

Africa is huge and, in terms of leather and footwear manufacture, diverse. North Africa has a well-established industry, particularly in Morocco, Algeria and Tunisia, where French companies have operated for many years. Egypt also has a sizeable industry and one that has greatly improved under the government's new industrial policy. South Africa has an old industry originally established by the British but its footwear manufacture has been damaged by cheap imports. Nigeria has also been a sizeable producer of footwear but the commercial problems involved in dealing with the country have deterred all but the bravest of buyers.

This leaves the rest of the continent, which is too much to cover in one survey. However, one area does have real possibilities in terms of finished leather and footwear and that is Sub-Saharan Africa. It has seen considerable changes in its leather-based industries in the past few years and is the area seen as having the most long-term potential due to its raw material resources.

In the first part of a two-part survey, we look at the general organisational background and activity of the countries best suited to leather and footwear production and at Kenya in particular. The second part, which will be published in the November/December issue of World Footwear, will look at two vastly different countries—the ancient state of Ethiopia and the modern republic that is Botswana. While the latter is not strictly Sub-Saharan in the geographical sense, it is one of the more successful countries in Africa.



Sub-Saharan Africa

A general overview of the region

Most of the nine countries considered to make up the region (Ethiopia, Kenya, Malawi, Namibia, Sudan, Uganda, United Republic of Tanzania, Zambia and Zimbabwe) have always had the potential to be major local producers and exporters of semi-processed leathers and finished leather products. There is an abundance of renewable resources, the appropriate technologies and skills are available and there is a low-cost workforce. Countries such as Ethiopia have had a good international reputation for leather products for some time. Despite all this and an increasing local demand for footwear and leather goods, a number of internal and external problems have hindered the development of the industry.

Specific problems have included low-quality hides, finished leathers and end products through poor slaughtering and handling conditions, obsolete tanning, finishing and production technologies and a general lack of management, design and marketing expertise. Other problems have been due to the poor overall business environment with its lack of competitive financial services for companies, poor transport and communication infrastructures and tariffs on imported raw materials needed by the industry. Something needed to be done.

UNIDO took the initiative and launched a number of country-specific and regional programmes for the Sub-Saharan leather industry in collaboration with the United Nations

Development Programme, the United Nations Food and Agricultural Organization, International Trade Centre and the Industrial Development Decade for Africa. The Regional Africa Leather and Footwear Industry Scheme (RALFIS) was established to address some of the problems facing the sector and assist companies to adapt their manufacturing operations to exploit market opportunities. As a result, national leather industry associations are now operating in the nine Sub-Saharan countries and some are already providing considerable assistance to their members.

All national associations can be full members of the Eastern and Southern Africa Leather Industries Association (ESALIA) that is also co-operating with such reputable counterparts as ➤

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COTANCE, the Confederation of National Associations of Tanners and Dressers of the European Community and UNIC, Italy's National Association of Tanneries. ESALIA has recently established a single leather system in the region with the Common Fund for Commodities. The programme has been highly successful in creating new employment and investment opportunities. The whole sector is beginning to benefit and the overall reputation of the African leather industry is improving both locally and abroad.

Modernisation and training

In Kenya, at the request of the Kenya Footwear Manufacturers Association, UNIDO assisted in the establishment of a Kenyan Training and Production Centre for the Shoe Industry. This provides specialised training courses for manufacturers and support services to small- and medium-sized producers. Fees are kept as low as possible commensurate with covering centre operating costs. The project has created additional employment in the industry, particularly for women in rural areas, and opened up new opportunities for Kenyan producers.

In another initiative in Ethiopia, the local Rash Dashen Shoe Factory underwent an upgrading programme to raise both quality and productivity levels. As a result of the improvement in its standards of manufacturing, quality and design, the company's production capacity has had to be increased to meet a growing demand for its products in export markets.

Expansion and strengthening of the network of leather industry associations and the creation of Revolving Fund Operations (RFO) for direct support to industry has led to further advances. Technical training has been provided to more than 2,000 individuals in tanning, finishing and product development. ESALIA has been established and a quality grading and pricing system introduced for raw hides and skins.

A \$1 million investment in the nine participating countries has shown benefits totalling some \$2.3 million in hides and skins due to improved quality and collection. Crust and finished leather output also increased following a project to upgrade tanneries. Cleaner technology has been introduced in 11 tanneries and

guidelines on gender issues prepared for the sector and training provided to over 150 women.

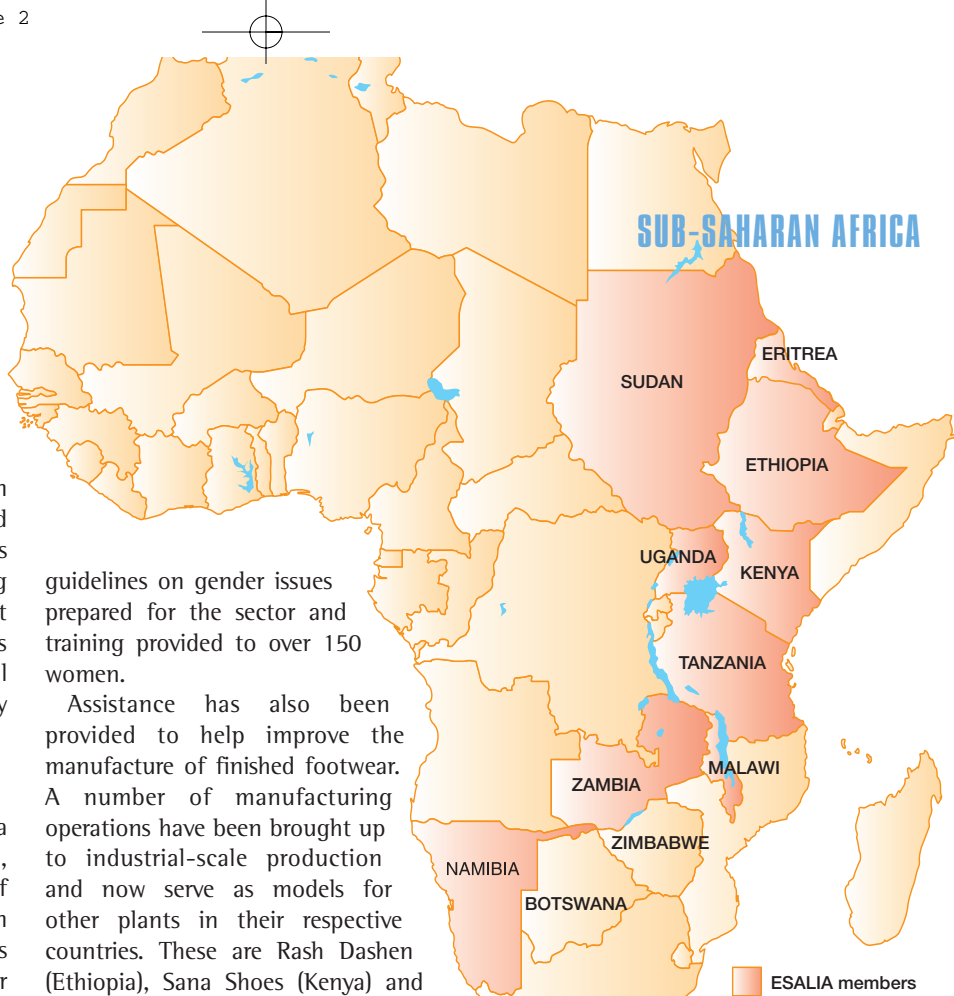
Assistance has also been provided to help improve the manufacture of finished footwear. A number of manufacturing operations have been brought up to industrial-scale production and now serve as models for other plants in their respective countries. These are Rash Dashen (Ethiopia), Sana Shoes (Kenya) and Superior Footwear (Zimbabwe). Two component factories have been created in Zimbabwe and Kenya to supply small-scale leather products manufacturers.

The result

Clearly some significant advances have been made but the area still has a long way to go. As always seems to be the case in Africa, the impetus is provided from outside. A further weakness is the lack of money to invest. Governments have too many other problems to solve and individuals lack the funds needed to create modern high tech tanneries and shoe factories.

And fingers have been burnt in the past. Take the instance of Tanzania where, in 1980, the World Bank lent £22 million to build one of the world's largest shoe factories that would sell millions of pairs of shoes to Europe. The Morogoro factory lay idle for years because of a lack of suitable finished leather from within Tanzania itself and finally closed in 1990. During the ten years of its existence, it operated at only 4% of capacity and cost £277,000 a year to keep open.

Asia, on the other hand, is cheap and, on the whole, politically stable compared with much of Africa. The major brands that would have the ability to kick-start the industry here in Sub-Saharan Africa therefore do not have the incentive. Indeed, even if they had, they might not have the nerve. ➤



ESALIA

The association was established and registered in 1995 to promote the interests of the Regional Leather and Footwear Products Industry in the countries of Eastern and Southern Africa. These include Ethiopia, Eritrea, Kenya, Malawi, Namibia, Sudan, Tanzania, Uganda, Zambia and Zimbabwe and any other country in the region that expresses interest in joining the association.

It was born out of UNIDO's original initiative and the urgent need to have a co-ordinated approach in charting both short and long-term development strategies for the continent's leather industry.

Its aim is to be the premier association spearheading the interests of the African leather industry in producing first choice leathers and leather products for the world market.

To achieve this, it sets out to promote interchange of information amongst members, promote capacity building, product development and marketing. It also seeks to commit members to the highest quality standards, to adopting appropriate technologies and to be environmentally friendly.

Member associations at present are: Uganda Leather and Allied Association Ethiopia Tanners Association Kenya Tanners Association Eritrean Leather and Allied Industries Association Leather Industries Association of Zambia Leather Association of Tanzania Leather Association of Malawi Leather Chamber of Sudan Leather Industries Association of Namibia.

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Kenya

Located in eastern Africa, bordering the Indian Ocean, between Somalia and Tanzania, Kenya covers 583km² and has a population of 31 million. The climate varies from tropical along the coast to arid in the interior. Low coastal plains rise to central highlands bisected by the Great Rift Valley and leading to a fertile plateau in the west of the country.

Temperatures vary from 30°C on the eastern plateau and northern plains to a moderate 15°C in the highlands. Rainfall is bimodal with the south-west monsoon bringing long rains between March and May and the north-east monsoon short rains between September and November. Average annual rainfall ranges from 200mm on the northern plain, through 500mm on the eastern plateau, to 750mm at the coast and on the central highlands. Arid areas average 250mm.

Livestock

Cattle grazing has always been a traditional activity in this part of Africa and the number a man owned was an indicator of his wealth and position. The current national herd numbers about 15 million head. The majority are indigenous short horned Zebu of various sizes, the largest of which is the Boran from the north west. The smaller Maasai humped Zebu is concentrated on the eastern and southern plateaus. Crossbred cattle arising from a successful artificial insemination service are reared in the highlands, the lake region and the eastern plateau. Imported breeds like Fresian, Guernsey, Jersey, Ayrshire, Simental and the Indian Sahiwal can also be found in Kenya.

Sheep are also grazed and total about 8 million. Most are of the hair variety and consist mainly of the fat tailed Dorper, Red Maasai and Nyanza breeds. A few wool and mutton types like Merino, Romney Marsh, Hampshire Downs, Comedale and Suffolk are raised on the highlands and eastern and southern plateaus. Goats are more plentiful at around 11 million and are particularly suited to the more arid areas of the country.

The indigenous meat goats are the East African, the Galla, the Nubian and the Bedouin. The Boer goat is also reared



particularly in the highlands. Other livestock includes camels, pigs and horses, though in much smaller numbers.

The footwear industry

The main consumers of finished leather in Kenya are footwear and leather goods manufacturers. There are three levels of footwear manufacturers; big producers like Bata Shoe Company, small- to medium-size enterprises in the organised manufacturing sector and a large number of micro enterprises (Jua Kali artisans, etc). There is much potential for growth considering that the domestic market alone consumes 20 million pairs per annum based on a per capita of 0.75. Assuming a pair of shoes costs around Ksh 350.00 (\$1=75 Ksh), the actual value of the Kenya's domestic footwear market is actually worth some 7 billion Kenya shillings or \$93 million per annum.

Pre-liberalisation

During pre-liberalisation, there were more than 25 enterprises producing formal footwear and leather products with a capacity utilisation of over 70%. For many years Bata has dominated the industry, although other players have since entered the market. In addition to the formal sector, a thriving informal sector (known as Jua Kali sector) became responsible for the manufacture of between 55-60% of all leather footwear and leather goods manufactured in Kenya. This sector alone created approximately 12,000 jobs, mainly through self-employment, therefore greatly contributing to poverty eradication and reducing levels of unemployment.

Post-liberalisation

Things have changed drastically over the years and mostly through imports of cheap or second-hand shoes. Industry sources estimate the volume of second hand shoes now entering the market to

be over 10 million pairs per annum. The current situation can be summarised as follows:

- Bata's output has dropped considerably but is now again on the rise
- The once thriving Jua Kali sector with its high level of employment has become virtually non-existent with an estimated loss of at least 12,000 jobs
- Average capacity utilisation is below 30% and many factories closed in the middle sector

All this has resulted in the reduction of direct employment and government revenue in the form of VAT and corporate taxes.

The following table gives the comparative scenario between the periods 1990/1995 and 1995/1999.

1990/1995	1995/1999
30 leather goods and footwear manufacturing units in existence	15 leather goods and footwear manufacturing units operational averaging 30% capacity

Source: Stakeholders Position Paper on Leather Industrial Sector in Kenya-2000

Elements of decline

Previous studies have indicated some key factors in this overall decline:

Unfair competition from second hand footwear

Liberalisation of the economy in the early 1990s resulted in an influx of imported second hand shoes. Unlike other countries duty is calculated on weight rather than per pair, giving them an undue advantage over locally made products.

Dumping of cheap footwear

There has been a large volume of

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cheap footwear imported from Asia by unscrupulous traders who claim the shoes are from the COMESA region so as to benefit from the preferential duties of member countries.

Lack of technical skills

Existing technical training institutes lack the basic equipment and tools to offer modern training techniques. As a result, most entrepreneurs in the footwear industry have limited technical training and are consequently unable to diversify the range of their products.

Product development and marketing

Most manufacturers belong to the small-scale sector and have usually seen very little diversification in type and design of products. Entrepreneurs often operate in relative isolation from mainstream economic development processes, which only serves to protect and perpetuate traditional production methods. Although these may suit the local market, sustained growth is restricted due to its limited size

and low purchasing power. This state of relative isolation means that local producers have little information about events in the larger market.

Poor product quality

The lack of proper skills, basic equipment and general information about fashion trends, means that factories end up producing products that are not in demand.

High local manufacturing costs

High duties on raw materials and power, poor infrastructure and high interest rates have kept local manufacturing costs too high for smaller businesses to develop and compete in either domestic or foreign markets.

Entrepreneurial skills

The acquisition of entrepreneurial skills is hampered by both the lack of relevant training facilities and non-availability of trainers. Most businesses are run on an entrepreneurial basis where the owner

also acts as manager regardless of having the right managerial skills.

Current situation

It is not all doom and gloom, however, as there has been a considerable increase in the production of footwear both in the formal and the informal sector in the last two years or so. This has mostly been driven by better government policies which have led to a more conducive environment for investors. Unfortunately, current figures are not available, as no recent survey has been undertaken. However, it is assumed that Bata is producing approximately 45% of the current requirement, with other companies taking a further 20% and with the remainder serviced by imports. Potential for sub-sector growth is therefore immense and it is hoped that with a more encouraging environment and further investment the country can be a major source of exports for completed footwear as well as shoe uppers. 



ALTA QUALITA' DALLA TESTA ALLA PUNTA.

- Semenze per montaboette (calzera)
- Microsemenze
- Punte rullate ed elicoidali
- Semenze fissasolette
- Semenze a mano
- Gamma completa di chiodi per calzatura
- Punti metallici a borchie

HIGH QUALITY FROM THE HEAD TO THE TIP OF THE POINT.

- Heel seat lasting tacks
- Micro tacks
- Buttress and helical heel nails
- Insole tacks
- Wire hand tacks
- Full range of shoe tacks
- Staples and decorative tacks

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