ALLPI ANNUAL REGIONAL CONSULTATIVE FORUM 2018 (12th Regional Leather Sector Core Team and Stakeholders Consultative Forum)

Presentation by

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Presentation Outline

- Overview of Leather Industry in Ugandan
- Policy Framework
- Key Stakeholders
- Progress on the Strategy Implementation
- Challenges
- Opportunities
- Way Forward

Overview of Leather Industry in Uganda

- Livestock being Historic (Over 35 Million Ruminants)
- □ Cattle and Shoats are Most Important 14 Million cattle
- ☐ Fish and Reptiles coming up
- Poultry untapped
- □ Leather is by-product of Livestock Industry esp Meat Industry
- ■Absence of Modern Slaughter Facilities
- Hand Flayed
- □ Farm Offtake stands at 15-17% per year
- □ Livestock sector Growth 2.3-3.2% per year

Leather Industry Cont'd

- Hides and skins exported in Raw form and especially Unprocessed Wet Blue
- Existence of levy on exportation of raw hides –increased foreign interest in Industry
- Average weight of hide = 16kg
- Imported competing products are cheaper
- Cost of production is high
- ▶ Prone to Global/Exogenous Shocks
- Less Consumer awareness
- Preservation;
 - ► Suspension 10%
 - ►Sun drying 90% Hides

Policy Framework

- ➤ Uganda Vision 2040
- ➤ National Development Plan II (2016 -2021)
- ➤ National Industrial Policy, 2008
- ➤ National Trade Policy, 2008
- ➤ National Agriculture Policy, 2013
- ➤ Micro Small and Medium Enterprise (MSMEs) Policy, 2015
- ➤ MSMEs Implementation Strategy, 2017
- ➤ National Leather and Leather Products Policy, 2015
- ➤ National Leather Value Chain Strategy 2015-2025
- ➤ National Export Development Strategy, 2017

Key Stakeholders

1-Ministries, Departments and Agencies

- 1. Ministry of Trade, Industry and Cooperatives;
- 2. Ministry of Finance, Planning and Economic Development
- 3. Ministry of Agriculture, Animal Industry and Fisheries
- 4. Ministry of Water and Environment for water for production
- 5. Ministry of Energy and Mineral Development
- 6. Ministry of Education and Sports
- 7. Kampala Capital City Authority, District Local Governments and Municipalities
- 8. State Agencies such as UIA, UFZA, URA, NEMA, UIRI, UNBS.
- **2-Academia** (Makerere University Business School, Kyambogo University and Makerere University and other Technical Institutions.
- 3- **Private Sector** (Farmers/ producers, Abattoirs/ Butchers, Hides and skins dealers, Tanners, Footwear and Leather goods producers and Dealers & Suppliers of inputs); Bankers for financing
- 4 **Development Partners**

Progress on the Strategy Implementation

- i. Uganda Leather Training and Common Facilities Center Trust has been transformed with a Board of Directors, chaired by Ms. Victoria Byoma to coordinate and support the Government in the implementation of the Strategy.
- ii. A consultative stakeholder workshop was held in March, 2018 to prepare the three Business Plans for the leather products incubation center and design studio, FLAMEA and Uganda Leather Training and Common Facilities Centre Trust. These are being developed with support of ALLPI.
- iii. Kyambogo University introduced a degree program, Bachelor of Science in leather tanning technology in 2017, so far with 14 students altogether (Seven in second year and seven in first year 2018). The Curriculum was accredited by UNCHE in 2015.
- iv. There is also a PhD student at Kyambogo University in Tannery effluent treatment, in second year too (Mr. Kiraye Micheal)
- v. Uganda National Curriculum Development Centre has embarked on the development of National Diploma in leather technology. The drafts for both curriculum and teacher's guide have been completed and distributed to stakeholders for review and the review meeting is scheduled for January 2019.
- vi. MTAC which is hosting the Leather Business Incubation and Design Studio started short courses including shoe making and leather works courses. Since 2015, 33 people have been trained in shoemaking.

Progress on the Implementation-Cont. 2

- The leather products incubation center machinery was installed and all electrical installations done at MTAC. The Ministry of Trade, Industry and Cooperatives is finalizing the procurement process for a contractor to make major renovations on the building including the roofing.
- viii. Effluent treatment Plant design study for selected tanneries in Uganda was done in April 2018 and reports were produced. Unfortunately, we were not able to open and download the reports for us to study.
- ix. FLEMEA conducted a sensitization of local leaders on the benefits of leather products venture. Out of this initiative, a group of 15 women were trained in basic skills in crafts and sandal making in Mukono District and have started on business..
- x. A Multi-purpose Cooperative Society (Uganda Footwear and leather Manufactures Cooperative Society) has been formed and registered in November 2018.
- xi. Ten SMEs participated in a data collection exercises under ALLPI/USAID/EA Trade and Investment Hub Project on Product design and export, which generated information on the operations of the SMEs.
- xii. Five of the SMEs were supported by ALLPI and participated in the Regional Trade fair in Nairobi in September 2018

Challenges

- 1) Limited data availability on sector
- 2) Inadequate budgetary allocations for Strategy implementation
- 3) Lack of funding schemes for leather industry
- 4) Increasing defects -pre-slaughter and Post-slaughter limited skills
- 5) Increased animal production challenges Ticks, Foot and Mouth Disease, smaller breeds, longer maturation periods
- 6) High cost of production, due to expensive capital and inflation, as well as Electricity tariffs
- 7) Lack of cost friendly finished leather and accessories for leather products
- 8) Stiff market competition due to importation of synthetic leather products
- 9) Absence of a traceability system

Opportunities

- □Growing Foreign and Local demand-due to population growth
- ■Existence of regional trade arrangements –EAC, COMESA, AfCFTA, AGOA, EBA, ASIA
- □ Existence of levy on export of raw hides and skins

Way forward

- Completion of work plan for leather products Incubation Center and Regional Design Studio satellite Centre at MTAC and Uganda Leather Training and Common Facilities Centre.
- Technical assistance in capacity building of leather and leather products cluster development, for various value chain stakeholders including the shoe makers association and government institutions.
- Mobilization of funds for the operationalization of leather products Incubation Center and Regional Design Studio satellite Centre and the Uganda Leather Training and Common Facilities Center Trust work plans.
- Support in harmonization of Leather training Curriculum within the region.
- Support the stakeholders in market access and technology transfer.
- Mobilizing resources for a revolving fund for tanneries and leather products manufacturers

I thank the ALLPI, the Consultants, the Regional Leather Fraternity and the Ugandan team for your support in the implementation Process.

Thank you for your attention!