools and equipment in addition they have limited skills and not registered. This scenario is associated with low productivity, low growth rates, production of low quality products, limited access to finance and also exposure of workers and ordinary people living in close proximity to occupational and health hazards. It is imperative that the proposed interventions should address these key constraints which are the root causes of the stagnation of the value chain. The proposed interventions that will deal with the identified weaknesses will involve technology transfer, environment management and the possibility of relocation of these artisans to centralized production facilities were the possibility of using joint production facilities will be availed. The details of the proposed activities are summarized in Table 11.

Table 11: Activities under Objective three

To facilitate the modernization and formalization of the artisans				
Activities	Expected Output/Outcome	Stakeholders	Time	Budget Estimate (USD)
Undertake an inventory and characterization of the artisans/SMEs operating at tanning and production of leather products	<ul style="list-style-type: none"> <li>A comprehensive data base is produced;</li> <li>A categorization of the artisans based on size, output, employment and sophistication published</li> </ul>		June 2020	
Hold awareness workshops on the importance of business formalization, clustering and modernization nationwide	Number of artisans trained		By June 2020	
Initiate a voluntary formalization and registration process	The number of artisans registered and formalized		March 2021	
Design training programs in tanning and production of footwear and leather	Courses validated		March 2021	
Train artisans in: <ul style="list-style-type: none"> <li>Vegetable tanning</li> <li>Design and production of leather goods</li> <li>Design and production of footwear</li> </ul>	Number of artisans trained per annum		June 2021	
<sup>5</sup> Design common production centers and secure land to locate them	<ul style="list-style-type: none"> <li>Common production facilities approved;</li> <li>Land secured</li> </ul>	production framework	December 2020	
Mobilize resources to facilitate the construction and capitalization of the common production facilities	Number of facilities constructed and capitalized.		December 2020	
Build the capacity of government officers and support institutions in	Number of officials trained		December 2020	

<sup>5</sup>The design should meet the minimum environment, occupational safety regulations and national construction standards

<b>To facilitate the modernization and formalization of the artisans</b>				
<b>Activities</b>	<b>Expected Output/Outcome</b>	<b>Stakeholders</b>	<b>Time</b>	<b>Budget Estimate (USD)</b>
design and implementation of clusters				
Build the capacity of artisans/SMEs leadership in the management of common production facilities	Number of officials trained		March 2021	
Facilitate the acquisition of suitable finance	Number of artisans/SMEs who have accessed finance		December 2021	
Implement the M & E system	Quarterly report produced and shared with all the relevant stakeholders.		December 2020	

#### **Objective Four: To facilitate the application of sustainable production technologies**

Resource optimization enhances productivity improvement and consequently competitiveness. It promotes increased productivity, cutting down of costs and waste, consequently contributing to sustainability. The industry is currently highly constrained because of low productivity across all the factors of production. Resources such as chemicals, water, power and leather among others should be used in an optimal way in order to reduce costs of production, consequently enhance profitability. The application of the three “Rs”, (Reduce, Recycle and Reuse) should be introduced in the leather value chain. The activities and expected outputs under this objective are listed in Table 12.

Table 12: Activities under Strategic Objective Four

<b>To facilitate the application of sustainable production technologies</b>				
<b>Sub-objectives</b>	<b>Expected Output/Outcome</b>	<b>Stakeholders</b>	<b>Time</b>	<b>Budget Estimate (USD)</b>
Undertake exploratory survey on resource and technologies in use for leather processing and leather products making at SMEs and artisans level.	Assessment undertaken and the report tabled with stakeholders		By March 2020	
Facilitate resources mobilization for acquisition of machines and equipment for quality and environmentally friendly production;	Resource availed and machines and equipment that are environmentally friendly and for quality products acquired		December 2021	
Design a training programme of the application of resource optimization in production	Training program designed by May 2020		By December 2020	
Train 100 technical personnel in resource optimization methodologies	The number of personnel trained		By December 2021	
Design a template for measuring enterprises usage of water, energy, other inputs and waste vs their outputs.	Template adopted and enterprises trained on its application in their production processes		December 2020	
Promote the implementation of resource optimization systems	Number of enterprises implementing the system		December 2020	
Review its adoption and implementation bi-annually	<ul style="list-style-type: none"> <li>Bi-annual report;</li> </ul>		On bi-annual	

<b>To facilitate the application of sustainable production technologies</b>				
<b>Sub-objectives</b>	<b>Expected Output/Outcome</b>	<b>Stakeholders</b>	<b>Time</b>	<b>Budget Estimate (USD)</b>
	<ul style="list-style-type: none"> <li>Benchmarking report about enterprises implementing SCM, including those not implementing it</li> </ul>		bases (June and December of each year)	
Organize exchange visits, targeting enterprises, which have implemented it successfully to promote cross learning	Number of exchange visits implemented and number of participants		2022 and onward	
Implement the M & E system	Quarterly report produced and shared with all the relevant stakeholders.		December 2020	

### **Objective Five: To enhance the formal domestic, regional and international trade**

The artisans/SMEs operating in Madagascar have remained small with respect to output, sales and employment; this scenario could be attributed to poor distribution network among other factors that have been articulated in this strategy. It is imperative that these artisans should be exposed to new and growing markets domestically, regionally and internationally. It is thus imperative that activities to link these artisans/SMEs with formal domestic, regional and international buyers be implemented. The starting point is that there is a need to understand the needs of the domestic, regional and international markets and then implement deliberate measures to link the artisans/SMEs with those markets.

Table 13: Activities under Strategic Objective Five

<b>To enhance the export of products of the leather chain</b>				
<b>Activities</b>	<b>Expected Output/Outcome</b>	<b>Stakeholders</b>	<b>Time</b>	<b>Budget Estimate (USD)</b>
Asses the current and potential distribution channels of the artisans/SMEs	Validated report		June 2020	
Design a training program to strengthen the artisans/SMEs capacity to enter the growing formal markets	Number of artisans/SMEs trained		December 2020	
Build the capacity of artisans/SMs in participating in trade fairs and buyers and sellers meeting	Number of artisan, SMEs with expanded domestic distribution and linked with regional and international markets		2021 and onward	
Organize national buyers and sellers meeting	Number and amount of transactions concluded per annum through buyers sellers meetings		2021 and onward	
Organize regional buyers and sellers meeting	<ul style="list-style-type: none"> <li>Number of buyers and sellers held per annum;</li> <li>Number of artisans and buyers attending per annum</li> </ul>		2021 and onward	
Organize international buyers and sellers meeting	<ul style="list-style-type: none"> <li>Number of buyers and sellers held per annum;</li> <li>Number of artisans and buyers attending per annum</li> </ul>		2022 and onward	

<b>To enhance the export of products of the leather chain</b>				
<b>Activities</b>	<b>Expected Output/Outcome</b>	<b>Stakeholders</b>	<b>Time</b>	<b>Budget Estimate (USD)</b>
Facilitate artisans/SMEs participation in trade fairs – (national, regional and international)	<ul style="list-style-type: none"> <li>• Number of fairs participated</li> <li>• Number of artisans participating</li> </ul>		2021 and onward	
Implement the M&E system	Quarterly report produced and shared with all the relevant stakeholders.		By December 2020 and onward	

**Objective Six: To mainstream cross-cutting issues involving gender, youth, physically challenged persons, health and wellness (including safety, HIV & AIDS, TB, diabetes, cancer, child labour issues) and environmental conservancies**

Madagascar is committed to meeting the 2030 SDGs, of which SDG 3 talks about good health issues in all spheres of life including industrial development. In addition to this other fundamental issues pertaining to gender equality and youth involvement are also captured by SDG5. With regard to this objective the two SDGs are focused on the following interventions:

- SDG3 - Ensure healthy lives and promote wellbeing for all at all ages:
  - By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.
  - By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.
- SDG 5 - Achieve gender equality and empower all women and girls:
  - End all forms of discrimination against all women and girls everywhere
  - Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
  - Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

The activities and expected outputs under this objective are listed in Table 14.

Table 14: Activities under Strategic Objective Six

<b>To mainstream cross-cutting issues involving gender, youth, physical challenged persons, health and wellness (including safety, HIV &amp; AIDS, TB, diabetes, cancer, child labour issues) and environmental conservancies.</b>				
<b>Sub-objectives</b>	<b>Expected Output/Outcome</b>	<b>Stakeholders</b>	<b>Time</b>	<b>Budget Estimate (USD)</b>
Undertake a situational analysis of issues involving gender, youth, physically challenged persons, health and wellness (including safety, HIV & AIDS, TB, diabetes, cancer, child labour issues) and environmental conservancies for the sector	Validated Study report disseminated		July 2020	

<b>To mainstream cross-cutting issues involving gender, youth, physical challenged persons, health and wellness (including safety, HIV &amp; AIDS, TB, diabetes, cancer, child labour issues) and environmental conservancies.</b>				
<b>Sub-objectives</b>	<b>Expected Output/Outcome</b>	<b>Stakeholders</b>	<b>Time</b>	<b>Budget Estimate (USD)</b>
Design a training program to build the capacity of Human Resource managers	Training program designed		October 2020	
Train HRM on how to deal with the cross cutting issues	30 HRM managers trained		December 2020	
Develop and disseminate awareness literature	Awareness' materials developed and distributed			

It has been observed that one of the major challenges in developing countries is not the design of strategies or policies, but the implementation. In the next chapter a methodology to improve strategy implementation is outlined.

## CHAPTER IV: IMPLEMENTATION METHODOLOY

The design of policies or strategies has its own challenges; however implementation is associated with more challenges. The implementation process is the transformation of the strategy into tangibles or outputs that generate desired outcomes. Policy implementation entails the execution of the defined activities. High quality policies or strategies may fail at implementation stage, as the wedge between intention and the actual situation on the ground widens as time progresses. There are numerous challenges faced in the implementation of strategies however one of the constraints is because the design of policy or strategy maybe led by one Ministry, yet the implementation requires a number of Ministries and other stakeholders. In the case of this strategy, its design was led by the Ministry of Industry and Commerce; however its implementation will require the full participation of other Government Ministries, departments and other stakeholders. Figure 11 illustrates the fact that different ministries have roles to play in managing different components of the leather value, as a consequence therefore responsibilities to improve implementation at the various segments of the chain should be allocated to the Ministries or departments that are mandated at law to support them.

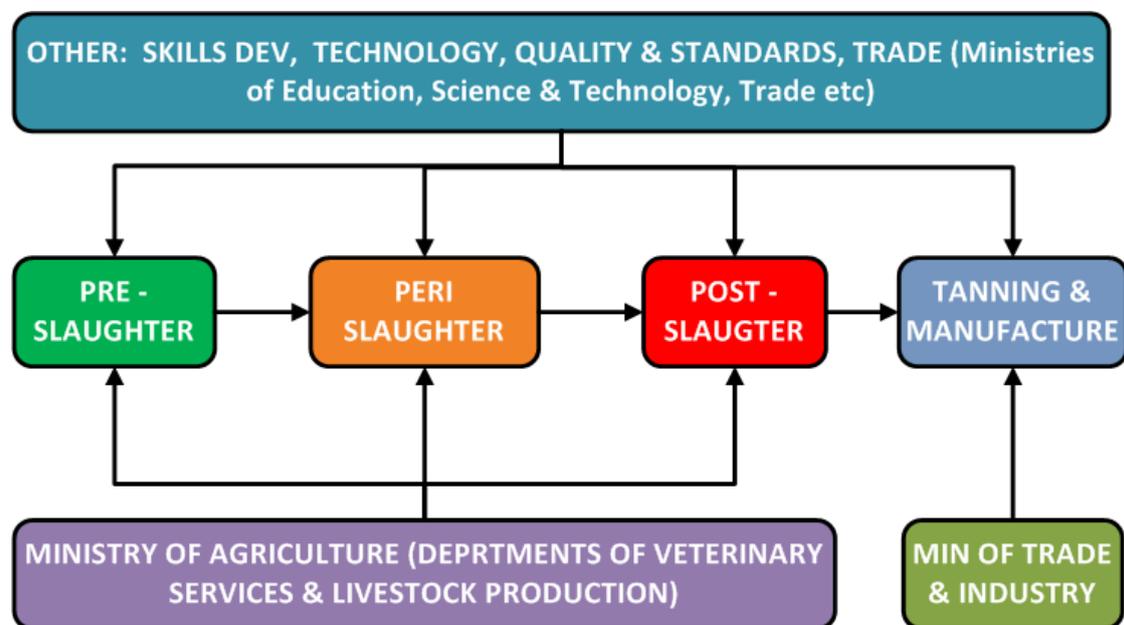


Figure 10: The Rationale for Unpacking Strategies

The designing of this strategy was informed by a stakeholders participatory process, thus it is assumed that there is a high level of ownership among the stakeholders, which will thus contribute to its successful implementation. However in order to enhance the probability of its successful implementation there is a need to put places a methodology of implementing the strategy. It is recommended that a participatory “unpacking’ process that results in the allocation of responsibilities and accountability should be instituted. The rationale of a participatory unpacking process is underlined by the following factors:

- The LVC chain has many segments that are under the mandate of different Government departments;
- The various segments of the VC have the potential of creating a silo mentality among the mandated Government Ministries, departments and stakeholders
- There is a need to break a number of constraints or barriers that may retard the implementation of the strategy;
- In addition to the above the unpacking usually contributes to the following:

- Building Responsibility:
- Accountability:
- Efficiency and effectiveness in Strategy Implementation:
- Commitment:
- Strengthens an effective M & E which is encountered on responsibility and accountability:

In addition to the unpacking, the identified line Ministry should request a budget allocation to the support the implementation of the strategy from the Ministry of Finance. In many African countries policies and strategies are not support by budgets, as the case with the previous Madagascar Leather Value chain strategy. A team should also be instituted with the Ministry to spearhead the implementation of the strategy and this should be reflected in the annual plans and appraisal documents.

## Unpacking Process

It is a process of allocating responsibilities to Government Ministries, Departments and other stakeholders, in order to enhance timely and effective implementation of the agreed targets of a strategy. The following steps will be followed in order to enhance the successful implementation of the strategy as presented in Table 15.

Table 15: Strategy Implementation Steps

Activities	Proposed Timelines
Confirmation of the Government Leadership through the strategy launch, at Ministerial level in collaboration with the Private Sector	October 2019
Strategy Unpacking	October 2019
Setting up a National Core Team and agreeing on its ToRs with the blessing of the Government leadership	October 2019
Quarterly review process chaired by the Government leadership	On going
Monthly review at technical and implementation levels;	On going
Review timelines may be reviewed upwards with time;	On going
The job description of desk officers should reflect activities contained in the strategy	Immediately after the strategy unpacked

## Methodology for unpacking the strategy

- The development of the a detailed work plan; responsibility matrix and M & E template:
  - Identification of all Stakeholder organizations that will participate in or support the implementation of the strategy;
  - Develop a complete list of deliverables in the strategy (the broad deliverables are already identified in the strategy documents);
  - Draw a Small Core Group (National Core Team) from the Stakeholders identified in (i) – evolve into a Leather Development Council
  - Discuss with National Core Team how they'll each support the work to produce the different strategy deliverables
- For each of their assignments, discuss the level of their responsibility and authority, as well as the specific work they will perform.
- Also discuss with them any involvement that others will have on their activities.

## Unpacking process: Instruments

- Detailed Annual work plan: without a detailed guideline Stakeholders do things they think are important, often resulting in uncoordinated activities, delays and lack of commitment;
- **Responsibility Matrix/Pyramid (RACI):** enhance cooperation, effective coordination and information sharing, as it will be linked to the Communication and M & E platform;
  - R: who is responsible;
  - A: who is accountable
  - C: who should be consulted
  - I: Who should be informed
- Communication Platform
  - Communication Directory
  - Definition of what, when and how
- M & E Template
  - Gauge progress;
  - Identify those not delivering, as agreed in the RACI;
  - Feedback loop to the Political Leadership.
- These Agreed positions must be signed off, used as milestones

## Detailed Annual Work Plan

- Detailed Annual work plan: without a detailed guideline Stakeholders do things they think are important, often resulting in uncoordinated activities, delays and lack of commitment;
- Sub objectives are split into small specific activities
- Example: Sub- objective: Identify and develop an inventory of agents at every segment of the leather value chain;
- Specific Activities: 1. Organize a meeting to identify the agents 2. Profile all the agents identified 3. Develop a data base of the agents 4. Share the data base with all stakeholders
- Each specific activity is given a time line

The final step is that the annual activities should be reflected in the performance appraisal document of the desk officers in responsible ministries or organization.