



# Presentation on the Status and Implementation of the National Leather Value Chain Strategy

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# STRUCTURE OF THE PRESENTATION

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- Country and Sector Profiles
- Business Segmentation in the Kingdom of eSwatini
- Objectives of the Leather Value Chain Strategy
- Overview of the leather and leather sector
- Status and Implementation of the National Leather Value Chain Strategy



# Sector Profile

## Sector Analysis:

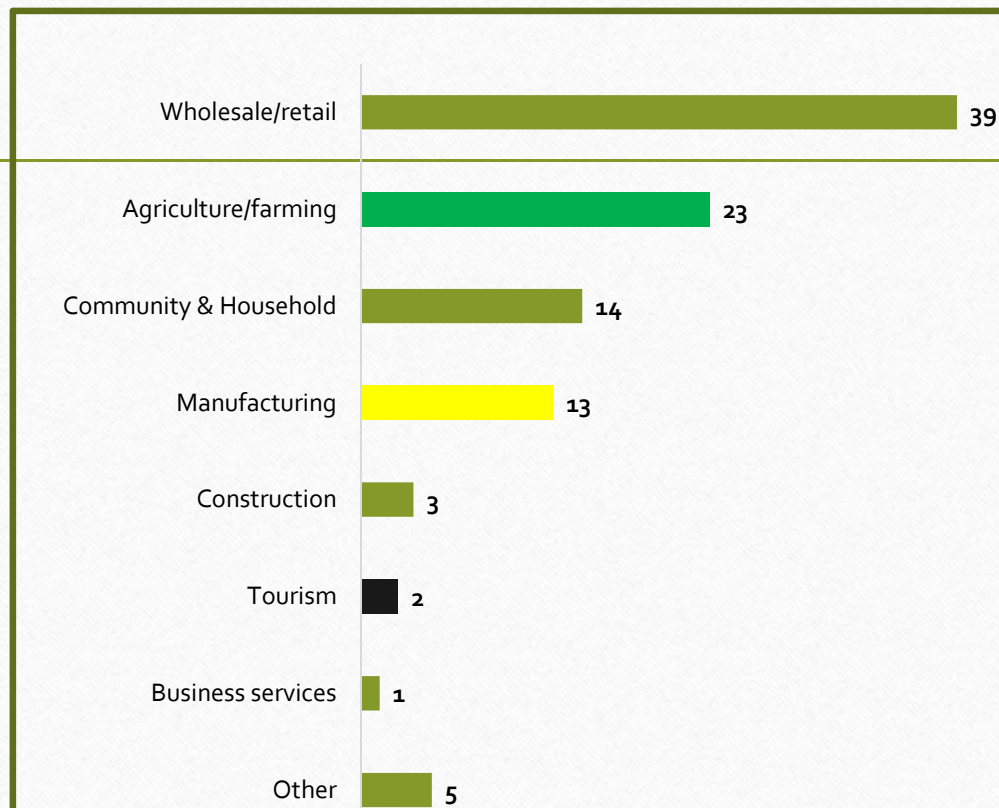
Total number of SME Owners: 59 383  
Total Number of SMEs: 68 536  
Number of people employed: 92 643  
Estimated Monthly Turnover: E2.8  
Billion  
Labour Force: 446 100

*Source: Finscope MSME Swaziland Survey 2017*





# Business Sector segmentation (%)





## Four main objectives of our Leather Value Chain Strategy

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- To promote production and export of value added products;
- To enhance competitiveness of MSMEs in domestic, regional and international markets;
- To develop the capacity of institutions in building MSMEs technical and business management skills;
- To promote cleaner and environmentally sustainable production techniques and systems.





# Overview of the Leather Sector

- Livestock subsector accounts for about 14% agricultural output and 1% of total GDP.
- Livestock production on SNL is 83% but are viewed as a source of livelihood (ploughing, food, organic fertilizer and a form of investment).
- Eswatini has a an estimated capacity of production 220, 000 per annum of raw hides and skins with an annual earning of E5 Million (US\$350, 000).
- Almost all hides and skins produced in Eswatini are exported to South Africa as wet salted.



## Continued

Destination Market	Percentage Contribution
Swaziland (Domestic)	67
Mozambique	23
South Africa	2
EU	2
Europe (EFTA)	6

Source: Swaziland Leather Value Chain Strategy





# Industrial Development Policy 2015 -2022

- **Vision** - “to achieve structural change in Swaziland’s growth path through value addition and diversification for globally competitive industrial base by 2022”.
- **Mission** - “to create a vibrant, sustainable, resilient and competitive economy through promotion of viable industrial sectors, diversification and long term intensification of Swaziland’s industrialization process in which local natural and human resources are sufficiently captured in line with Swaziland’s dynamic comparative advantages.



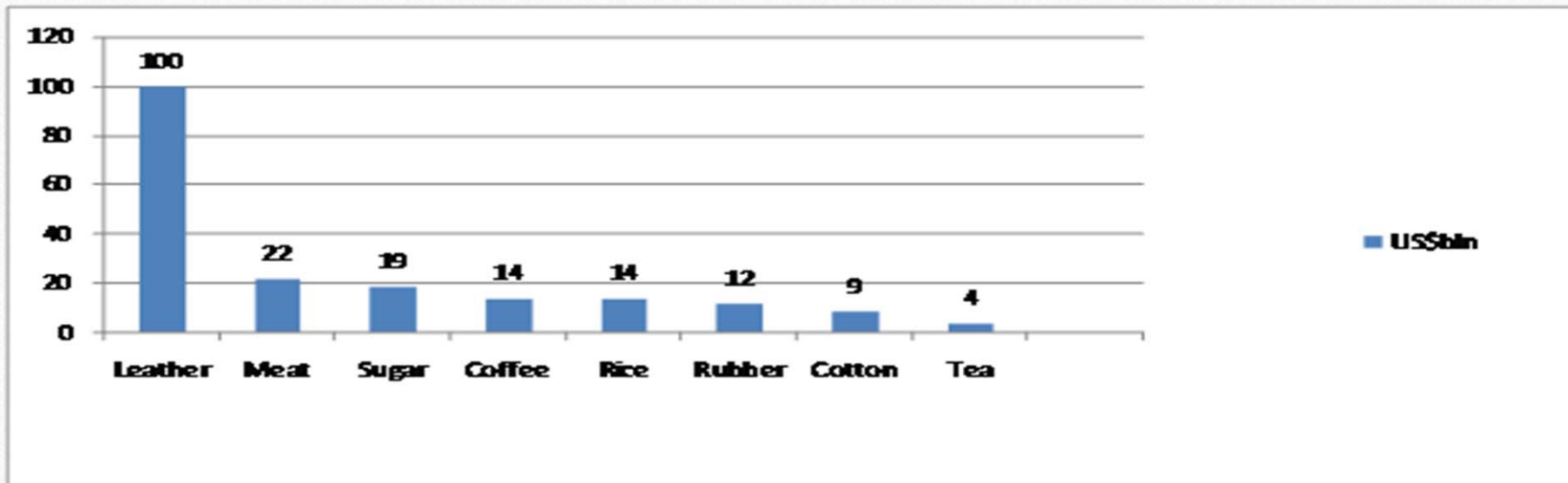


## Global Trade on Leather Products

- The leather value chain globally is estimated at over USD 100 billion.
- 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;
- 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 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. The USD 100 billion excludes leather blended products, e.g. sports shoes and fashionable bags.



## Continued



Source: Swaziland Leather Value Chain Strategy





## Rationale for selected objectives

To Promote production and export of value added products;

Swaziland has a small livestock base, however with a high off take rates which generate, on average approximately raw hides and skins amounting to 220,000 per annum. This is a solid base for establishing a medium sized tannery with a soaking capacity of 300 hides per day. This development will create jobs and also double the export revenue earnings.

To enhance competitiveness of MSMEs in domestic, regional and international markets

MSMEs are the engine of economic growth. Currently there many micro enterprise, which are involved in the production of footwear, however, many of them lack basic skills in production and business management and also they are isolated. These MSMEs have the potential to grow, generate jobs and contribute to Government revenue, that is, if they are supported to work jointly in procurement, production and marketing.

To develop the capacity of institutions in building MSMEs technical and business management skills

Inadequate capacity among technical institutions and MSMEs is one of the binding constraints undermining the growth of the leather value chain. Thus, technical and vocational training institutions' capacity to offer relevant training programmes for the leather sector should be facilitated. Many MSMEs which are currently involved in the production of leather products lack minimum skills in production and business management.

To promote cleaner and environmentally sustainable production techniques and systems.

Cleaner production is critical in order to contribute to the attainment of the Sustainable Development Goals (SDGs). In addition, cleaner production also impacts positively in the area of resource use optimization.

# Progress on the implementation of the National Leather Value Chain Strategy



Objective	Progress
Objective 1: To Promote and Export of Value Added Products <ul style="list-style-type: none"><li>Undertake a feasibility study on the possibility of setting up a tannery.</li></ul>	<ul style="list-style-type: none"><li>Feasibility study has been approved under the SADC-EU TRF Project.</li></ul>
Objective 2: To Enhance Competitiveness of MSME's in Domestic, Regional and International Markets <ul style="list-style-type: none"><li>Design a framework of MSME's clustering</li></ul>	<ul style="list-style-type: none"><li>Framework will also be designed through funding under the SADC-EU TRF Project.</li></ul>
Objective 3: To Develop the Capacity of Institutions in Building MSME's Technical and Business Management Skills <ul style="list-style-type: none"><li>Train SME on leather products production</li></ul>	<ul style="list-style-type: none"><li>Funding secured under the COMESA Adjustment Facility (CAF) to undertake the following activities:<ul style="list-style-type: none"><li>- train 25 artisans on vegetable tanning</li><li>- train 25 artisans on footwear design</li><li>- train various stakeholders in cluster design and implementation.</li></ul></li></ul>





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