

Terms of Reference

Project Title: Supporting Indian Trade and Investment for Africa (SITA)

Project Number: INT/71/21A

Assignment title: International Consultant: Leather Tanning, Environmental Assessment specialist
SITA

Requested start and end data: As soon as possible to 31 December 2015

Number of days: Lump sum – 40 days

Duty station: International, with travel in Kenya, Uganda and Tanzania

Background:

Supporting Indian Trade and Investment for Africa (SITA) is a project financed by the United Kingdoms' Department for International Development (DFID) and runs from 2014-2020.

SITA's outcome is to improve the competitiveness of select value chains: coffee, cotton, textiles and apparel, pulses, spices, sunflower oil, leather, IT-ES BPO and emerging sectors of five East African countries: Ethiopia, Kenya, Tanzania, Rwanda and the United Republic of Tanzania through the provisions of partnerships from institutions and business from India.

The first year (April 2015- March 2016) of SITA's implementation will see value chain road maps and sector strategies being developed in selected sectors. There will also be activities covering the scoping of trade and investment potential across sectors and solutions for added-value production being developed.

Kenya, Tanzania, and Uganda are putting much emphasis on the development of their leather industry as demonstrated by a number of development plans and strategies. Until recently, however, value addition in the livestock sector has been minimal, and most of the exports have been in the form of unprocessed, raw hides and skins.

Leather production requires significant quantities of water, land, plant protection products (e.g. fungicide) and fertilizer. These inputs can be very detrimental for the environment and even hinder the long term viability of production. Henceforth, the main cross-cutting issue in this sector is, in all three countries, the presence of strong Environmental concerns along the production process.

The tanning production process can be very detrimental for the environment and even hinder the long term viability of production.

When environmental impacts are not taken into account, the main problems identified, for different steps along the production value chain are: diminishing local water supplies, deforestation, affecting ecosystem genetics and balance, soil erosion, methane production, soil contamination and water pollution. These impacts are particularly relevant in the leather industry. These problems can directly threat human health (for example through the pollution of drinkable water supply), cause a reduction in biodiversity, flooding, decrease in agricultural productivity.

Kenya has selected leather as one of the key priorities under its Vision 2030 and its Industrialization Road Map, which demonstrate the country's commitment to promote industrialisation and value addition in this area. Until recently, however, value addition in the livestock sector has been minimal, and most of Kenya's exports have been in the form of unprocessed, raw hides and skins.

Given the Government emphasis on developing the leather sector, incentives have been put in place and the Government plans to build a leather city with a common effluent plant in Kinanie at the outskirts of Nairobi. The availability of raw material in Kenya has increased over the last decade, mainly due to a 66% rise in the population of bovine animals. About 70% of the production is channelled through private abattoirs, which operate on a fee basis.

Tanzania has the third largest animal population in Africa. The 2010/2011 statistics indicate that, there are about 21.3m cattle, 15.2m goats and 6.4 million sheep. A fledgling leather industry exists in Tanzania. Of the available hides and skins, about 6800 tons of hides and 400,000 pieces of sheepskins are exported. About 60% of the slaughtered hides and skins reach commercial collection centres. Often, the quality of hides is reported to be too poor to be processed for export markets. The six major tanning companies operating in the country in 2014, tan approximately 2,000 hides and 10,700 skins a day. Tanning capacities are approximately 3,550 hides and 15,600 skins a day. Tanning companies in Tanzania are currently planning to expand such capacities by 6,000 hides and 29,000 skins a day in the near future.

Uganda has a relatively large livestock population of 12.1m cattle and 3.6m sheep and 13.2million goats, providing a healthy base for the meat industry and the other sub sectors. Favourable climatic conditions with two main rainy seasons, endows the country with a high livestock carrying capacity. It is estimated that small holder farmers engaged in mixed farming and pastoralists together own 80% of the national cattle population with herds of 20-100 cattle.

The key private sector actors in leather are companies that have a network of hides and skins collection agents all over the country that collect raw hides, sun dry and deliver them to tanneries. Export of raw hides and skins attracts a tax of 70%, a drastic measure to discourage export of raw hides and encourage value addition.

Demand side: On the Demand side, India applies an ad valorem import tax of 10% to all above listed exports by from Kenya. Given their LDC status, Tanzania and Uganda benefit from total tax exemption due to India's DFTP scheme. Given the quality and price patterns of East African finished articles of leather, the Indian market does not seem an attractive export market at this stage. Indian imports in this area are predominantly low cost articles from China (69% of total imports) or higher value articles from France in Italy (15% of total imports). In terms of wet-blue, crust and finished leather: bovine and caprine for footwear and leather goods segments as well as ovine for footwear, gloves & garments segments appear most promising for exports to India.

Indian demand for goat/kid and sheep/lamb leathers is lower than for leather of bovine/equine animals, but still significant, amounting to US\$ 37 million and US\$ 66 million, respectively. Arab countries, especially Saudi Arabia are fierce competitors in this sector market and are providing large volumes to the Indian market for both products. Nonetheless, Kenya stands out from other African countries by being the second top suppliers of the Indian market for sheep/lamb and goat/kid skin leathers. In terms of investment, Indian investors show some appetite for new investments overseas, given that many tanneries (with post-tanning processing capacity) in India have been closing down recently.

SITA is seeking a (an) National/International Consultant to carry out the following activities:

Description of duties/responsibilities:

For the following tasks, the Consultant will work under the overall supervision of the Head Ethical Fashion in collaboration with the Senior Officer for Manufactured products and the ITC Environmental Economist.

A. Tasks:

Task 1: Assessment and selection of beneficiary tanneries in Uganda, Kenya and Tanzania

Part a:

- In cooperation with COMESA-LLPI and with ITC consultant for finished leather compile and revise existing reports on environmental impact of tanneries in Kenya, Uganda and

Tanzania and compile findings. This task entails conducting an environmental assessment of the *status quo* of the leather industry in Uganda, Kenya and Tanzania, based on the review the existing reports, literature, investment profiles and project outputs on tanneries operating in each country.

- Undertake a rapid assessment of tanneries in Uganda, Kenya and Tanzania possibly including factory visits, discussions with authorities and industry association and performance evaluation through a structured questionnaire including review of Environmental impact and practices, with focus on:
- Provide a ranking of tanneries from most suitable tannery partner for implementing future activities to least suitable one. The ranking should be based on environmental and competitive performance (current) and potentials to upgrade the production systems to more environmental friendly production processes.
- In consultation with ITC, ITC consultant for finished leather, SITA project partners and investors and COMESA-LLPI provide suggestion on beneficiary tanneries including definition of target markets, products as well as production and investment goals.

Output: Prepare a report of 10 to 15 pages with findings of the assessment, profiles for intervention support in each tannery and recommendations of which tannery to focus implementation

Part b:

- Conduct at minimum 10 environmental Impact Assessments and develop work-plan for environmental upgrading of selected tanneries. Conducting 10 detailed surveys for enterprise diagnostic on environmental impact of tanneries in Uganda, Kenya and Tanzania including factory visits, discussions with authorities and industry association and performance evaluation. This will be a key input for Task 3.
- Validate Tannery environmental assessment (~15 pages each of standard ITC technical paper format) and investment profiles with targeted investors, sector associations and national stakeholders. The environmental audits will have to provide inputs for activity 3.1, especially provide capacity building on environmental upgrade for tanneries and develop associated FDI scheme and plan of action for environmental impact (ETP, solid waste disposal, chrome resealing for tanneries).
- Environmental audits should provide (at minimum) detailed assessments of the following:
 - Map the production process (all stages of production) of each tannery; underline possible environmental concerns at each stage of the production process.
 - Describe, for each step of the production process, the adopted technology and its technological advancement.
 - Map the technology upgrading opportunities and changes in production practices to reduce risks for human health and make each step of the production process more environmentally sustainable. Describe the key challenges and risks for the environmental impact of the tanning process in each tannery, with a in depth analysis of:
 - Affluent Treatment Plants
 - Solid Waste Management
 - Chrome Discharging
 - In each country, when cleaner technologies/processes exist, what are the main barriers to technology adoption?

Output: 10 Environmental Audits report (~15 pages each) for the selected tanneries. These should provide key input for successful completion of Task 2 and Task 3.

Task 2: Co-organize COMESA-LLPI workshop with selected Tanneries and institutions in Uganda, Kenya and Tanzania for validation of SITA program interventions and Tannery selection

- Contribute to the technical facilitation of a 2-days meeting with selected tanneries and institutions in partnership with COMESA-LLPI. The selected consultant will, in particular, lead the capacity building and information sharing activities in day 2, which will be dedicated to the mapping and upgrading the environmental performance of tanneries. The consultant will:

- Present, by country, a summary of existing studies and findings for the sector and validate roadmap plan for SITA project support on environmental performance (current) and potentials to upgrade the production systems to more environmental friendly production processes. Output: 3 Power Point presentations (~15 slides each).
- Define capacity building program for environmental upgrading of tanneries and support validation of selection of tanneries that will participate in the SITA program
- Identify specific areas for FDI dedicated to upgrade the environmental performance of tanneries and develop possible schemes and associated investor mobilization strategy
- Develop and validate a plan of action for the tanneries on reduction of environmental impact and associated resource mobilization and investment

Task 3: Develop investment profiles on leather VC for prospective Indian investors in collaboration with ITC and national sector associations and COMESA LLPI (based on outputs from task 1 and 2)

- Develop investment and FDI schemes and associated resource mobilization plans for environmental upgrading of tanneries (ETP, solid waste disposal and chrome discharging for tanneries).
- Develop promotional materials and marketing – outreach campaign in order to attract investors in relation to the selected companies
- Identify investors and co-organize first financing meetings with Tanneries

Task 4: Capacity building in selected tanneries for Environmental Upgrade

- Based on findings of Tannery assessment, selected tannery's target markets and production as well as investment profile prepare a detailed support plan for each tannery as well as associated training materials and activities (deliver at minimum a tailored thought-provoking Power Point presentation (~15 slides) and a 2-pages training flyer for environment training component).
- Conduct in factory trainings in selected tanneries on environmental upgrading of production process
- Facilitate and support business clinic meetings involving support institutions, ITC, and tanneries. Organize participatory sessions in each targeted tannery with other tannery managers, investors, partners and support institutions where host tannery manager presents share his current issues, objectives and solutions. Provide overall technical guidance and support on environmental issues.
- In consultation with the tannery manager, prepare environmental upgrade plans, in terms of investments need and capacity building activities, as well as improvement goals for 2015-2016.

Monitor progress regularly and undertake corrective actions when needed

Expected outputs and timelines:

Outputs	Time frame (date to be completed by)
Completion and delivery of Task 1 a: Industry assessment and identification of tanneries	May-June 2015
Completion of Task 1: 10 Environmental Audits report for the selected tanneries	31 th August 2015

Completion of Task 2: successful co-organization and participation at COMESA-LLPI workshop and	September 2015
Completion of Task 3 (develop investment profile of selected tanneries) and delivery of Task 4 including mission for capacity building to Uganda and Kenya and submission of final progress report	December 2015

Payment schedule:

Outputs	
Upon completion and delivery of Task 1 a: Industry assessment and identification of tanneries	June 2015
Upon completion of Task 1: 10 Environmental Audits report for the selected tanneries	August 2015
Upon completion of Task 2: successful co-organization and participation at COMESA-LLPI workshop and	September 2015
Upon completion of Task 3 (develop investment profile of selected tanneries) and delivery of Task 4 including mission for capacity building to Uganda and Kenya and submission of final progress report	December 2015

Skills:

- Knowledge of leather industry, as well as environmental issues related to tannery
- Project Management and networking skills;
- Skills in developing analytical and informative materials;
- Ability to work in a team;
- Initiative and resourcefulness.

Education:

Bachelor Degree or equivalent working experience in business, economics, social sciences, or related fields

Experience:

Number of years of experience required for this task: At least 10 years of extensive working experience in the leather industry

Languages:

Fluency and writing ability in English. Knowledge of Swahili is an asset

Contact:

Interested candidates are encouraged to send their CV's to: leather@intracen.org