



International
Trade
Centre

Terms of Reference

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

Project Number: INT/71/21A

Assignment title: International Consultant: Leather Tanning, Re-tanning and Finishing 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, Ethiopia 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 threaten 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:

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

A. Tasks:

Task 1: Update and assessment of tanning sector performance in Uganda, Kenya and Tanzania and market research

- Compile and review existing reports, literature, investment profiles and project outputs on tanneries operating in Uganda, Kenya and Tanzania.

- In collaboration with COMESA LLPI and local leather sector associations map existing tanneries in Uganda, Kenya and Tanzania and determine baseline including their suppliers and markets
- Undertake a rapid performance assessment of tanneries in Uganda, Kenya and Tanzania including factory visits, discussions with buyers, authorities and industry associations. Include a review of:
 - Quality, Technology and production processes (Tanning, Re-tanning and Finishing)
 - Environmental impact and practices
 - Management practices, target Markets, production volumes, cost of production and profitability
 - Business model, capital available and finance required
- In collaboration with ITC, COMESA-LLPI and SITA partners develop a ranking of shortlisted tanneries for implementing future activities. The ranking should be based on environmental and competitive performance (current) and potential to upgrade the production systems to more environmental friendly production processes.
- Prepare a report of 10 to 15 pages with findings of the assessment, market and product development opportunities. Report should include suggested intervention profile for each tannery and overall recommendations of which tanneries to focus for implementation.
- In consultation with ITC, 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.

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

- Organize and contribute to the technical facilitation of a 2 day meeting with selected tanneries and institutions in partnership with COMESA-LLPI in order to:
 - Present a summary of existing studies and findings for the sector and validate roadmap plan for SITA project support
 - Define capacity building program for tanneries and validate selection of tanneries that will participate in the SITA program
 - Select beneficiary tanneries including definition with Tannery manager of target markets, products as well as production and investment goals
 - Identify specific areas for FDI 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

- Validate Tannery assessment and investment profiles with targeted investors, sector associations and national stakeholders
- Undertake financial and assessment, due-diligence and associated business plan development for selected tanneries. Develop investment and FDI schemes and associated resource mobilization plans.
- Develop promotional materials and marketing – outreach campaign in order to attract investors in relation to the selected companies
- Identify investors and organize first financing meetings with Tanneries

Task 4: Capacity building in selected tanneries for Quality improvement and operations

- 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
- Conduct in factory trainings in selected tanneries including: Tanning, Re-Tanning, Finishing and Chrome Free Tanning.

- Provide support on technology, Sourcing, Production and finishing processes, quality, operations, finance, Management, and Environment and Design
- Conduct and facilitate 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.
- In consultation with the tannery manager, prepare production and commercialization plans, as well as improvement goals for 2015
- Monitor progress regularly and undertake corrective actions when needed

Expected outputs and timelines:

Outputs	Time frame (date to be completed by)
Completion of Task 1 including mission to Uganda, Kenya and Tanzania	May-June 2015
Completion of Task 2 including workshop participation	June-September 2015
Completion and delivery of Task 3	September-October 2015
Completion of and delivery of Task 4 including mission to Uganda and Kenya and submission of final progress report	September-December 2015

Payment schedule:

Outputs	
Upon completion of Task 1 including mission to Uganda, Kenya and Tanzania	June 2015
Upon completion of Task 2 including workshop participation	September 2015

Upon completion and delivery of Task 3	October 2015
Upon completion of and delivery of Task 4 including mission to Uganda and Kenya and submission of final progress report	December 2015

Skills:

- Knowledge of leather industry and direct work experience in tanneries in the areas of tanning, retaining and finishing. Knowledge on environmental issues related to tannery
- At least 10 years of experience required in leather related business and leather product development and quality improvement. High level of connectivity to end markets and high quality finished leather buyers.
- Project Management and networking skills with proven results in Africa;
- 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.

Technical background and training required on Tanning, re-tanning and finishing processes for leather.

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