DAG Private Sector Development and Trade Technical Working Group

WORKSHOP ON STATE OF THE ART ON VALUE CHAIN DEVELOPMENT

USAID – ATEP’s Experience in Hides, Skins and Leather Value Chain Management

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I. Main Development Goals
II. Background Fundamentals
III. Strategies
IV. Methodologies
V. Results
VI. Challenges & Lessons Learned
1. Improve quality and quantity of raw hides and skins (RHS) reaching the tanning industry

2. Promote and support production of value added leather and products

3. Promote and support export of value added leather products

4. Create internal capacity within the industry to provide business development services that will sustain what project strives to achieve, and

5. Help in increasing export earnings of the country from its leather (livestock) resources
Why VC approach is necessary for the development of Hides, Skins and Leather sector in Ethiopia

1. Livestock in Ethiopia is owned by the Ethiopian peasants. While the size is among the top ten in the world, the peasantry that owns it is also among the bottom three impoverished globally.

Thus involving the farmer in adding value to livestock products such as RHS is addressing poverty at its roots. A value chain development approach enables that.
2. Slaughtering animals in Ethiopia takes place in individual homesteads, done by people who may have no skill of doing it. This poses several problems such as improper recovery of the raw stocks, logistics of collection, etc.

As a result, enhancement of the harvesting and collection of RHS, both in terms of quality and quantity, cannot be done with such a scattered source of supply unless a value chain management approach is used.
3. Raw hides and skins are not a primary product of any production process until they are delivered to a tannery. Enhancing the quality of RHS cannot be achieved without involving and benefiting the value chain actors prior to delivery to the tanning industry. This can only happen through a value chain approach.
4. The VC map of the Ethiopian HSL Sector

- Breeding
- Slaughtering
- Tanning
- Footwear Making
- LGoods Making
- Animal Trade
- RHS Trade

The ideal

The actual
1. Pre-harvest interventions to improve animal health

2. Post harvest interventions to modernize raw hides and skins (RHS) harvesting, collection, curing, logistics and management

3. Promotion of and support to value added production of hides, skins and leather (HSL) and marketing

4. Supporting institutional capacity building of the Ethiopian Veterinary Association (EVA) and the Ethiopian Leather Industries Association (ELIA)

5. Establishing coherent relationships between the VC actors
1. Pre-harvest Interventions:

- Create public awareness through promoting and supporting mass campaigns
- Piloting best practices such as ectoparasite control
- Train community animal health workers (CAHWs)
- Establish Rural Vet Drug shops
2. Post-harvest Interventions:

- RHS Quality Improvement and Quantity Increase:
  - Public sensitization through:
    - Radio campaign, posters, mass media
  - Train RHS harvesting trainers and technicians:
  - Improve traditional slaughtering practices:
    - Up-grade rural abattoirs
    - Pilot urban micro-abattoirs
    - Redesign traditional slaughtering tools
RHS…contd:

- Improve RHS collection practices:
  - Build model RHS collection centers
  - Support access to working capital by RHS collectors
  - Enhance market linkages between collectors and industry

- Assess structural impediments and recommend means and ways of alleviating them
3. Expand Market Outreach:

- Up-grade ELIA’s Website
- Support linkages to market information
- Support ELIA’s capacity to disseminate market information to members
- Explore new export markets
4. Support Experience Sharing:

- Facilitate industry’s linkage with counterparts in successful countries
- Support experience sharing visits
- Assist in adoption of lessons learned
5. Marketing Value-added Products:

- Support development of branded products
- Support footwear export to the US
- Support trade show participation of industry:
  - Support AALF
  - Sponsor factories and SMEs participation
6. Support Building BDS Service Capacities:

- Assist the institutional capacity building of the Ethiopian Leather Industries Association and the Ethiopian Veterinary Association
- Support expansion of their client base and designing income generating services
- Engage them in BDS activities that they can provide and project plans to implement
7. Support Building Culture of Working Together:

- Promote and support the need for clustering the leather sector
- Map value chain stakeholders and understand their working conditions
- Identify key leaders along the value chain and create interface between them
- Facilitate their understanding each other and forging partnership
- Sponsor creation of a partnership forum where joint activities can be identified, prioritized and implemented
1. Pre-harvest: TRAINING

Trained 700 Vet TOTs

Trained and graduated more than 1500 CAHWs of which 120 were launched
RESULTS

PUBLIC SENSITIZATION

1. Pre-harvest....

Mass sensitization

Established 12 rural vet drug shops

Popular Posters

Public speeches

Megaphones
2. Post-harvest:

**RESULTS**

- Trained more than 800 trainers
- Graduated more than 1500 technicians

**TRAINING**
2. Post-harvest: 

Established 76 model urban RHS collection centers

Up-graded 3 model rural abattoirs

CHANGE TRADITIONAL PRACTICES
2. Post-harvest – **CHANGING TRADITIONAL PRACTICES**

- Build three urban micro abattoirs
3. Expand Market Outreach

Accessed two new markets – Russia and Hungary
3. Expand Market Outreach:
4. Experience Sharing

Sponsored four learning trips

USA, France, China, South Africa
Supported Taytu enter the US market

5. Value Added Market Enhancement

New York

LA

Paris

RESULTS

Ethiopia’s designs on leather trade

Handbags and Wine

Purse Strings

Addis Ababa-Ethiopia

Ethiopian Firms Launch First Luxury Leather Brand

For the first time, an African cooperative is presenting its own luxury accessories brand at a major fashion trade fair in Paris. Twelve Ethiopian companies are behind the brand, Taytu, which is named after a legendary strong-willed empress of Ethiopia, who reigned from 1889 to 1913.

Taytu is showing its collection of bags, shoes and scarves at The Box at the Hotel Lotti on Friday, 6 October. The Box is the follow-up to Première Classe, a leading luxury accessories trade fair, where Taytu products made a strong impression a few weeks ago.

Taytu in the international press

Taytu in Ethiopia
5. Value Added Market Enhancement

Created keen interest for Ethiopia made leather shoes in the US Market

Test Orders

Commercial orders
6. Building BDS Capacity of Core Associations

Technical manuals for the various activities along the value chain.

Prepared manual for bankable business plan preparation for SMEs.
7. DEVELOPING CULTURE OF WORKING TOGETHER, PPP

The embryo of the Ethiopian leather sector competitiveness cluster, September 2006

Voting on Priorities in February 2007

Championing action initiatives in March 2007

Reporting on actions in February 2008

Breeding  Harvesting  Tanning  LG production  MARKET

Clustering Value Chain Stakeholders is now an Ethiopian Development Agenda
7. Developing Culture of Working Together
1. The sector is under funded. That limits reception of innovative ideas and exploitation of opportunities by target beneficiaries and thereby the pace of development.

2. Supporting core associations and other private sector institutions to begin providing BDS from the start helps to ensure capacity is built from the outset.

3. New concepts such as cluster development are slow in adoption.

4. Lack of development coordination often results in duplication of interventions and confusion on the part of the beneficiaries.