



*Leather for Health, Wealth and Luxury!*

# Africa Leather and Leather Products Institute (ALLPI)

## Strategic Plan (2016-2025)

**2019**

## Contents

Tables.....	3
Figures .....	4
FOREWORD.....	5
<b>ACKNOWLEDGEMENT</b> .....	6
EXECUTIVE SUMMARY.....	7
<b>ACRONYMS</b> .....	9
<b>Chapter I: Background and Context Setting</b> .....	11
Africa Leather and Leather Products Institute (ALLPI).....	11
<b>ALLPI Mandate</b> .....	12
<b>Maximizing the Benefits of SMEs in Member States in Global Value Chains</b> .....	14
Mega Global Trends.....	15
Importance of the Leather Value Chain.....	16
Global Level.....	16
COMESA Situation .....	18
Market Size of Footwear in the COMESA Region.....	19
Imports of Leather by COMESA Countries.....	20
Summary .....	20
<b>CHAPTER II: EXTERNAL AND INTERNAL ANALYSIS</b> .....	22
External Analysis (PESTEL).....	22
Internal Environmental Assessment .....	23
Stakeholder Analyses.....	23
Stakeholders Identification and their Stake.....	23
Stakeholder Importance and Influence.....	24
Stakeholders Criteria for the Performance of ALLPI .....	25
Simple System Model: 2010-2015 .....	31
SWOT Analysis .....	32
Summary .....	33
<b>CHAPTER III: STRATEGIC ISSUES IDENTIFICATION</b> .....	34
Introduction .....	34
Strategic Issues and Rationale .....	34
Statement of the Strategic Issues.....	34
Strategic Issues or Challenges .....	34
Simulation Model based on Footwear Demand in the Region.....	35
Summary .....	37

CHAPTER IV: STRATEGY .....	38
Vision .....	38
Mission.....	38
Core Values .....	38
A Strategy Aligned to the following Market Targets: .....	39
ALLPI: Nine Strategic Objectives .....	39
Strategic Objectives, Interventions, Targets and Time Lines.....	41
Strategic Objective 1 and Interventions.....	41
Strategic Objective 2 and Interventions.....	43
Strategic 3 and Intervention .....	44
Strategic Objective 4 and Interventions.....	45
Strategic Objective 5 and Interventions.....	45
Strategic Objective 6 and Interventions.....	46
Strategic Objective 7 and Interventions.....	46
Strategic Objective 8 and Interventions.....	47
Strategic Objective 9 and Interventions.....	49
ALLPI Strategy Delivery and Implementation Model: Share, Adapt and Adopt.....	50
Monitoring and Evaluation .....	54
Impact Performance Indicators.....	55
Sustainability.....	55
References.....	58
Disclaimer.....	59

## Tables

Table 1: COMESA/LLPI Mandate .....	13
Table 2: COMESA Imports of Footwear.....	20
Table 3: COMESA Imports of Finished Leather.....	20
Table 4: Aspects of PESTEL bearing on COMESA/LLPI .....	22
Table 5: Key Parameters used in Classifying and Assessing the Influence of Stakeholders... 24	
Table 6: Level of Influence of Stakeholders on COMESA/LLPI's Performance.....	24
Table 7: Stakeholders Needs and Contribution .....	27
Table 8: Budget Performance .....	31
Table 9: Summary of the Performance of COMESA/LLPI (2010-15).....	31
Table 10: SWOT Analysis of COMESA/LLPI .....	33
Table 11: Strategic Issues at Sector Level and Institutional Levels.....	34
Table 12: Simulation Results of Footwear Cluster Model.....	36
Table 13: COMESA/LLPI's Strategic Objectives and their Rationale.....	39
Table 14: Strategic Objective One and Planned Interventions.....	42
Table 15: Strategic Objective Two and Planned Interventions.....	43
Table 16: Strategic Objective Three and Planned Interventions .....	44
Table 17: Strategic Objective Four and Planned Interventions .....	45
Table 18: Strategic Objective Five and Planned Interventions.....	46
Table 19: Strategic Objective Six and Planned Interventions.....	46
Table 20: Strategic Objective Seven and Planned Interventions .....	47
Table 21: Share, Adapt and Adopt Framework.....	52
Table 22: Impact Performance Indicators .....	55
Table 23: Performance Indicators for Monitoring and Evaluation of COMESA/LLPI Strategy Implementation.....	56

## Figures

Figure 1: Global Importance of the Leather Value Chain .....	17
Figure 2: Global Dynamics in the Trade of the Leather Value Chain .....	18
Figure 3: Stages of the Value Chain .....	19
Figure 4: LLPI's Linkages and roles for implementation of strategic development plan through the Triple Helix and SAA approaches.....	<b>Error! Bookmark not defined.</b>

## FOREWORD

Many developing countries in Africa and beyond have placed industrialization on the centre stage of their growth and development agendas. The COMESA region is no exception to this drive, as value addition contributes immensely to the transformation process of growth and development. In recent years many COMESA countries have achieved high economic and industrial growth rates, this is being further buttressed by supporting the export of high quality and value added products.

The 34<sup>th</sup> Meeting of the Council of Ministers of COMESA 26-27 March 2015, held in Addis Ababa, Ethiopia took an important decision by commending and urging the Africa Leather and Leather Products Institute to tap into the industrial policy. As Africa emerges as an industrializing continent, Africans are determined to seize emerging opportunities to foster industrial development as an effective, socially responsible and sustainable means towards economic transformation.

This Long Term Strategic Plan of ALLPI, along with its Vision “To be Africa’s premier center of excellence for a competitive Leather sector in the global arena”, represents a critical statement of commitment to facilitate the development of the Africa Leather Value Chain in line with its specified mandate. More critically, the focus is to promote value addition, which would consequently generate jobs, higher incomes and have a wider multiplier effect to all the interdependent sectors in the region and beyond.

The implementation of the Strategy is premised on the Triple Helix collaborative approach. Thus the design, planning and implementation of activities at both the regional and national level would be informed by the interaction of the Public, Private and the Academia. An internal quarterly and external annually review mechanism is inbuilt in the strategy document, which makes it flexible and responsive to the changes that would be influencing the attainment of outputs, outcomes and impacts. In addition, the Institute will endeavour to put in place practical conditions for carrying out activities efficiently. Operations will be guided by the annual work programme which will be cognizant of the Council decisions and emerging issues that may necessitate adjusting the Strategy.

The Strategy was reviewed by a panel of experts drawn from the Public and Private Sectors from ALLPI Member States, ALLPI Professionals and International Trade Centre (ITC). The review process enhanced the strategic thrust and content of the document, in line with regional, continental and global dynamics of the leather value chain.

The implementation of the Long-Term Strategy (2016 – 2025), starts January 2016, with the meeting of the approval of the ALLPI Board of Directors and the COMESA Council of Ministers in 2015.

It is fundamental to note that the attainment of the given Vision would depend on the implementation of the Strategy with full participation of the ALLPI member States and other private sector Stakeholders. It is, therefore, important that the Institute should play a key role in stimulating the leather sector to benefit the Region.



Prof. Mwinyikione Mwinyihija  
Executive Director of ALLPI



## ACKNOWLEDGEMENT

The formulation of the present Strategy was championed by the ALLPI, and the preparation of this document benefited from inputs through broad-based stakeholders consultations and collaboration. Several consultation roundtable sessions were held with the ALLPI staff members, private and public sectors and development partners from January 2013 to August 2015.

The Institute would, therefore, like to acknowledge the remarkable technical and expertise contributions of the ALLPI “Strategy Formulation Ad hoc Committee” – (Dr. Tadesse H. Mamo, Prof. Mekonnen Hailemariam and Madam Tigist Hailegiorgis) led by Mr. Nicholas Mudungwe, Cluster Development Expert, who sincerely devoted their time and effort in the preparation of this living document.

Grateful recognition is also extended to all resource people from selected ALLPI member States and ITC who participated in the validation workshop and contributed their critical inputs without whom, this document would have been impossible. These were Eng. Suliman, Tannery owner Sudan, Eng. F. Gimoro, Principal Engineer, Uganda, Ministry of Trade, Industry Cooperatives; Mr. P. Viswamo, Cluster Coordinator, Zambia and Mr. Hernan Manson, Senior Officer, ITC. The contributions of all those who were involved in the process but not mentioned are greatly appreciated.

## EXECUTIVE SUMMARY

Africa Leather and Leather Products Institute (ALLPI) was chartered in 1990, with the endorsement of 17 COMESA Heads of State. LLPI's main mandate is to facilitate the development of the leather sector in the COMESA Region. The activities of the past five years were guided by a Medium Term Strategic Action Plan (2010-2015) which will expire on 31<sup>st</sup> December 2015. The new strategy (2016-2025) is meant to succeed the medium term strategy.

This Strategy is cognizant of the global dynamics and the mega trends that affect business in the leather and other sectors. These include a shift of Foreign Direct Investment (FDI) to Africa, the growing African and World population who can afford luxury and quality leather products and the customer requirements for the greening technologies that preserve the environment. Enterprises all over the world face market pressures and they must be able to compete if they are to survive and sustain business. A proven avenue for enterprises to survive the stiff competition and penetrate global markets, especially in the leather sector, is by working through clusters.

The main challenges that face the leather sector in the COMESA region are low value addition, weak intra-trade in the region, increased imports of second hand footwear, weak technical capacities in the value chain, inadequate suitable financing lines and the absence of a credible database for information. The ALLPI is faced with challenges that need to be addressed for it to deliver in line with its Mandate. Chief among these are inadequate staffing levels, lack of essential infrastructure for ICT and training, research and development, competition for resources with other sector players and late payment of subscription by Member States.

In order to position itself to overcome its challenges and deliver quality and adequate services to its member states, ALLPI carried out an extensive internal and external analyses of its operating environment, and managed to identify nine Key Strategic Objectives that would assist it to deliver on its Mandate for the period 2016-2025.

The ALLPI Vision is "To be Africa's premier center of excellence for a competitive Leather sector in the global arena".

The Mission aims at facilitating Member States and linking partners, enterprises and institutions for value addition, sustainability and competitiveness in the leather sector through Sharing of Knowledge and innovations.

The strategic interventions proposed in this Strategy will strengthen the capacity of ALLPI and the national leather sector institutions to deliver services effectively and efficiently. The ALLPI Strategy and associated support services will be delivered through an implementation framework named "Share, Adapt and Adopt" (SAA) which will be anchored on the Triple Helix approach. The implementation of this Strategy will support African countries and enterprises in the leather value chain to take advantage of participation in international and regional trade for job creation and sustainable economic growth in the leather and leather goods. In other words, the implementation of the SAA and the Triple Helix approaches will link institutions, knowledge and best practices while enhancing ALLPI and national institutions strengths so that they can jointly adapt and support private sector adoption, enterprise learning and



innovation, resulting in improved private-public governance and better competitiveness of the leather industry.

The nine objectives of the ALLPI Strategy include:

- To enhance ALLPI capacity to share best practices and strengthen value chain networks.
- To enhance value addition through Clusters/Incubators/Service Centers development;
- To facilitate and promote the strengthening of the continental leather value chain
- To build and operationalize a comprehensive production and trade database for the leather sector
- To build Member States' SAA institutional capability to deliver support services and policies
- Facilitate the development and implementation of occupational health and environmental management standards in the leather industry.
- Facilitate investment and resource Mobilization for ALLPI and the leather sector
- To promote Export of value-added leather products
- To enhance inclusiveness (includes participation of women, youth, and physically challenged) in the leather sector

The estimated budget outline to achieve the implementation of this Strategy is divided into three main components: Regular, Capital and Developmental, with a total sum of USD 50million for ten years; or approximately 5 million per year.

## ACRONYMS

ACTESA	Alliance for Commodity Trade in Eastern and Southern Africa
ALLPI Commission	Africa Leather and Leather Products Institute AUC Africa Union
BADEA	Arab Bank for economic Development for Africa
CCC	COMESA Competitive Commission
CIDA	Canada International Development Agency
CLRI	Central Leather Research Institute
COMESA	Common Market for Eastern and Southern Africa
COMSEC	Commonwealth Secretariat
DFID	Department of Foreign and International Development
EAC	East African Community
EU	European Union
EU-NTB	European Union – Non Tariff Barriers
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FEMCOM	Federation of National Associations of Women in Business in Common Market for Eastern and Southern Africa
FTA	Free Trade Area
GVC	Global Value Chain
ICT	Information and Communication Technology
ITC	International Trade Centre
LIDI	Leather Industries Development Institute of Ethiopia
M&E	Monitoring and Evaluation
MNC	Multinational Companies
MoU	Memorandum of Understanding
MS	Member States
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PTA BANK	Preferential Trade Area Bank
RISM	Regional Integration Support Mechanism
RISP	Regional Integration Support Program
RVC	Regional Value Chain
SAA	Share, Adapt, Adopt
SADC	Southern Africa Development Community
SDGs	Strategic Development Goals

SME	Small and Medium Enterprises
SWOT	Strengths Weaknesses Opportunities and Threats
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organization
UNOPS	United Nations Organization on Programs Services
USA	United States of America
USAID	United States of America International Development
USD	United States Dollar

## Chapter I: Background and Context Setting

The geopolitics, economics and social developments in Africa are under the influence of the globalization phenomenon that has shrunk the World into a global village. This process is being supported on the African continent by deliberate integration programs that have led to the establishment of several Regional Economic Communities (RECs). The formation of Regional Economic Communities (RECs) is seen as a precursor to the establishment of an African Continental Free Trade Area (ACFTA), in line with the Abuja Treaty. The Treaty establishing the African Economic Community or the Abuja Treaty of 1991 proposes to create a single market in Africa through 6 progressive and incremental stages over a period of 34 years.

In line with the Abuja Treaty, COMESA, EAC and SADC launched the Tripartite Free Trade Area (TFTA) in 2015. The COMESA-EAC-SADC Tripartite FTA is composed of 26 countries or 48% of the membership of the African Union (AU), 51% of its Gross Domestic Product (US\$624 billion) and 56% of its population (572 million people). It is thus an important economic powerhouse of the African Continent. Intra trade at individual REC level have grown in the period 2009 to 2013; it has more than doubled in SADC, followed by COMESA that registered a growth of 78%. The combined intra trade of the three RECs shot up from US\$56 billion in 2009 to US\$111 billion, which translates to a growth of 98.5% in four years. It is imperative to note that in all the three RECs, their trade with the Rest of the World is far greater than their intra trade, for instance in 2009, intra trade as a ratio of trade with the Rest of the World stood at 6%, 2% and 21% for COMESA, EAC and SADC respectively. This ratio improved by one and five percentage points for COMESA and SADC in the period 2009 and 2013, however remained stagnant for EAC. The improvement maybe attributed to improved trade facilitation and elimination of duties for originating products.

The developments summarized above are set to influence institutions operating in any of the three RECs, with respects to the widening of geographical coverage and the stakeholders they are to service. The ALLPI is not an exception to this. Thus, it is imperative that the ALLPI gears up its operations in tandem with the Continental Integration Agenda.

### **Africa Leather and Leather Products Institute (ALLPI)**

Africa Leather and Leather Products Institute (ALLPI) then COMESA/LLPI was chartered in 1990, with the endorsement of 17 COMESA Heads of State. ALLPI's main Mandate is to support the development of the leather sector in the COMESA Region. Over the years the Institution has created strong strategic linkages with Public, Academia and Private Sector Institutions in member countries. In addition to this, ALLPI has signed several Memoranda of Understanding (MoUs) with global institutions, in its pursuit to improve competitiveness of the leather sector in Africa in line with global dynamics.

ALLPI is headquartered in Addis Ababa, Ethiopia; and its membership encompasses ten COMESA member countries, namely; Burundi, Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Uganda, Sudan, Zambia and Zimbabwe. However, in recent years ALLPI has extended its activities to cover DR Congo, Mauritius, Madagascar and Swaziland. The Institute has also plans to expand its operations to Egypt. The location of its office is strategic, as Addis Ababa is the capital city of Africa, where the African Union and other International Development Partners are located. Furthermore, Addis Ababa is the African gateway to any global

destination, which makes ALLPI highly accessible and convenient for the regional and international partners and clients.

### **Conceptualization**

There is growing recognition that many problems in design and implementation of social, human and economic development policies as well as value chain development and economic growth promotion are complex. and, therefore, they also need to be addressed based on complex thinking theory (Rihani, 2005, Beinhocker, 2006). *Complexity* implies that design and implementation must deal with understanding and identification of interdependent problems and actors, navigating nonlinear and unpredictable change processes and including all the affected stakeholders (Jones, 2011).

The capacity to solve complex policy problems is often distributed among actors and poses a challenge for those involved in policymaking and implementation processes. As such, they require flexibility, agent capacity to adapt and work through a governance framework allowing for joint exploration and experimentation of solutions by the interdependent actors at different levels (Manson and Lopez, 2014).

Considering policy design and implementation processes, several authors have considered that this can no longer be viewed as the implementation of ex-ante formulated goals at a top level but must be seen as a result of an interaction process in which interdependent actors -at different levels- exchange information about problems, preferences, means and trade-off (or negotiate) goals and resources (Kickert, et al.; 1997, Schroeder, 2001, Bourgon, 2011). Most importantly, factor the interests, needs and knowledge of beneficiary or target groups and change the way in which knowledge is generated and linked to decision making by fostering negotiation and exploration of problems and solutions between actors at multiple interlinked value chain levels in response to problems that manifest themselves simultaneously, both for policy design and implementation (Bourgon, 2011).

The strategy development process and the proposed role for ALLPI equally responds to the concepts of new – or bridging- institutions for development introduced by several authors (McDermott, 2007, Doner, 2009). The logic of the concept is to encompass public-private partnership, dubbed as the Triple Helix Approach (Minyiwijija, 2014). The role of bridging institutions is to provide inclusive governance rules for experimentation, exploration of problem-solving capacities, coordination and prioritization of existing efforts and resources (Manson and Lopez 2014). ALLPI adopts this concept approach for the purpose of integrating vertical and horizontal dimensions of conceptualization of strategy design, implementation, monitoring and evaluation.

### **ALLPI Mandate**

The Mandate of ALLPI is defined in its Charter and complimented by the COMESA Treaty, COMESA Summit Decisions, Council of Ministers Directives, COMESA Secretariat Strategy, COMESA Regional Leather Value Chain Strategy, Member States Leather Value Chain Strategies, Public and Private Sector Stakeholder's and Academia inputs through the Regional Core Team, Triple Helix and SME Technical Committee platforms, among others. In Table 1, the key parameters of the scope of ALLPI Mandate are summarized and categorized by source.

**Table 1: ALLPI Mandate**

<b>Source Documents</b>	<b>Scope of Mandate</b>
COMESA Treaty Article 99	Chapter 12, of the COMESA Treaty recognizes the importance of cooperation at regional level in the area of industrial development. This provision mandates the Secretariat and its Specialised organs to initiate programs that are aimed at improving the competitiveness of the industrial sector as a mechanism of enhancing the intra-regional trade in manufactured products
COMESA Treaty Article 174, 175	Chapter 33, which recognizes the role of existing institutions and agreements therein. This covers article 174, which describes the continents in force of certain institutions and agreements. It also describes article 175 enumerating the relation between the institutions of the common market and the common market
ALLPI Charter	The Mandate of ALLPI, is defined in Article 4 of the Charter, which reads "The Objectives of the ALLPI are: <ul style="list-style-type: none"> <li>a. Promote cooperation among ALLPI members in the training of personnel for the leather industry at various levels of the leather value chain;</li> <li>b. Advance research and development activities of the leather value chain;</li> <li>c. Promote the transfer of technology and new leather and leather products designs;</li> <li>d. Enhance investment, value addition and trade competitiveness throughout the leather value chain.</li> <li>e. Collect and disseminate information on leather industry at various levels of the leather value chain in the sub-region and globally;</li> <li>f. Provide consultancy and extension services in the Sub-region for the leather industry;</li> <li>g. Facilitate other activities in the area of leather and leather products as are in conformity with the COMESA Treaty and Protocol;</li> <li>h. Promote regional integration and cross-cutting issues such as gender equality, SMEs and cluster development, and environment pollution.</li> </ul>
Summit Decisions – Communique	The Summit Decision in DRC, was that ALLPI must support Member States in Strategies and Policy Development towards leather development
Council of Ministers Meeting Reports	<ul style="list-style-type: none"> <li>• Same as above</li> <li>• Addis Ababa, Summit:ALLPI was mandated to extend the influence of the COMESA leather value chain across the region.</li> </ul>
COMESA Mid Term Strategy	Facilitate the strengthening of the COMESA regional value chain
COMESA Regional Leather Value Chain Strategy	COMESA stakeholders resolved that the region must move away from production and export of raw materials towards the manufacture and commercialization of value added products. The following 4 Objectives contribute to the attainment of this Vision: <ul style="list-style-type: none"> <li>• Improving access to affordable finance;</li> <li>• Creating enabling policy and legal environment and strengthen institutional framework;</li> <li>• Facilitating the improvement of overall quality; and</li> <li>• Improving information and marketing systems</li> </ul>
Member States Leather Value Chain Strategies	Main focus of Member States Strategies is to support the production and export of value added products in an environmentally sustainable and competitive manner.
SDGs	The Strategy places on the centre of its implementation action oriented activities, which leads to sustainable development of the leather sector. This is in line with the key parameters of SDGs
Africa Union Commission (AUC) – Agenda 2063 Document	ALLPI draws scope from the document in relation to chapter 4 (2), which discusses agenda 2063, dealing with goals, priority areas and strategies, in particular addressing shoals 1, 2, 5, 6, 7 and 14.

## Maximizing the Benefits of SMEs in Member States in Global Value Chains

The growth of trade between large groups and within Global and Regional Value Chains (GVC's and RVC's) has increased dramatically over the last decades, now representing upto 80% of what is traded globally. Although there are different and in some cases contradictory views of the link between GVC and social/economic upgrading, more and more countries and Development Organizations are using GVC as a tool for structuring development interventions.

Manufacturing links within Global Value Chains require high value services. Manufacturing's role is changing and the way it contributes to the economy shifts as nations mature. In today's advanced economies, manufacturing promotes innovation, productivity, and trade more than growth and employment. In these countries, manufacturing also has begun to consume more services and to rely more heavily on them to operate. The manufacturing sector is also evolving in ways that make the traditional view (that manufacturing and services are completely separate and fundamentally different sectors) outdated. Service inputs (everything from logistics to advertising) make up an increasing amount of manufacturing activity. This is the increasing *servicification* of the traditional manufacturing value chain and is transforming how organisations approach the concept of 'industrialisation'. In the same vein the growth in value addition in the COMESA leather value chain would stimulate the growth of the service sector.

SMEs in all countries are facing market pressures and must be able to compete if they are to survive in the long term (competitive pressures affecting SMEs can be related to open or closed markets, globalization, and barriers that SMEs face in markets, not only tariff but more related to standards, knowledge and requirements). Statistics show that the vast majority of SMEs actually fail, hence, there is a need for ALLPI and support institutions to play a part in increasing the survival and adaptation rate of start-ups. Competing refers to both international markets - exporting successfully- as well as domestic and regional markets –both competing against imports and locally..SMEs penetrate global markets by

- i) Exporting through clusters (with other SMEs)
- ii) ii) Through selected global buyers in value chains (GVCs) and
- iii) iii) Exporting directly or indirectly.

In that sense, SMEs need to exploit the opportunities offered by clusters and by GVC which represent opportunities for penetrating markets and learning (diffusion of information and knowledge through different type of linkages).

Being competitive, (i.e.: quality, price, productivity, and return on investment) is not enough, there are differences in rents and there are barriers to entry. As an SME it is critical to enter – or move towards- the stages of production of value chain that give the most rent (or Value). One way to do so is upgrading (product, process, function, sector/chain) but this requires learning capabilities, knowledge and technology transfer and skills upgrading and to be able to exploit current opportunities while exploring new ones.

The relative performance and success of enterprises in trade is, therefore requires continuous upgrading and innovation of capacities and capabilities by enterprises if competitiveness (and rents) is to be sustained and increased over time. Performance of the enterprise depends on internal factors and external factors.the particular interest are the following three elements:

- i) The type of relationship/linkages with other enterprises at vertical and horizontal levels

- ii) ii) The enabling environment and the governance rules for support institutions and
- iii) iii) The national and regional policies (including investment, regulations, facilitation and socio-economic development) and the macroeconomic context.

In summary, the capacity by firms and value chains to upgrade, innovate and learn is a key determinant and is based on the knowledge and evolutionary theories of the firm. **These theories show that SMEs generally penetrate global markets by working through clusters (with other SMEs) or through Global Value Chains (vertical linkages with suppliers and buyers). Competitiveness requires innovation/upgrading which requires learning.** Learning capabilities will also depend on how enterprises organize themselves and on how they penetrate global markets (cluster/value chain) and most importantly on the networks/connectivity level. Innovation also requires market-based and non-market-based coordination and support as well as upgrading and innovation by support institutions themselves. All of this is situated in the enabling regulatory and business environment within which the SMEs operate.

### Mega Global Trends

The globalization process and its impact on the leather industry, is currently associated with the following Mega Trends:

- The World is moving towards cleaner and greener leather:
  - Private or voluntary standards are ahead of regulation and require a clean industry and products;
  - Moving beyond compliance; responding to consumer's choice: Environment is paramount
- The World's population is growing fast (in 2050, 9.7 billion people, UN, 2013<sup>1</sup>), and more people will have access to increased purchasing power and will aspire to:
  - Have a better life which increasingly means making their own choices and customizing what they consume, what they consider good quality products and lifestyle and how they live a better life;
  - Consume more meat (more hides and skins available);
  - Middle class will be buying more refined and expensive fashion and goods: leather shoes, bags, clothes, etc.
- Towards the emergence and usage of luxury in fashion (shoes, bags, clothes etc): Global brands are expanding and shift emphasis from the rich-exclusive consumer to the emerging consumer. The exclusive consumer and the emerging consumer will shift away from global brands towards customized 'made to order' goods that can either be:

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<sup>1</sup> UNDP Report on Population Growth, June, 2013: <http://esa.un.org/undp/www/index.htm> consulted on August 28th 2015.



- Expensive and exclusive: artisanal and have the highest quality;
  - Affordable and available: good quality and design at cheap price.
- Africa's internet penetration today is 27% of its total population and the Rest of the World is 42%<sup>2</sup>. It is expected that as population grows, significant amount of new consumers will have access to internet in the emerging markets. Online retailing and social media platforms are growing fast in the USA, EU and Africa. This implies an opportunity for COMESA leather and leather goods manufacturers to link, brand and sell directly through e-commerce, m-commerce, social media sales and online retailers.

## Importance of the Leather Value Chain

### Global Level

Broadly, the leather value chain has four main stages, pre-slaughter, peri-slaughter, post-slaughter and leather/ leather goods production of footwear and other leather products<sup>3</sup>. The market structure at the various levels of the value chain is varied depending on the characteristics and attributes and the elasticity of the product in question. The production of hides and skins is independent of the dynamics in the leather supply chain, the volumes and quantities produced are greatly influenced by circumstances prevailing in the meat and dairy sector. Thus a change in the price of hides and skins on the market does not impact on the quantities, which would be produced, thus their supply is perfectly inelastic. On the other end of the market, the demand of hides and skins is influenced by the dynamics in the footwear and leather products markets. An increase in the demand of leather products, would in turn result in an increase in the demand of leather, hence the demand of leather is relatively elastic, which implies that the demand of hides and skins is derived demand, as they respond to activities downstream.

The leather value chain globally is estimated at more than US\$ 100 billion.<sup>4</sup> This may, however, be an understatement as the finished leather which is used in upholstery for automobiles and household furniture cannot be easily ascertained in trade figures and the value it adds to the prices of vehicles and furniture. In addition to this, sports footwear, which is made of a combination of leather and canvas, may not be currently included in the USD 100 billion. The sector has generated thousands of jobs especially in the production of leather goods and footwear. It is estimated that approximately 500,000 jobs could be created in the COMESA region if the sector operates at its optimum potential.

A comparison of this value chain with other commodities reveals that its global trade value is greater than the combined trade of meat, sugar, coffee and tea; see Figure 1. 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

<sup>2</sup> Internet world stats; [www.internetworldstats.com](http://www.internetworldstats.com); consulted on 28<sup>th</sup> August 2015.

<sup>3</sup> Mwinyihija 2014: Evaluation of Africa's critical demographical trends in the leather sector development and integration of novel participatory Triple Helix Approach, Vol. 3 (3), International Journal of Management, pages 6-14,

<sup>4</sup> Mwinyihija and Quisenberry 2013: Review of the challenges towards value addition of the leather sector in Africa-Global advance research journal of management and business studies, Vol. 2 (11)- 518-528 and FAO 2012

retarded its growth, as it has not attracted the desired policy and financial support from Central Governments and other relevant stakeholders.

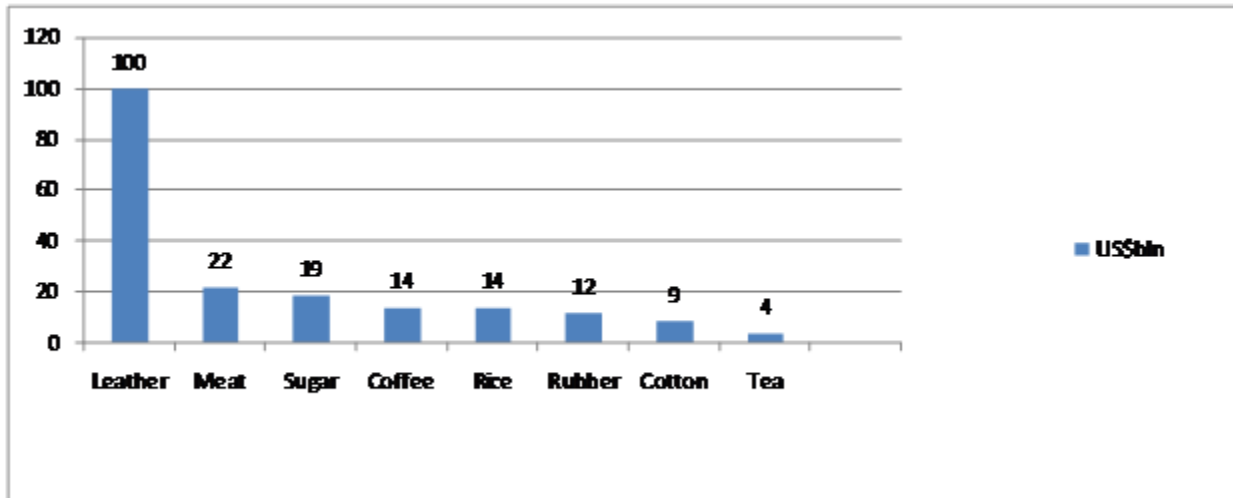


Figure 1: Global Importance of the Leather Value Chain

Source: Computed within ALLPI reports and FAO 2012

Hides and skins production is a function of the livestock size, slaughter rates, meat consumption and economic growth among other factors. The pattern of this relationship is stepwise; for instance the number of animals slaughtered is a function of meat consumption, which is in turn influenced by economic performance. The production of hides and skins from the developing countries has been in an upward trend from 2004 up to 2013, and this growth is projected to continue in 2014 and 2015, given the robust economic growth figures, which have been registered in the Emerging and Developing Economies. This is mainly because high meat consumption is associated with economic growth, which stimulates the slaughtering of livestock. On the other hand hides and skins production from the Developed Countries, have declined to below 2,500 thousand tones from 2008 to 2012<sup>5</sup> and have continued to recede gradually, this could be attributed to declining consumption of red meat, loss in the supply chain. It is, however, fundamental to note that the total global production of hides and skins would continue to rise, as growth in Developing Countries is accelerating faster than the rate of deceleration in Developed Countries.

The global trade in the leather value chain grew over the period 1993 to 2011; the growth pattern for each product category is summarized in Figure 2. The figure illustrates that there was a positive relationship between the level of valued added and the growth in trade. Thus, it is imperative that African countries should target to enter the value chain in segments, showing a higher level of growth, which in this case are value added segments of the chain.

<sup>5</sup> FAO Compendium

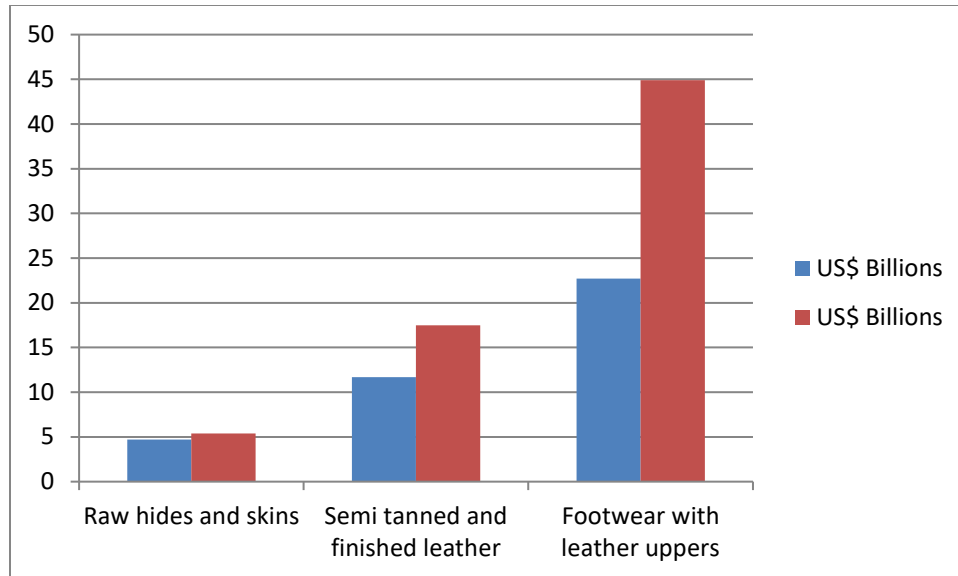


Figure 2: Global Dynamics in the Trade of the Leather Value Chain

### COMESA Situation

COMESA is a regional economic grouping, whose main objective is to promote economic growth and development through regional integration. It is composed of 19 African countries, which approximately 11% and 56% of livestock globally and in Africa respectively; however, its contribution to the global trade is estimated at a paltry 3%. This is attributed to a number of factors ranging from pre<sup>6</sup>-, peri<sup>7</sup>- and post<sup>8</sup>-slaughter challenges and limited or no value addition to hides and skins produced in the region.

The collection ratio of hides and skins is estimated to be below 50% in many COMESA countries because slaughter is not centralized and also seldom low prices offered discourage collection of hides and skins that are produced in remote parts of the countries. Peri-slaughter defects have increased because most slaughter facilities' fees are based on the number of animals slaughtered rather than the quality of hides, as the core suppliers of livestock are in the meat business, and also do not pay for the raw hides at the time of livestock purchase. The income generated from the sale of hides and skins, is equal to gross profit because hides and skins are excluded in the price of livestock.

Low value addition in the COMESA region has impacted negatively on the returns from global trade. The COMESA countries are part of the global value chain, however their earnings from the chain is undermined because of their point of entry into the chain. Their production of raw hides and skins has been growing and consequently employment at those levels, however their returns have not been in tandem. This is in line with Kaplinsky's (2000) argument when he stated that "the consequence of the failure of individual firms, groups of firms and national economies to insert themselves appropriately into the global markets is that the specter is

<sup>6</sup> Pre-slaughter defects – any damage caused by different factors like poor management genetic make-up, disease and nutrition etc.

<sup>7</sup> Peri-slaughter defects: any defect that occur by several reasons, like failure to rest animals for certain period of times before killing, incomplete bleeding poor flaying of hides and skins.

<sup>8</sup> Post-slaughter defects- groups of defects that take place after the hides/skins are flayed and include poor curing, poor handling, improper storage and poor tanning process

raised of immiserating growth; this describes a situation where there is increasing economic activity but falling economic returns”. Figure 3 below illustrates the inverse relationship between the relative significance of the COMESA region in the global value chain, as it progresses downstream. Note that the illustration in the figure below relates only to bovine animals and bovine light leather and footwear. The illustrated situation is a true reflection of what leather proportion is obtained with regards to other types of hides and skins.

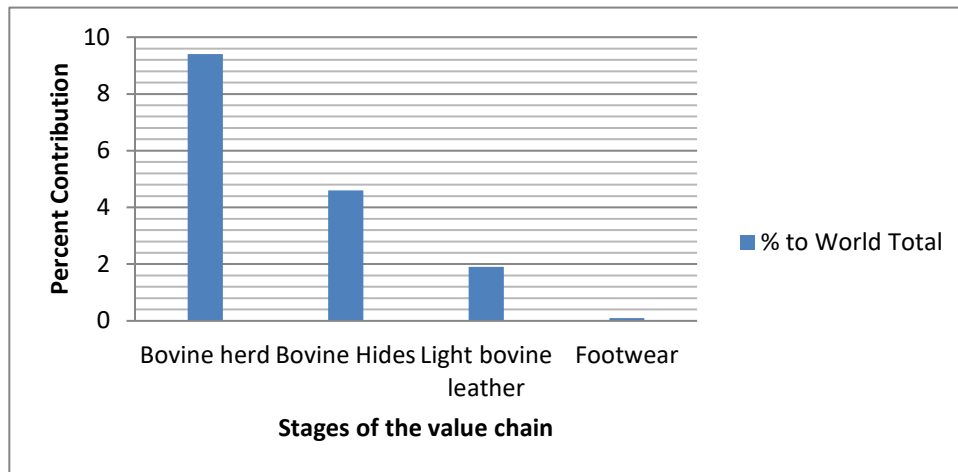


Figure 3: Stages of the Value Chain

The limited importance of COMESA in producing value added products, has a significant opportunity cost with regard to incomes and employment creation in the region. The continuous export of raw hides and skins implies a loss of wealth and jobs, which could have been generated in the region. It is fundamental that drastic measures should be taken to transform this industry in the COMESA region; already there are noticeable improvements in the past 10 years in Ethiopia. In addition, Kenya and Uganda have improved their export earnings and investments through a deliberate export restriction regime on hides and skins.

### Market Size of Footwear in the COMESA Region

Based on the estimated footwear per capita of 1.1 the COMESA region’s market size of footwear is estimated at 450 million pairs of shoes per annum. Assuming all these pairs of shoes are produced in the COMESA region, approximately 450,000 shop level jobs would be created, which would trigger demand in the finished leather, soles, glue and other accessories, consequently creating more indirect jobs.

In 2014, footwear worth US\$ 1 billion was imported into the COMESA region from the Rest of the World and this translates<sup>9</sup> to approximately 100 million pairs of shoes. The total market demand is 450 million pairs against a supply of 156 million pairs (imports plus regional production). The estimated market gap is 294 million pairs, per annum. There is a big market opportunity for SMEs to penetrate the market, with limited competition from locally established firms and also from imports.

Table 3 illustrates the sharp growth in footwear imports from the rest of the World, as opposed to stagnant growth in intra trade in the COMESA region. China’s contribution to COMESA’s footwear imports bill rose from US\$ 241 million to US\$ 767 million dollars in 2009 and 2014

<sup>9</sup> Assuming that the import prices range between US\$10 – 15

respectively. Its relative importance in the COMESA market has grown from contributing 61% to 72% of the COMESA footwear import bill in the same period. On the contrary intra trade in footwear in the COMESA region has retreated from 6.8% to 2.2%. The impact of China in the COMESA market is visible, however, many SMEs and consumers rate the quality and durability of Chinese products, as below market expectation, however, these shoes are lowly priced. It is, therefore, imperative that the SMEs should aim to produce quality, durable and competitively priced products, to ward off competition from China.

**Table 2: COMESA Imports of Footwear**

<b>Imports (US\$000's)</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Rest of the World	391,670.00	549,404.00	588,106.00	-	910,204.00	1,061,081.00
China	241,136.00	338,376.00	400,945.00	629,902.00	608,656.00	767,896.00
Intra COMESA	26,663.00	36,607.00	50,252.00	33,415.00	41,092.00	29,944.00
% of Intra COMESA	6.81	6.66	8.54	-	4.51.00	2.82.00
% of Imports from China	61.60	61.60	68.20	-	66.90	72.40

Source: Trade Map

### Imports of Leather by COMESA Countries

COMESA imported finished leather worth US\$ 41 million from the Rest of the World, from a base of US\$ 31 million dollars in 2009. The growth in leather imports has been very slow in comparison to footwear imports, which have reached US\$ 1 billion in 2014, from US\$ 391 million in 2009. Footwear imports have more than doubled, whereas finished leather has gone up by 25%. This is a reflection that COMESA footwear and leather goods production segment is not growing in tandem with the rising demand. The slow growth was attributed to a plethora of constraints that are being faced by SMEs. Table 3 summarises footwear imports by the COMESA from the Rest of the World and intra trade.

**Table 3: COMESA Imports of Finished Leather**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Rest of the World	31,675.00	53,594.00	47,806.00	-	59,565.00	41,266.00
Intra Imports	4,769.00	10,238.00	13,389.00	6,435.00	17,070.00	7,008.00
Intra/World (%)	15.10	19.10	28.00	-	28.70	17.00

Source: Trade Map

### Summary

Chapter 1 has set the context in which the ALLPI operates the dynamics in the leather sector regionally and globally. The key emerging issues are as follows:

- There is a political support at the highest level to support the development of the leather value chain in the COMESA region;

- The region has a huge potential from both the supply and demand side, however continuous export of low value added commodities was impacting negatively on its importance in global trade, employment creation and foreign currency earnings;
- The sector should respond to global mega trends, to ensure a competitive entry into the global value chain.

In the next Chapter both internal and external analysis will be presented as a precursor to identify strategic intervention areas.

## CHAPTER II: EXTERNAL AND INTERNAL ANALYSIS

The bedrock of any successful strategic plan is a holistic consideration of strengths and weaknesses : opportunities and weakness I of an organization. In other words, external and internal analyses of an organization are the cornerstones of gauging and identifying key strategic interventions. These should be undertaken by an organization for it to deliver on its Mandate in line with the demands and expectations of its Stakeholders. A battery of tools was employed to analyze ALLPI external and internal situation namely; PESTEL, Stakeholders Analysis, Simple Systems Analysis and SWOT Analysis.

### External Analysis (PESTEL)

The Political, Economic, Social, Technological, Environmental and Legal (PESTEL) analysis posits how the governance, economic, social and political, environmental and technological dynamics prevailing has a bearing on the performance of ALLPI. ALLPI operates in an environment that is influenced by Summit decisions among other institutions in the COMESA family, Member States, the dynamics of economics, social and technological in the region and globally. ALLPI PESTEL is summarized in Table 4.

**Table 4: Aspects of PESTEL bearing on ALLPI**

<b>PESTEL Dimensions</b>	<b>Consequences of Failing to Respond</b>
<b>Political</b>	
<ul style="list-style-type: none"> <li>• Mandate clearly designed in the Charter;</li> <li>• Regional policy towards value addition</li> <li>• Promotion of intra trade</li> <li>• Policy towards the privatization of the leather sector</li> <li>• Tripartite Launch</li> </ul>	<ul style="list-style-type: none"> <li>• Decline in resource support;</li> <li>• ALLPI loses relevance</li> <li>• Retrogressed leather development;</li> <li>• Other international/regional 22rganizations with a wider geographical appeal may push out ALLPI outside the market.</li> </ul>
<b>Economic</b>	
<ul style="list-style-type: none"> <li>• Rapid economic growth in the region;</li> <li>• Increased competition from imports</li> <li>• Unexplored opportunities</li> <li>• Rising incomes</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to meet footwear demand</li> <li>• Decline of production in the region in face of external competition</li> <li>• People will continue to import foreign products</li> </ul>
<b>Social</b>	
<ul style="list-style-type: none"> <li>• Population growth;</li> <li>• Increased consumption of new synthetic products</li> <li>• Prominence of youth and gender</li> </ul>	<ul style="list-style-type: none"> <li>• Increased demand of footwear in the region;</li> <li>• Decline in consumption of new footwear</li> <li>• Loss of empowerment towards youth and gender parity</li> </ul>
<b>Technological</b>	
<ul style="list-style-type: none"> <li>• Rapid expansion in productivity in China and other countries;</li> <li>• Rapid growth in environmental friendly technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Decline in the consumption of locally and regionally produced footwear;</li> <li>• Decline in demand of locally produced leather products globally, if the region fails to upgrade new technologies.</li> <li>• Adaption of absolute technology</li> </ul>
<b>Environment</b>	
<ul style="list-style-type: none"> <li>• Increasing environmental demands such as REACH</li> <li>• Climate Change</li> <li>• Waste disposal laws;</li> <li>• Environmental Protection laws</li> </ul>	<ul style="list-style-type: none"> <li>• Exclusion of material produced in the COMESA region;</li> <li>• ALLPI may lose relevance if it fails to support the leather value chain meet national, regional and global environmental demands</li> </ul>

<b>Legal</b>	
Health and safety regulations	<ul style="list-style-type: none"> <li>• Failure to assist companies meet this requirement may impact negatively on the prominence of LLPI in the region, as health and safety is becoming a prominent international marketing tool.</li> </ul>

### Internal Environmental Assessment

The internal assessment of ALLPI was based on three fundamental tools, namely: Stakeholder Analysis, Simple Systems Analysis, and SWOT Analysis. More than one process was used as mechanism, specifically to ensure a holistic approach to take into account all the aspects and dimensions that are fundamental in the identification of strengths and weaknesses of ALLPI.

### Stakeholder Analyses

A Stakeholder is anybody who can affect or is affected by an organization, strategy or project. They can be internal or external and they can be at senior or junior levels. Some definitions suggest that stakeholders are those who have the power to impact an organization or project in some way. They may also include people who have a strong interest in the effort for academic, philosophical, or political reasons, even though they and their families, friends, and associates are not directly affected by it. Mitchel et al, 1997, categorize stakeholders for non-profit organizations into three, based on the following attributes: (1) the Stakeholder's power to influence the firm, (2) the legitimacy of the Stakeholder's relationship with the firm, and (3) the urgency of the Stakeholder's claim on the firm. Thus the decisions made by Stakeholders are usually made on the basis of the legitimacy of a Stakeholder's claim on the organizations combined with the amount of the power they possess.

### Stakeholders Identification and their Stake

Four aspects are taken into account in analyzing the ALLPI Stakeholders, that is: the stakeholders' position on ALLPI Mandate, the level of influence (power) they hold, the level of interest they have in the Mandate, and the group/coalition to which they belong or can reasonably be associated with.

The level of influence depends on the quantity and type of resources and power the Stakeholder can marshal to promote its position on the operations of ALLPI. The level of interest or salience is the priority and importance the Stakeholder attaches to the strategic direction being followed by ALLPI. Broadly, these attributes signal the capability the Stakeholder has to block or promote ALLPI's strategic direction, join with others to form a coalition of support or opposition to the same. Based on this framework of analysis, Table 5 lists the Stakeholders of ALLPI and the dimension and significance of their stake in ALLPI's Mandate and Strategic Direction.

The following are the key parameters that were used in classifying and assessing the influence of the Stakeholders:



**Table 5: Key Parameters used in Classifying and Assessing the Influence of Stakeholders**

Aspect(s)	Definition(s)	Comment(s)
Power and Leadership	<ul style="list-style-type: none"> <li>Power: Quantity of resources and ability to mobilize those resources for or against the mandate of ALLPI;</li> <li>Leadership: A willingness to initiate, convoke, or lead an action for or against the mandate</li> </ul>	The “importance” of Stakeholders is defined here as their ability to affect the implementation of the strategy. Since power and leadership are the characteristics that determine a Stakeholder’s ability to affect or block the implementation of activities. Thus, these two aspects are the most important in identifying and rating the significance of Stakeholders.
Stakeholder Knowledge about the Mandate of ALLPI	The Stakeholders’ level of knowledge related to the ALLPI mandate	It is useful for targeting a communication strategy for a specific group of stakeholders, namely those with the lowest knowledge of the policy
Stakeholder Interest	This is based on the stakeholder’s assessment of the net benefit of ALLPI delivering on its mandate.	This resources should be channeled towards convincing those stakeholders who view ALLPI’s delivery as resulting in net negative impact on the basis of a Cost Benefit Analysis (CBA)
Stakeholders Alliances	The potential for clustering by stakeholders for or against the delivery by ALLPI could be identified on the similarities of positions of Stakeholders on the bases of their position with regard to the first three aspects in this table.	The alliance information should be cross-referenced with the position data to identify those alliances that may be potential sources of support, as well as those that may work together to oppose the Mandate.

### Stakeholder Importance and Influence

On the basis of the above framework, ALLPI Stakeholders were identified and their strengths/importance assessed as presented in Table 7. The following key was used: L= low influence (score = 1); M = medium influence (score = 2); H = high influence (score = 3).

**Table 6: Level of Influence of Stakeholders on COMESA/LLPI’s Performance**

#	Stakeholder(s)	Power			Leadership			Knowledge			Interest			Alliance			Total
		L	M	H	L	M	H	L	M	H	L	M	H	L	M	H	
<b>COMESA Institutions</b>																	
1	Summit of Heads of State and Government			x			x		x			x			x	14	
2	Council of Ministers			x			x		x			x			x	14	
3	Budget and Finance Committee			x			x		x			x			x	14	
4	The Secretariat			x			x		x			x			x	14	
5	Trade Directorate	x			x			x			x				x	8	
6	Industry Directorate	x			x			x			x				x	8	
7	Gender Directorate	x			x			x			x				x	8	
8	RISP		x			x		x			x				x	10	
9	RISM		x			x		x			x				x	10	
10	ALLPI Board of Directors			x			x			x			x		x	15	
11	Member States of ALLPI			x			x			x			x		x	15	
<b>Triple Helix</b>																	
12	Regional Core Team	x				x				x			x			x	12
13	Regional SME Committee	x				x				x			x			x	12
14	Academia	x				x				x			x			x	12
15	National Leather Associations/Councils	x				x				x			x			x	12
<b>Sister Organizations</b>																	
16	FEMCOM	x				x				x			x			X	6

#	Stakeholder(s)	Power			Leadership			Knowledge			Interest			Alliance			Total
		L	M	H	L	M	H	L	M	H	L	M	H	L	M	H	
17	PTA Bank			x			x		x			x	X			12	
18	Competition Commission	x			x				x			x	X			6	
19	Investment Authority	x			x			x			x		X			5	
20	ACTESA	x			x			x			x		x			5	
21	COMESA Clearing House	x			x				x		x		x			6	
22	COMESA Court of Justice		x		x			x			x		x			6	
23	COMESA Monetary Union	x			x			x			x		x			5	
24	Tripartite	x			x			x			x		x			5	
<b>Development Partners</b>																	
25	ITC			x			x			x			x		x	14	
26	Arab Bank for Economic Development in Africa (BADEA)			x			x		x				x			12	
27	UNCTAD	x			x				x			x				7	
28	AU		x				X		x			x				9	
29	CIDA Canada		x				X		x			x			x	10	
30	Africa Development Bank	x			x				x			x			x	8	
31	FAO		x				X		x				x		x	11	
32	Commonwealth Secretariat		x				X		x				x		x	10	
33	UNIDO	x			x					x		x			x	9	
34	UNECA	x			x				x			x			x	5	
35	EU- NTB Facility		x				X		x			x			x	9	
36	UNOPS		x				X		x				x		x	11	
37	USAID	x			x				x			x			x	5	
38	DFID	x			x				x			x			x	5	
<b>Academic/Technical Institutions</b>																	
38	LIDI	x			x						x				x	11	
39	Makerere Business School	x			x				x			x			x	9	
40	Dedani Kimathi University	x			x				x			x			x	9	
41	Kartoum State University	x			x				x			x			x	9	
42	Ege University	x			x				x			x			x	9	
43	CLRI	x			x				x			x			x	9	
44	Natkl a. University of science and technology Zimbabwe																
45	Sudan technological university sudan																
46	Sudan technology University- Sudan																

### Stakeholders Criteria for the Performance of ALLPI

The use of performance measures crosses the boundaries of many sectors of industry. Fundamentally, organizations of all types, whether they are a manufacturer or a hospital or a library, seek ways to demonstrate quality or excellence and effectiveness (Harer and Cole: 2005). A stakeholder approach to performance measurement is advocated to facilitate a growing understanding of stakeholder issues and to obtain stakeholder feedback on the strategic choices the company makes. Neely and Adams (2002)<sup>10</sup>[\[1\]](#) use 'the stakeholder satisfaction perspective' in their five-faceted 'performance prism' linking strategy process and capability to *stakeholder contribution and satisfaction*. The key message here is that all organisations require certain things of their stakeholders and all organisations are responsible for delivering certain things to all of their stakeholders. According to Neely and Adams, the

following five perspectives and associated key questions can be used to guide the design of measurement systems:

- Stakeholder Satisfaction – who are the key stakeholders and what do they want and need?
- Strategies – what strategies do we have to put in place to satisfy the wants and needs of these key stakeholders?
- Processes – what critical processes do we require if we are to execute these strategies?
- Capabilities – what capabilities do we need to operate and enhance these processes?
- Stakeholder Contribution – what contributions do we require from our stakeholders if we are to maintain and develop these capabilities?

The above important questions would be addressed in the strategic issues identification and the strategy section. A matrix of key stakeholder needs and contributions is shown in Table 7.

**Table 7: Stakeholders Needs and Contribution**

Stakeholders	Stakeholders Needs and Satisfaction	Score of Importance	Stakeholder Contributions ALLPI Needs & Wants
ALLPI Board of Directors	Delivery of the ALLPI mandate in line with its strategy and annual work plan	15	<ul style="list-style-type: none"> <li>• Effective leadership and strategic direction;</li> <li>• Provision of resources</li> </ul>
Member States of ALLPI	Development of the leather value chain with regard to the following: <ul style="list-style-type: none"> <li>• Policy and strategy</li> <li>• Capacity building with regard to technical and entrepreneurship skills;</li> <li>• Improvement in quality and technical standards of leather and leather products;</li> <li>• Promotion of intra and inter trade;</li> <li>• Development of SMEs Clusters;</li> <li>• Facilitate the production and trade of value added products</li> </ul>	15	<ul style="list-style-type: none"> <li>• Timely payments of contributions;</li> <li>• Timely support in the implementation of activities at national level</li> </ul>
Summit	Implementation of Summit Decisions	14	<ul style="list-style-type: none"> <li>• Political leadership and resources availability;</li> <li>• Support at all Committee Meetings leading to Summit</li> </ul>
Council of Ministers	Implementation of Council of Ministers Directives	14	<ul style="list-style-type: none"> <li>• Political leadership and resources availability;</li> <li>• Support at all committee Meetings leading to Summit</li> </ul>
Budget and Finance Committee	Financial Management & Expenditure in line with the COMESA Financial Rules and Regulations	14	<ul style="list-style-type: none"> <li>• Rational decision making in line with the Mandate of ALLPI;</li> <li>• Recognition of the important role ALLPI is playing in supporting the development of the leather sector;</li> <li>• Facilitate the improvement in Membership contributions</li> </ul>
The Secretariat	Support the regional integration agenda, through strengthening the regional leather value chain	14	<ul style="list-style-type: none"> <li>• Technical leadership in the implementation of ALLPI's Mandate;</li> <li>• Resource mobilization;</li> </ul>
ITC	Contribute towards the attainment of ITC's Mission and Goals: <b>ITC's mission is to foster inclusive and sustainable growth and development through trade and international business development. Its Strategic goals are:</b> Strengthen the integration of the business sector of developing countries and economies in transition into the global economy; Improve the performance of trade and investment support institutions for the benefit of SMEs and Improve the international competitiveness of SMEs. In addition to this, facilitate the implementation of joint projects efficiently and effectively in line with the agreed parameters	14	Resource and technical support in the development and implementation of programs and projects
Regional Core Team	Check Harare Resolutions	12	Focused technical leadership and implementation of activities at country level
Regional SME Committee	Check Harare Resolutions	12	Focused technical leadership and implementation of activities at country level
Academia	Check Harare Resolutions	12	Focused technical leadership and implementation of

Stakeholders	Stakeholders Needs and Satisfaction	Score of Importance	Stakeholder Contributions ALLPI Needs & Wants
			activities at country level
National Leather Associations/Councils		12	
PTA Bank	<b>Contribute to the attainment of its mission, which reads:</b> To be at the forefront of extending development capital and services to advance regional growth and integration through customer focused and innovative financing instruments. In addition to this, facilitate the implementation of joint projects efficiently and effectively in line with the agreed parameters	12	Provision of the relevant financial support to capitalize SMEs and a revolving fund for SMEs
Arab Bank for Economic Development in Africa (BADEA)	Contribute towards the attainment of the Bank's Mandate, which is comprised of the following: participate in financing economic development in African countries; stimulate the contribution of Arab capital to African development; and help provide the technical assistance required for the development of Africa. In addition to this facilitate the implementation of joint projects efficiently and effectively in line with the agreed parameters	12	Provision of the relevant financial support to capitalize SMEs and a revolving fund
FAO	Contribute towards the attainment of FAO strategic objectives namely : <u>help eliminate hunger, food insecurity and malnutrition; make agriculture, forestry and fisheries more productive and sustainable; reduce rural poverty; enable inclusive and efficient agricultural and food systems and increase the resilience of livelihoods to threats and crises.</u> In addition to this facilitate the implementation of joint projects efficiently and effectively in line with the agreed parameters	11	Resource and technical support in the development and implementation of programs and projects
UNOPS	Implement activities, which contributes to the attainment of sustainable development goals.	11	Resource and technical support in the development and implementation of programs and projects
LIDI	Implement activities, which promotes the strengthening of the Ethiopian Leather Industry, such as capacity building, promotion of intra trade among others	11	Collaboration in training and also in the implementation of projects at national and regional level;
RISP	Implement activities that support the regional integration of the leather value chain.	10	
RISM	Implement projects, which ensure that countries recover from losses they incur in the implementation of trade lubrication activities under the COMESA integration agenda.	10	
CIDA Canada	Execute projects, which contribute to some of CIDA's 6 strategic priorities <sup>11</sup>	10	Financial resources to support the implementation of projects aimed at improving the performance of the leather value chain.
Commonwealth Secretariat	Commonwealth organisations are involved in diverse activities, from helping countries with trade negotiations to encouraging women's leadership, building the small business sector, supporting youth participation at all levels of society and providing experts to write laws - See more at:	10	Financial resources to support the implementation of projects aimed at improving the performance of the leather value chain.

<sup>11</sup><http://www.international.gc.ca/departement-ministere/priorities-priorites.aspx?lang=eng>

Stakeholders	Stakeholders Needs and Satisfaction	Score of Importance	Stakeholder Contributions ALLPI Needs & Wants
	<a href="http://thecommonwealth.org/our-work#sthash.qVQxXLFL.dpuf">http://thecommonwealth.org/our-work#sthash.qVQxXLFL.dpuf</a> . Thus LLPI in its work would seek to contribute to some of the focal areas of the Commonwealth Secretariat		
AU	Contribute to the attainment of agenda 2063, especially focusing in the areas focusing on economic development and growth.	9	
UNIDO	Contribute to inclusive and sustainable development	9	Resource and technical support in the development and implementation of programs and projects
EU- NTB Facility	Implement projects, which promotes intra and inter trade by dealing with issues that raises NTBs	9	Resource and technical support in the development and implementation of programs and projects
Makerere Business School	Collaborate to improve entrepreneurship in the COMESA region	9	Capacity building support in areas of entrepreneurship
Dedani Kimathi University	Collaborate to improve reverse engineering, incubation and innovation	9	Capacity building support in areas of entrepreneurship and technical production
Kartoum State University	Collaborate to improve reverse engineering	9	Capacity building support in areas of entrepreneurship and technical production
Ege University	Collaborate to improve reverse engineering	9	Research and development
CLRI	Collaborate to improve reverse engineering	9	Research and development
Trade Directorate	Work to contribute to the consolidation of the Market Pillar	8	Collaboration in the promotion of intra and inter trade of leather and leather products
Industry Directorate	Contribute to the implementation of the COMESA industrialization agenda	8	Collaboration in the development of the leather industry in the COMESA region
Gender Directorate	Mainstream gender in the development of the leader value chain in the COMESA region.	8	Gender mainstreaming in the development of the leather sector.
Africa Development Bank	Contribute to the attainment of ADB Mission and Strategy <sup>12</sup>	8	Resource and technical support in the development and implementation of programs and projects
UNCTAD	Partners with UNCTAD to deliver its mandate <sup>13</sup>	7	Resource and technical support in the development and implementation of programs and projects
FEMCOM		6	Gender mainstreaming of leather development activities
Competition Commission	Collaborate to improve the market space in the COMESA region	6	
Investment Authority	Collaborate to improve investment in the COMESA region	5	Promotion of investment in the region
ACTESA	Collaborate in the areas of common interest	5	Facilitate the marketing and trade of agriculture commodities
UNECA	Contribute to the attainment of sustainable goals	5	Resource and technical support in the development and implementation of programs and projects

<sup>12</sup><http://www.afdb.org/en/about-us/mission-strategy/>

<sup>13</sup><http://unctad.org/en/Pages/AboutUs.aspx>

<b>Stakeholders</b>	<b>Stakeholders Needs and Satisfaction</b>	<b>Score of Importance</b>	<b>Stakeholder Contributions ALLPI Needs &amp; Wants</b>
USAID	Contribute to the attainment of USAID Vision and Mission <sup>14</sup>	5	Resource and technical support in the development and implementation of programs and projects
DFID	Contribute to the attainment of DFID Mission	5	Resource and technical support in the development and implementation of programs and projects

Source: Adapted from Neely, A.; Adams, C.; Kennerley, M. (2002) The Performance Prism: The Scorecard for Measuring and Managing Business Success. London: Financial Times Prentice Hall.

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<sup>14</sup><https://www.usaid.gov/who-we-are/mission-vision-values>

## Simple System Model: 2010-2015

The Simple System Model looks at the logical relation between inputs (resources), process (current strategy) and performance (outputs). This is fundamental in that it is a statutory requirement that ALLPI should always account to its members on the utilization of the availed resources through its Board of Directors Meetings, Sub-Committee on Audit and Budgetary Matters Committee Meetings and the Council of Ministers Meetings.

The first section looks at the financial resource, which have been available to ALLPI in the past 5 years of the midterm strategy, which ran from 2010 to 2015. The regular budget grew 350% in the five years, from US\$ 398 thousand in 2010 to US\$ 1.4 million in 2015. Fund raising has also short up from US\$ 0.00 in 2010 to US\$ 723,000 in 2015. The growth in the later is mainly attributed to an aggressive strategy in designing fundraising proposals, which started in the second quarter of 2013. The first three years, were also associated with a low budget absorption ratios, with under-expenditure of above 10%. The lowest budget absorption rate was registered in 2012, when unspent resources were equivalent to 29% of the total regular budget. However the pattern changed dramatically in 2013 onwards, as illustrated in Figure 6.

**Table 8: Budget Performance**

Year	Categories	Budget	Actual	Variance %	Comment
2010	Regular	398,811.06	344,103.58	13.72	
	Fundraising				
2011	Regular	508,751.61	453,784.00	10.80	
	Fundraising				
2012	Regular	487,871.95	346,158.49	29.05	
	Fundraising	107,700.14	107,700.14	-	This is because the fund released is based on actual expenses.
2013	Regular	672,739.00	634,674.00	5.66	
	Fundraising	75,254.91	75,254.91	-	Fund released is based on actual expenses
2014	Regular	747,155.00	702,034.26	6.04	
	Fundraising	7,696.63	7,696.63	-	Fund released is based on actual expenses
2015	Regular	1,416,836.18	498,640.00	64.81	Out of this <b>COM\$ 662,150.10</b> is unsecured
	Fundraising	723,508.00	-	100.00	

The operations of ALLPI guided by the Mid Term Strategy, which ran from 2010 to 2015, and the summary of its performance ranged from capacity building, promotion of intra and inter trade development and fund raising. The performance per year is summarized in Table 9.

**Table 9: Summary of the Performance of ALLPI (2010-15)**

Strategic Objectives (SOs)	Performance	
	Targets	Comments
<b>SO1: Regional Human Resource Development</b>  Cooperation in the training of personnel for the leather industry at various levels promoted among LLPI member countries between 2013 -2015.	2000 stakeholders trained in husbandry practices, raw hides/skins handling and quality improvement in member countries by 2014.	Significant inroads were made in this area, however the target could not be reached because of resource constraints
	At least five study tours undertaken for various stakeholders by 2015.	Accomplished: <ul style="list-style-type: none"> <li>Italy and India buyers and sellers meeting under PACT II</li> <li>Benchmarking study tours India and Turkey</li> </ul>
	Five sensitization/ awareness raising seminars held by 2015	Accomplished
<b>SO2: Material and Technology Development</b>	30% of existing manufacturers in the leather processing factories (tanneries)	Underperformed in this section



Strategic Objectives (SOs)	Performance	
	Targets	Comments
To promote research and development, technology transfer and collaboration with relevant premier institutions across the value chain	sensitized on improved manufacturing technology and work methods	
	20% increase in trained manpower who can manage the commercial & manufacturing processes to international standards	
<b>SO1: <u>Investment and Trade Development</u></b>  Enhance investment and trade competitiveness throughout the leather value chain.	Number of Country Product Matrix prepared.	Significant inroads were made in promoting the following:  <ul style="list-style-type: none"> <li>• Intra trade through participation in Trade Fairs across the region;</li> <li>• Value Addition Agenda: Has seen most countries imposing export taxes and there is massive investment taking place in the region</li> </ul>
	No. of SMEs in selected member countries with information on overseas markets demand & access	
	No. of stakeholders participating in national, regional and international trade fairs.	
	No of strategic alliances created between local and foreign companies.	
<b>SO1: <u>Information Collection and Dissemination</u></b>  Disseminate information on value addition activities.	An information database/ website for the leather sector established at ALLPI	<ul style="list-style-type: none"> <li>• Significant inroads have been made, the number of hits has grown astronomically;</li> <li>• Quarterly newsletter;</li> <li>• Leather journal</li> </ul>
	No of stakeholders accessing the database	
<b>SO1: <u>Consultancy and Extension Services</u></b>  Strengthen ALLPI institutional capacity to deliver quality service and consultancy.	No of staff in position compared to proposed structure	More needs to be done this objective
	% of ALLPI offices with adequate office and relevant information technology facilities.	
	No of specialized courses undertaken by ALLPI staff.	
	Value of budgetary and extra budgetary resources mobilized to support programme implementation.	
<b>SO1: <u>Regional Integration Agenda</u></b>  Cross cutting (Gender parity, youth empowerment, livestock and hides/skins diseases, environmental management, HIV/AIDs) are mainstreamed in all LLPI activities in member countries	No of women involved in LLPI programmes	Significant inroads were made in this area
	No of programmes targeting women only	

## SWOT Analysis

An assessment of Strengths, Weaknesses, Opportunities and Threats (SWOT) is not a new framework in strategy formulation. The identification of (SWOT) is very important because every effective strategy will build on strengths and take advantage of opportunities, while it overcomes or minimizes weaknesses and threats. Although SWOT is familiar to most people and can be used to quickly organize information, it has limitations: it does not prioritize issues; it is static and does not demonstrate causality; and it does not explain what causes the weaknesses. However its strengths are that it assists in laying bare the fundamental issues that should be addressed in a particular moment. The SWOT Analysis of ALLPI is presented in Table 10.

**Table 10: SWOT Analysis of COMESA/LLPI**

	<b>Strengths</b>	<b>Weaknesses</b>
<b>Internal</b>	<ul style="list-style-type: none"> <li>• Its operations are mandated by Heads of States of COMESA;</li> <li>• Core budget funded annually through subscriptions;</li> <li>• Robust Leadership and ,management;</li> <li>• Strong operation network through focal points in line Ministries;</li> <li>• Improved financial situation;</li> <li>• Cost effectives in the delivery of services;</li> <li>• Improved image and reputation among its key stakeholders;</li> <li>• Improved Membership of fully subscribed membership;</li> <li>• Improved fundraising off take</li> </ul>	<ul style="list-style-type: none"> <li>• High dependency on contract expert staff;</li> <li>• High workload on technical staff</li> <li>• Weak past delivery history;</li> <li>• Weak past fundraising history</li> <li>• Weak Core budget undermines the attraction of big contracts;</li> <li>• Small technical staff compliment when compared to the Mandate of the Institute;</li> <li>• Absence of fundraising personnel;</li> <li>• Inadequate ICT hardware and software;</li> <li>• Low communication among the majority of administration and support staff;</li> <li>• Low delivery in the first 3 years of the 2010 to 2015 Midterm Strategy;</li> <li>• Absence of infrastructure to support training, research and development;</li> <li>• Weak production data collection and analysis system;</li> <li>• Absence of a credible database on production of leather and leather products in the region</li> </ul>
	<b>Opportunities</b>	<b>Threats</b>
<b>External</b>	<ul style="list-style-type: none"> <li>• Increasing interest by Governments in the COMESA region to support value addition;</li> <li>• The leather sector is showing growth prospects in the region;</li> <li>• Improved interest by Member States to make subscriptions;</li> <li>• Improved relationship with national, regional and international stakeholders;</li> <li>• Quality Management and Environment Management certification process Completed.</li> </ul>	<ul style="list-style-type: none"> <li>• Delayed contributions of subscriptions by Member States may undermine operations of the ALLPI;</li> <li>• EU decision not to fund Clusters through the RISP program;</li> <li>• Competition of international UN agencies and Consultancy firms, which have nationality linkages with major Development Partners.</li> </ul>

### Summary

The External and Internal analyses, have laid a firm base for the identification of strategic issues that ALLPI should work on in order to enhance the performance of the Leather Value Chain in the COMESA region and consequently deliver on its Mandate and, thus, meet its Stakeholders' expectations.

## CHAPTER III: STRATEGIC ISSUES IDENTIFICATION

### Introduction

This Chapter outlines the critical strategic interventions that should be implemented by ALLPI in order to meet its mandate as defined principally in the Charter, Summit Directives, Council of Ministers decisions and among other as expected by its Stakeholders. Thus, strategies that are designed to deal with the issues, which were identified in Chapters I and II are outlined in this Chapter. These strategic interventions define what ALLPI is supposed to do in the next 10 years and also the rationale of undertaking such strategic actions.

### Strategic Issues and Rationale

#### Statement of the Strategic Issues

The Mandate of ALLPI as defined in its Charter and also through Heads of State and Government (Authority) Summit and Council of Ministers among other things, demands that ALLPI facilitate the development of the Regional Leather Value Chain to meet its full potential. The estimated potential of the COMESA Leather Value Chain is a minimum of US\$ 5 billion dollars and creation of approximately 500,000 direct jobs, among other multiple effects to the interrelated industries. Currently the industry is estimated to earn approximately US\$ 800,000,000, thus, there is a gap of US\$ 4.2 billion to reach minimum potential. Growing at a minimum of 10% annually, the leather value chain in the COMESA region would take 18 years to reach US\$ 4.8 billion. Thus ALLPI proposes to double the value of the leather sector in the COMESA region to approximately US\$ 1.6 billion in the next 10 years. Thus, the strategic question is: what are the issues that are undermining the growth of the sector to reach full potential in the COMESA region and what should ALLPI do in collaboration with Member States and other Stakeholders in order to target a minimum growth of 10% growth for the next 10 years.

Failure to achieve the above target would result in huge opportunity-cost losses to the COMESA region and consequently Member States, may not see the value of continuously supporting an institution, which is not meeting its Mandate. The COMESA market would also lose huge amounts of foreign currency importing leather goods and footwear. The strategic intervention issues of ALLPI are guided by the Charter and the various other sources, which have been articulated before.

### Strategic Issues or Challenges

The key strategic issues impacting on the performance of the leather value chain in the COMESA region and also on the operations of ALLPI are outlined in Table 11.

**Table 11: Strategic Issues at Sector Level and Institutional Levels**

<b>Sector Issue (s) ( to be clustered)</b>	<b>ALLPI Issues</b>
<ul style="list-style-type: none"><li>• Low value addition, resulting in high potential revenue loss for many countries in the region;</li><li>• Very low drive by the majority of tanneries in the region to upgrade their facilities, technology and operations;</li><li>• Industries generally not organized at national level;</li><li>• Weak intra trade in the region</li></ul>	<ul style="list-style-type: none"><li>• Inadequate funding</li><li>• Inadequate technical staff ;</li><li>• Staff gaps in some essential areas of fundraising, public relations and project design and implementation;</li><li>• Low technical capacity on the knowledge</li></ul>

<ul style="list-style-type: none"> <li>• Weak linkages between Universities and Industry</li> <li>• Low demand of finished leather is undermining the value addition expansion;</li> <li>• Low Government procurement of locally manufactured products;</li> <li>• Inadequate Government financial support to the sector;</li> <li>• SMEs in the leather goods and footwear industry are facing a multitude of challenges ( finance, skills, equipment and technical support)</li> <li>• Increased imports of second hand and new shoes in the COMESA region;</li> <li>• Weak technical capacities across the leather value chain;</li> <li>• High environmental challenges especially in the production of leather</li> <li>• High occupational hazards in the production of leather;</li> <li>• Absence of sector policies in most countries in the region to lock in government and private sector operations;</li> <li>• Low labor productivity;</li> <li>• Absence of a credible database of production and trade of leather and leather products</li> <li>• Poor quality of raw hides and skins</li> <li>• Limited access to other markets</li> </ul>	<ul style="list-style-type: none"> <li>• of the higher levels of the value chain</li> <li>• Slow subscriptions payments by Member States;</li> <li>• Weak ICT hardware and software support system;</li> <li>• Absence of infrastructure to support training, research and development;</li> <li>• Competition for development resources from international consulting firms, originating from Donor Countries;</li> <li>• Uncompetitive remuneration</li> </ul>
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The issues impacting the sector are numerous; it is, therefore, fundamental that ALLPI should intervene in a manner that would influence other important stakeholders to reinforce the value addition agenda in the region. On the other hand, ALLPI is constrained financially and in manpower. Given this scenario, ALLPI should aim at low cost, high impact intervention. Facilitation in the strengthening of SMEs through Cluster development is a low cost high impact intervention, which has the potential of stimulating the demand for finished leather, consequently encouraging the production of finished leather in the region. It is proposed that ALLPI, in the next 10 years, should be anchored on SMEs Cluster development and facilitating linkages with progressive tanneries, which would in turn, be facilitated to access cheaper finance for up-gradation in the value addition process.

### Simulation Model based on Footwear Demand in the Region

The COMESA region is estimated to have a footwear demand of approximately 450 million pairs per annum. Given the limited production of footwear in the region, the import bill has shot up from US\$600,000 in 2012 to approximately US\$1 billion in 2014. Based on a “What if approach”, the amount of finished leather required is estimated and also the number of workers to be directly employed in the footwear making, based on a 5 pair output per worker per day. The Assumptions of the Model are as follows:

- The COMESA region has a population of 450 million, with a footwear per capita of 1.1 pairs per annum, implying annual footwear demand of 450 million pairs per annum;
- The scenario based projections are based on the assumption that COMESA region produces varying proportions of the total footwear requirement;
- It is estimated that a pair of footwear consumes approximately 2.5 square feet of leather;

- It is estimated that a bovine hide produces approximately 30 square feet of finished leather;
- The number of bovine hides to be consumed in the production of leather is estimated;
- A pair of footwear is estimated to cost between US\$ 10 to US\$ 15;
- Labor productivity is estimated at five pairs per person per day;
- It is estimated that each SME employs 5 workers;
- Each Cluster is expected to have 20 SMEs, which employs 5 workers each; and
- Market support is provided through Government Procurement.

The above assumptions lead to the computations illustrated in Table 12.

**Table 12: Simulation Results of Footwear Cluster Model**

Proportion Produced in the COMESA Region	Estimated Demand for Footwear	Estimated Amount of Footwear to be Produced	Amount of Leather Required (Square feet)	Number of Hides required to Produce the Finished Leather	Expected Revenue from the Sales of Shoes	Estimated number of Workers	Estimated Number of SMES	No of Clusters
0.1	420,000,000	42,000,000	105,000,000	3,500,000	504,000,000	42,000.00	8,400.00	420.00
0.2	420,000,000	84,000,000	210,000,000	7,000,000	1,008,000,000	84,000.00	16,800.00	840.00
0.3	420,000,000	126,000,000	315,000,000	10,500,000	1,512,000,000	126,000.00	25,200.00	1,260.00
0.4	420,000,000	168,000,000	420,000,000	14,000,000	2,016,000,000	168,000.00	33,600.00	1,680.00
0.5	420,000,000	210,000,000	525,000,000	17,500,000	2,520,000,000	210,000.00	42,000.00	2,100.00
0.6	420,000,000	252,000,000	630,000,000	21,000,000	3,024,000,000	252,000.00	50,400.00	2,520.00
0.7	420,000,000	294,000,000	735,000,000	24,500,000	3,528,000,000	294,000.00	58,800.00	2,940.00
0.8	420,000,000	336,000,000	840,000,000	28,000,000	4,032,000,000	336,000.00	67,200.00	3,360.00
0.9	420,000,000	378,000,000	945,000,000	31,500,000	4,536,000,000	378,000.00	75,600.00	3,780.00
1	420,000,000	420,000,000	1,050,000,000	35,000,000	5,040,000,000	420,000.00	84,000.00	4,200.00

In the 10-year strategy ALLPI will target to facilitate the development of 420 SMEs Clusters, manufacturing 42 million pairs of footwear, thus consuming approximately 105 million square feet of leather. This development would incentivize the tanneries to expand their production lines into finished leather. It is, therefore, imperative that the current strategy would deliberate to focus on strengthening SMEs Clusters in footwear and leather goods manufacturing. This is a sector which requires low amount of capital to create employment and can also attract philanthropic finance. Thus, the strategic issues identified above should be dealt with the Cluster Development approach being the anchor point.

The Region's demand for footwear and leather goods is growing, at a time where most tanneries are static; 80% of the tanneries in the COMESA region has been producing and exporting wet blue leather for more than 20 years. Most of the tanneries have not invested in new equipment, skills and production processes. The occupational hazards risks are very high in many tanneries. The rating of many tanneries is very low with respect to technology, environment management and production of quality wet blue and finished leather

## Summary

The strategic issues which have been identified in this Chapter, relates to the sector and institutional issues, and also the identification of a low cost model that would stimulate the growth of the leather value chain. Thus, the Vision, Mission and Strategic Objectives developed in the next Chapter have a logical link, whose implementation would produce outputs and outcomes that would enhance the performance of the leather value chain.

## CHAPTER IV: STRATEGY

The ALLPI ten-year strategy responded to the following fundamental issues:

- Its Mandate as specified in the Charter;
- Summit Directives;
- AUC (Agenda 2063);
- Council of Ministers Decisions;
- Stakeholders expectations, which include Member States, Development Partners and the Private Sector, among others;
- Strengths, Weaknesses, Opportunities and Threats of the Leather Value Chain in the COMESA region, and those of ALLPI, as a vehicle, which is mandated to drive the growth of the sector in the region;
- Global Mega Trends; and
- Host of other Political, Economic, Social, Technological and Legal (PESTL) dynamics in the environment in which it is operating.

It is clear that the ALLPI faces a huge Mandate and, thus to be successful, it needs to strengthen its Staff compliment with regard to quantity and diversity of skills and expertise. In addition to this, it needs to enhance its capacity to collaborate with Member States, Regional and International Organizations in order to tap and leverage on the resource and skill base of such institutions. Thus, it is imperative that within this strategic period ALLPI should deploy resources to strengthen such relations and also build the capacity of national institutions, which should, in the long run, champion the design, fundraising and implementation of activities at national level. ALLPI would thus assume a position of delivering top of the range and latest hardware and software knowledge.

### Vision

To be Africa's premier center of excellence for a competitive Leather sector in the global arena.

### Mission

To facilitate Member States and link partners, enterprises and institutions for value addition, sustainability and competitiveness in the leather sector through Sharing of Knowledge and innovations

### Core Values

The ALLPI is committed to the following Core Values:

1. **Integrity**—To be inclusive, open, honest, transparent and respectful with all stakeholders, while maintaining the highest ethical standards.

2. **Knowledge-ability**– To build the capacity of ALLPI staff to offer expert resources to enhance competitiveness of stakeholders
3. **Internationalization**– To adopt an international orientation towards equipping partners, enterprises and institutions with capabilities to excel in the global arena.
4. **Commitment**-Dedication to deliver quality services that foster success among our partners, enterprises and institutions
5. **Transformative**- To sustainably impact the continents leather sector through creation of just, equitable, accountable and environmentally sustainable economic and social system

#### A Strategy Aligned to the following Market Targets:

- Wet blue leather;
- Crust leather;
- Finished leather;
- Shoes;
- Bags, wallets, belts, etc;
- Garments, etc;
- And other targets such as: 50% of tanneries clean etc?

#### ALLPI: Nine Strategic Objectives

The following Strategic Objectives directly respond to the Mandate of ALLPI, sector mega trends and to the issues which were articulated in Chapters I, II and III.

The implementation of these objectives would generate specific outputs, which would in turn result in outcomes, which would stimulate innovation, growth and development of the leather sector in the COMESA region, in line with global dynamics and competitiveness. It is fundamental that in the execution of all its objectives, ALLPI would mainstream Gender, Youth, HIV and Aids and Climate Change adaptability. The objectives and their rationale are summarized in Table 13.

**Table 13: ALLPI's Strategic Objectives and their Rationale**

Strategic Objectives (SOs)	Rationale
SO1: To enhance ALLPI capacity to share best practices and strengthen value chain networks.	<p>The implementation of this Objective would enhance ALLPI's capacity to deliver high quality services effectively, efficiently and competitively.</p> <p>The SWOT analysis identified a number of Strengths, Weaknesses, Opportunities and Threats at ALLPI institutional level. It is, therefore, fundamental that a proactive stance should be undertaken to enhance its strengths, address the weaker points and capitalize on opportunities and deal with threats. Thus, ALLPI needs to be manned with adequate and highly efficient and effective manpower, whose technical abilities cuts across Strategic Objectives 2 to 7. In addition, ALLPI should be equipped with the necessary ICT in order to deliver in line with global standards in data capture, collation, analysis, retrieval and dissemination.</p>



Strategic Objectives (SOs)	Rationale
	<p>To develop and implement training programmes, which respond to the needs of the industry. The leather industry is very dynamic as it is driven by fashion, thus the design, quality, color, and technical specifications of wet blue, crust, finished leather and leather products, should respond to the dictates of the market. Production of leather is capital and knowledge intensive industry, thus there is a need to continuously improve on both hardware and software (knowledge). With regard to the later, recipes should be continuously reformulated in order to adjust to the needs of the market. The ability to meet the needs for the market would result in improved margins.</p>
<p>SO2: To enhance value addition through Clusters/Incubators/Service Centers development;</p>	<p>The COMESA region is a net exporter of raw hides and skins and wet blue, whilst on the other hand is a net importer of value added products. Thus there are both supply and demand side potential for developing the sector. COMESA has a favorable raw material base, which should thus be transformed into value added products, to enhance earnings, employment creation and also reduce the net import bill of finished products. Focus should be put on designing and implementing road maps for value addition, in consultation with Stakeholders, taking into consideration the capacity at which the local industry can migrate to higher levels of value addition without risking high revenue loss in the adjustment period. Clusters should be used as a nucleus of developing value addition process, as growth of SMEs in the production of finished leather products, would spur the growth in demand of finished leather, thus creating a ready market of finished leather in the region. This will justify investment in finishing in the leather production process. The use of SMEs as a vehicle is based on the principle of low input and high impact principle. Service Centres would be developed in order to act as back-up centres in the development of SMEs Clusters.</p>
<p>SO3: To facilitate and promote the strengthening of the continental leather value chain</p>	<p>Member Countries in the COMESA region are at different levels of development of the leather sector. Egypt and Ethiopia are at the higher level with regard to the production of finished leather products; Eritrea, Kenya, Uganda, Sudan, Zambia and Zimbabwe are in the middle with Swaziland in the lower end. Given the scenario, there is a potential for countries in the middle to export wet blue to countries in the upper end for contract tanning or as total exports. In reverse these countries could import finished leather and leather goods. This development would strengthen intra trade and enhance the performance of the regional leather value chain in line with the COMESA vision of regional integration. In addition, this would have a multiplier effect to other sectors such as transport, forwarding, banking and insurance in the region.</p>
<p>SO4: To build and operationalize a comprehensive production and trade database for the leather sector</p>	<p>Generation, collection and collation of reliable information for enabling decision making and baseline on production, trade and enterprises performance-competitiveness is fundamental in the development of value chains.</p> <p>Production and trade data is scarce at both national and regional levels thus, making it difficult to estimate the economic importance of the sector with accuracy. The data gap also undermines the capacity to market the industry to justify new investments. Therefore, ALLPI should work with relevant Government departments such as Ministry of Agriculture and Livestock, Ministry of Industry and Statistical Offices, and other Stakeholders to create systems for collecting and publication of such data.</p>
<p>SO5: To build Member States' SAA institutional capability to deliver support services and policies</p>	<p>In the medium to long term, institutions at national level should spearhead the design and implementation of programs for the development of the leather sector. To achieve this, ALLPI should work to strengthen national institutions, such as Leather Development Councils and Associations in areas of fundraising, project design and implementation, in a sustainable manner. This process should be designed on the Share, Adopt and Adapt Model.</p>
<p>SO6: Facilitate the development and implementation of occupational health</p>	<p>The Leather Industry is considered an environment and health risk industry. Thus, ALLPI should work in collaboration with national institutions, the Private Sector to come up with factory facilities, which meets minimum environmental and occupational standards. Workers in tanneries are exposed to high health risks, however, a number</p>

Strategic Objectives (SOs)	Rationale
and environmental management standards in the leather industry.	of tanneries in the region are operating without provision of basic safety clothing and facilities. It is imperative to note that globalization has mandate in the international order to determine the dynamics in the industry, failure to meet some of these environmental and occupational standards, may results in the products from the region being rejected at international level;; thus, it is important to be proactive than to be reactive in time of a ban induced crisis.
SO7: Facilitate investment and resource Mobilization for ALLPI and the leather sector	<p>The regular budget is small relative to the overall mandate of ALLPI. This situation is not unique to ALLPI but cut across COMESA sister organizations and also other regional and international organizations. Thus it is imperative that ALLPI should aggressively fundraise in order for it to be able to adequately deliver on its mandate.</p> <p>Access to finance and linkages with investment and business development partners are important to up gradation and competitiveness of the leather industry in COMESA countries. Commercial lending rates in the COMESA region are higher than the rate of return. Thus it is imperative that a market led sector specific development fund is designed and implemented with concessionary interest rates. ALLPI is in an unique position to connect actors and facilitate the right type of linkages, policy support and operational mechanisms for this type of initiative.</p>
SO8: To promote Export of value-added leather products	Leather products generally earn premium prices in the lucrative global markets. In In Africa, SMEs that account for a large portion of enterprises in the leather sector however had limited or no access to international export markets. It also goes without saying that going international requires skills and resources in order to capture knowledge on finance, logistics, customs or pricing. Thus, promoting export will help a lot to assist SMES in market access and to increase profitability from export operations.
SO9: To enhance inclusiveness (includes participation of women, youth, and physically challenged) in the leather sector	<ul style="list-style-type: none"> <li>- Role of women in leather and leather business</li> <li>- Mindset transformation in leather related businesses</li> <li>- Leather as a viable profession</li> <li>- Characteristics of women and youth friendly Leather related opportunities</li> <li>- Value addition in Leather supply chains</li> <li>- Factors for consideration in selecting a value chain for Leather business</li> </ul>

### Strategic Objectives, Interventions, Targets and Time Lines

In order to enhance efficiency and effectiveness, and results-based implementation of the Strategy, each of the above Strategic Objectives are further broken down into Sub-objectives, which are time bound and measurable. The Sub-objectives are logically linked to each of the Objective they fall under, hence, their implementation would contribute to the attainment of the said Objective.

### Strategic Objective 1 and Interventions

The task ahead is challenging, thus, it is imperative that ALLPI should be equipped technically and resource-wise in order to deliver efficiently and effectively. Thus, deliberate efforts should be put in place to ensure that ALLPI is well resourced. The following Sub objectives are proposed as important actions that must be implemented in order to elevate ALLPI into a Premier Institution that can deliver in line with its Mandate. The specific subjective are outlined in Table 1.

The leather value chain in the COMESA region is greatly constrained due to limited accessibility of skilled manpower at all levels of the leather value chain. The leather industry is dynamic; hence it should be manned by skilled and knowledgeable workforce to spearhead the development and production of products, which meets the global dictates of the market. The following sub objectives are thus proposed in order to enhance the capacity of the manpower in the sector.

**Table 14: Strategic Objective One and Planned Interventions**

<b>Interventions</b>	<b>Expected Output/Outcome</b>	<b>Time</b>
Design an organizational organogram, which reflects the strategic focus of the organization	<ul style="list-style-type: none"> <li>Organogram designed and tabled for approval by Council</li> </ul>	2016 (Acheved)
Implement the new approved organogram	<ul style="list-style-type: none"> <li>Annual regular budget of 2017 to reflect the new organogram</li> </ul>	2016(Acjeeved)
	<ul style="list-style-type: none"> <li>Job descriptions for the new positions designed and approved by board by mid-2017</li> </ul>	mid 2017 (
	<ul style="list-style-type: none"> <li>Recruitment initiated by July 2017</li> </ul>	July 2017
Build the technical and professional capacity of current staff to enhance efficiency and effectiveness	<ul style="list-style-type: none"> <li>Skills gap analysis undertaken by mid 2016;</li> </ul>	mid 2016
	<ul style="list-style-type: none"> <li>25% existing staff trained by end of 2016</li> </ul>	end of 2016
	<ul style="list-style-type: none"> <li>50% of Staff trained by Mid 2017</li> </ul>	Mid 2017
	<ul style="list-style-type: none"> <li>100% staff trained by end of 2017</li> </ul>	end of 2017
Ensure effective implementation of the Quality Management and Environment Management Systems	<ul style="list-style-type: none"> <li>100% of all project and administrative activities to adhere 100% to QMS/EMS by mid 2016;</li> </ul>	mid 2016;
	<ul style="list-style-type: none"> <li>Quarterly internal reviews on the adherence undertaken</li> </ul>	
Undertake a technical analysis on the IT hardware and software required to allow ALLPI to perform competitively	<ul style="list-style-type: none"> <li>Gap analysis undertaken by mid 2016</li> </ul>	mid 2016
	<ul style="list-style-type: none"> <li>Phased procurement plan drawn up by July 2016;</li> </ul>	July 2016
	<ul style="list-style-type: none"> <li>Modalities of funding the capitalization project by July 2016;</li> </ul>	July 2016;
	<ul style="list-style-type: none"> <li>25% of the budget required incorporated in the regular 2017 budget proposal</li> </ul>	
Undertake a Gap Analysis with premier global institutions with similar mandates	<ul style="list-style-type: none"> <li>3 fundraising proposals drawn and submitted to potential funding partners by November 2016</li> </ul>	November 2016
	<ul style="list-style-type: none"> <li>Benchmarking analysis undertaken by mid 2017;</li> </ul>	mid 2017
Undertake an ergonomics analysis of the organization	<ul style="list-style-type: none"> <li>Roadmap for closing the gaps designed by end of 2017</li> </ul>	end of 2017
	<ul style="list-style-type: none"> <li>Analysis undertaken by Mid 2018;</li> </ul>	Mid 2018
Design and Implement an M&E System for ALLPI	<ul style="list-style-type: none"> <li>Roadmap for implementation designed by end of 2018</li> </ul>	end of 2018
	<ul style="list-style-type: none"> <li>Concept paper for the M&amp;E system designed by April 2016;</li> </ul>	April 2016
	<ul style="list-style-type: none"> <li>Resources for its implementation incorporated in a draft regular budget for 2017;</li> </ul>	
Strengthen ALLPI to undertake Development Consultancy	<ul style="list-style-type: none"> <li>3 proposals for funding developed and submitted to Development Partners by mid 2016.</li> </ul>	mid 2016
	<ul style="list-style-type: none"> <li>Design the system of implementing consultancy work, as Institute or at Experts levels by April 2016;</li> </ul>	April 2016
	<ul style="list-style-type: none"> <li>Develop a regional and international database of associate consultancy by July 2016;</li> </ul>	July 2016;
	<ul style="list-style-type: none"> <li>Design a revenue sharing formula for ALLPI Experts directly involved in undertaking consultancy work;</li> </ul>	
In consultation with the MSs and Industry identify skills gaps at the	<ul style="list-style-type: none"> <li>Develop at least 10 consultancy bids annually until the end of 2025</li> </ul>	end of 2025
	<ul style="list-style-type: none"> <li>Undertake a skills audit by June 2016;</li> </ul>	June 2016
	<ul style="list-style-type: none"> <li>Submit for validation and review by August 2016;</li> </ul>	August 2016

Interventions	Expected Output/Outcome	Time
various levels of the leather value chain	<ul style="list-style-type: none"> <li>Incorporate its requirements in the 2017 regular budget;</li> </ul>	
	<ul style="list-style-type: none"> <li>Develop fund 5 raising proposals annually until the end of the strategy period</li> </ul>	
Design online training programs	<ul style="list-style-type: none"> <li>A feasibility study on identification of training programs, which can be offered through online training by July 2016;</li> </ul>	July 2016
	<ul style="list-style-type: none"> <li>Collaboration institutions identified and process of engagement initiated by October 2016</li> </ul>	
	<ul style="list-style-type: none"> <li>A program rolling out the online training program designed by August 2016;</li> </ul>	August 2016
	<ul style="list-style-type: none"> <li>The program validated by Member States by December 2016;</li> </ul>	December 2016
	<ul style="list-style-type: none"> <li>3 fundraising proposals developed by end December 2016;</li> </ul>	December 2016
	<ul style="list-style-type: none"> <li>First online training program rolled out by July 2017</li> </ul>	July 2017
	<ul style="list-style-type: none"> <li>Program reviewed by December 2017;</li> </ul>	December 2017
	<ul style="list-style-type: none"> <li>5 online training program offered by end of 2025</li> </ul>	end of 2025
Implement training program	<ul style="list-style-type: none"> <li>Train at least 100 officials from the Leather Councils or Apex council in project design and implementation by end of 2025;</li> </ul>	end of 2025
	<ul style="list-style-type: none"> <li>Train at least 1000 artisans in footwear and leather goods making by end of 2025;</li> </ul>	end of 2025;
	<ul style="list-style-type: none"> <li>Train at least 50 tanning technicians by end of 2025;</li> </ul>	end of 2025
	<ul style="list-style-type: none"> <li>Training at least 50 tanning supervisors in quality and process control by end of 2025;</li> </ul>	end of 2025;
Facilitate the development of curriculums	<ul style="list-style-type: none"> <li>Develop and implement training programs for identified skill gaps including in the area of design capacity</li> <li>Facilitate Curriculum harmonization in MSs</li> <li>Identification of collaborating institutions for training programs and initiating process of engagement for co-certification</li> </ul>	

## Strategic Objective 2 and Interventions

All COMESA Member States national development strategies are anchored on the promotion of value addition on their natural resources and agro-based commodities. It is thus imperative that ALLPI should invest in mechanisms, which are in line with the aspirations of its shareholders. Table 15 illustrates the sub objectives/interventions that are proposed to achieve objective 2.

**Table 15: Strategic Objective Two and Planned Interventions**

Interventions	Expected Output/Outcome	Time
Design a model roadmap for value addition for adoption and domestication at MS level	<ul style="list-style-type: none"> <li>Draft documents published by Mid 2016;</li> </ul>	Mid 2016
	<ul style="list-style-type: none"> <li>Draft tabled to MS for review, validation and adoption by end of 2016;</li> </ul>	end of 2016;
	<ul style="list-style-type: none"> <li>Member States assisted to domesticate it upon officials request up to 2018</li> </ul>	
Design a model for Clusters development for adoption and domestication at MS level	<ul style="list-style-type: none"> <li>Draft documents published by Mid 2016;</li> </ul>	Mid 2016
	<ul style="list-style-type: none"> <li>Draft tabled to MS for review, validation and adoption by end of 2016;</li> </ul>	
	<ul style="list-style-type: none"> <li>Member States assisted to domesticate it upon officials request up to 2018</li> </ul>	end of 2016
Train 400 official, and SMEs representatives in Cluster Development and	<ul style="list-style-type: none"> <li>100 trained by end of 2016</li> </ul>	end of 2016
	<ul style="list-style-type: none"> <li>100 trained by end of 2017</li> </ul>	end of 2017
	<ul style="list-style-type: none"> <li>100 trained by end of 2018</li> </ul>	end of 2018

Interventions	Expected Output/Outcome	Time
Management	<ul style="list-style-type: none"> <li>100 trained by end of 2019</li> </ul>	end of 2019
Facilitate the setting up 50 Service/Incubation Centres, each serving a minimum of 25 SMEs	<ul style="list-style-type: none"> <li>5 Service Enters set up per year until 2025</li> </ul>	
Target the production of production of 1,250,000 pairs of footwear per annum at the set up services by 2025	<ul style="list-style-type: none"> <li>Model of Service Centres designed by mid 2016;</li> </ul>	mid 2016;
	<ul style="list-style-type: none"> <li>Models reviewed and validated by MS by end of 2016;</li> </ul>	end of 2016
	<ul style="list-style-type: none"> <li>In consultation with MSs facilities for setting up such facilities allocated in 10 MSs;</li> </ul>	
	<ul style="list-style-type: none"> <li>10 fund raising proposal at both national and regional levels to facility the establishment and operationalisation submitted to Development Partners</li> </ul>	
Design a model for tannery modernization for adoption and domestication at MS level	<ul style="list-style-type: none"> <li>Draft documents published by Mid 2017;</li> </ul>	Mid 2017;
	<ul style="list-style-type: none"> <li>Draft tabled to MS for review, validation and adoption by end of 2017;</li> </ul>	end of 2017
	<ul style="list-style-type: none"> <li>Member States assisted to domesticate it upon officials request up to 2022</li> </ul>	2022
Facilitate the visibility of leather products in national, regional and international exhibition	<ul style="list-style-type: none"> <li>All national and regional fairs, assessed with respect to their capacity to be used as platforms for promoting regional and inter trade;</li> </ul>	
	<ul style="list-style-type: none"> <li>Collaboration MOUs signed by the 10 organizers of Trade Fairs by end of 2017;</li> </ul>	end of 2017
	<ul style="list-style-type: none"> <li>5 Fund raising proposals submitted to Development Partners by end of 2017</li> </ul>	end of 2017
Design a model system for Government procurement of leather goods and footwear from SMES	<ul style="list-style-type: none"> <li>Draft documents published by Mid 2016;</li> </ul>	Mid 2016
	<ul style="list-style-type: none"> <li>Draft tabled to MSs for review, validation and adoption by end of 2016;</li> </ul>	end of 2016
	<ul style="list-style-type: none"> <li>Member States assisted to domesticate it upon officials request up to 2018</li> </ul>	2018
Facilitate SMEs entrance into the formal national, regional and international markets	<ul style="list-style-type: none"> <li>Gaps analysis with regard to national and regional standards of footwear undertaken by end of 2017;</li> </ul>	end of 2017
	<ul style="list-style-type: none"> <li>200 Owners or Managers/Supervisors of SMEs trained in adhering to these standards by 2020;</li> </ul>	by 2020
	<ul style="list-style-type: none"> <li>A system for assessing and monitoring of adherence to standards designed and implemented by end of 2018;</li> </ul>	end of 2018
	<ul style="list-style-type: none"> <li>Footwear standards and certification system designed and implemented at regional level by 2020</li> </ul>	by 2020

### Strategic 3 and Intervention

The COMESA Treaty and the ALLPI charter mandate the ALLPI to facilitate the strengthening of the regional leather value chain, by undertaking activities aimed at improving trade, joint research and networking. The sub objectives/interventions that are proposed to achieve Objective 3 are presented in Table 16.

**Table 16: Strategic Objective Three and Planned Interventions**

Interventions	Expected Output/Outcome	Time
Undertake a gap analysis of the trade fairs taking place in the COMESA region	<ul style="list-style-type: none"> <li>A framework to improve the performance of the trade fairs designed</li> </ul>	Mid 2016
Engage the Trade Fairs Organizers	<ul style="list-style-type: none"> <li>MOUs signed to work together to improve the performance of the leather value chain</li> </ul>	End 2016
Undertake a benchmarking analysis of premium trade vs	<ul style="list-style-type: none"> <li>Benchmarking report</li> <li>Roadmap for improving fairs taking place in Africa</li> </ul>	Mid 2017

Interventions	Expected Output/Outcome	Time
regional trade Fairs		
Identify machines and equipment of reverse engineering	<ul style="list-style-type: none"> <li>A report on the inventory of machine for reverse engineering</li> </ul>	Mid 2016
Undertake trial reverse engineering of some of the selected equipment	<ul style="list-style-type: none"> <li>First prototype manufactured</li> </ul>	End of 2017

### Strategic Objective 4 and Interventions

Production and trade statistics availability is important in policy analysis and formulation, impact assessment and investment appraisal. The scarcity of such information has made it difficult to demonstrate the social and economic importance in the COMESA region with authority, thus it is proposed that the subjective outline in Table 17, should be implemented.

**Table 17: Strategic Objective Four and Planned Interventions**

Interventions	Expected Output/Outcome	Time
Map out the production and trade data requirements for the leather value chain	<ul style="list-style-type: none"> <li>A production and trade data mapping report ready by Mid 2016;</li> </ul>	Mid 2016
	<ul style="list-style-type: none"> <li>The report validated and approved by MS and other Stakeholders by end of 2016;</li> </ul>	End of 2016
	<ul style="list-style-type: none"> <li>Sources and institutions involved in production and trade data collection and publication identified and collaboration efforts instituted by March 2017;</li> </ul>	March 2017
	<ul style="list-style-type: none"> <li>MOUs for collaboration signed by at least 5 such institutions by July 2017</li> </ul>	July 2017
Undertake a Mini Assessments of National collaborating institutions involved in data collection	<ul style="list-style-type: none"> <li>Mini assessment completed by October 2016;</li> <li>Capacity building program designed by November 2016 and incorporated into 2017 regular budget;</li> </ul>	
	<ul style="list-style-type: none"> <li>20 experts from national Public and Private Sector institutions trained in the collection and collation of relevant data by March 2017;</li> </ul>	March 2017
Design a system program for data collection and collation in collaboration with National Institutions	<ul style="list-style-type: none"> <li>Share the proposed program concept note with Stakeholders by July 2017;</li> </ul>	July 2017
	<ul style="list-style-type: none"> <li>Design the hard and software requirements of the system by August 2017;</li> </ul>	August 2017;
	<ul style="list-style-type: none"> <li>Incorporate its financial requirements in the regular budget of 2018;</li> </ul>	2018
	<ul style="list-style-type: none"> <li>Draw 3 fundraising proposals by December 2017</li> </ul>	December 2017
Implement the data dissemination system	<ul style="list-style-type: none"> <li>Roll out the data collection and dissemination system by December 2016;</li> </ul>	December 2016
	<ul style="list-style-type: none"> <li>Undertake a biannual review of the system continuously;</li> </ul>	

### Strategic Objective 5 and Interventions

Both Public and Private Sector institutions in Member States must, in the medium to long term, spearhead the development of the leather value chain, through implementation of various programs. Thus, it is imperative that ALLPI should strengthen these institutions in the first 5 years of this strategy period. Some of the key capacities that should be developed include project design and implementation, fundraising, advocacy and capacity building initiatives (Table 18).



**Table 18: Strategic Objective Five and Planned Interventions**

<b>Interventions</b>	<b>Expected Output/Outcome</b>	<b>Time</b>
Identify and map out national institutions relevant to the development of the Leather Value Chain at national level	• Institutions identified and mapped out by July 2017;	July 2017
	• Gap analysis of the institutions completed by October 2017;	October 2017
	• Roadmap for upgrading them designed by December 2017;	December 2017
	• Roadmap validated and approved by MS by April 2018	April 2018
	• 3 fund raising proposals developed by July 2018 in collaboration with the relevant national institutions	July 2018
Implement capacity building training	• 20 officers trained in project design and implementation annually until 2025;	until 2025
	• 20 officers trained in M&E annually by 2025;	2025;
	• 20 officer trained annually in advocacy and policy analysis by end of 2025	2025
Develop sustainability of National Institutions through membership growth	• Design a system of recruiting membership to join national associations;	
	• Train national associations to be stakeholders driven;	

### Strategic Objective 6 and Interventions

The leather sector has received negative attention because of its potential to impact negatively on the environment and also the exposure of workers to harmful chemicals. The future of the industry depends on ensuring that environment and occupational health standards are met in line with global standards. The global market is becoming sensitive to environment and occupational health and these standards are progressively being transformed into regulatory standards, which have the effect of banning the consumption of products emanating from countries which have negative record with regard to the environment and occupational health management. The following (Table 19) are the proposed interventions to address these issues.

**Table 19: Strategic Objective Six and Planned Interventions**

<b>Interventions</b>	<b>Expected Output/Outcome</b>	<b>Time</b>
Design a regional roadmap on occupational health and standards	• Baseline survey on occupational health and standards management undertaken by July 2017;	July 2017
	• Results shared by December 2017;	December 2017
	• Roadmap validated and launched by April 2018	April 2018
Implement the occupational health standards management up gradation	• A technical and financial feasibility of implementing it in selected tanneries undertaken by October 2018 ;	October 2018
	• Work with selected tanneries in facilitating the upgrading of their facilities initiated by December 2018	December 2018
Design a regional roadmap on effluent and environmental management upgrading	• Baseline survey on effluent and environment management undertaken by July 2017;	July 2017;
	• Results shared by December 2017;	December 2017
	• Roadmap validated and launched by April 2018	April 2018
Implement the effluent and environment management up gradation	• A technical and financial feasibility of implementing it in selected tanneries undertaken by October 2018 ;	October 2018
	• Work with selected tanneries in facilitating the upgrading of their facilities initiated by December 2018	December 2018

### Strategic Objective 7 and Interventions

Access to finance and linkages with investment and business Development Partners are key to upgrading and competitiveness of the leather industry in COMESA countries. A market led sector specific fund that brings development back to finance is therefore required. ALLPI is in unique position to connect actors and facilitate the right type of linkages, policy support and operational mechanisms for this type of initiative.

ALLPI's regular budget is small in relative terms with regard to its mandate, thus it is imperative that an aggressive fundraising program be undertaken. This is in line with many regional and global institutions, whose delivery are anchored on aggressive fundraising, as Member States contributions are barely enough to support the employment and remunerate adequately a full staff complement. This not unique to ALLPI, but common among regional and international organizations. The following are proposed steps to enhance fundraising by ALLPI.

**Table 20: Strategic Objective Seven and Planned Interventions**

<b>Interventions</b>	<b>Expected Output/Outcome</b>	<b>Time</b>
Facilitate the creation of a market led leather development and investment fund		
Build the capacity of ALLPI staff in fundraising	<ul style="list-style-type: none"> <li>All ALLPI staff trained in fundraising by December 2016</li> </ul>	December 2016
Map out potential development partners	<ul style="list-style-type: none"> <li>Potential development partners mapped by July 2016;</li> </ul>	July 2016
	<ul style="list-style-type: none"> <li>A road map for fundraising designed by October 2016</li> </ul>	October 2016
Develop an intimate and strategic relationship with development Partners	<ul style="list-style-type: none"> <li>Each ALLPI staff design 4 fundraising proposals annually;</li> </ul>	
	<ul style="list-style-type: none"> <li>6 strategic meetings held with potential development partners annually</li> </ul>	
Image and Brand Building		

### **Strategic Objective 8 and Interventions**

The global traded value of hides and skins, leather and leather products exceed the combined total values of other agro-industry products. The African continent leather sector however is not benefiting much from this situation due to its very low level of participation international markets. Hence promoting export of value added products and facilitating access to global markets is critical. The expected results would be higher visibility to the African leather products at regional and global levels and improved export earnings.



**Table 21: Strategic Objective Eight and Planned Interventions**

<b>Interventions</b>	<b>Expected Output/Outcome</b>	<b>Time</b>
8.1. Design a regional framework for promoting the export of value added products;	<ul style="list-style-type: none"> <li>Regional framework for promoting the export of value added products designed.</li> </ul>	
8.2. Hold a regional workshop to facilitate the validation and domestication of the framework	<ul style="list-style-type: none"> <li>Regional workshop to facilitate the validation and domestication of the framework held</li> </ul>	
8.3. Create strategic linkages with national and international export promotion institutions	<ul style="list-style-type: none"> <li>Strategic linkages with national and international export promotion institutions established</li> </ul>	
	<ul style="list-style-type: none"> <li>Intra and inter trade assessment to identify growing markets undertake</li> </ul>	
8.4. Undertake intra and inter trade assessment to identify growing markets;	<ul style="list-style-type: none"> <li>Intra and inter trade assessment undertaken to identify growing markets;</li> </ul>	
8.5. Design and implement activities aimed at entering into the identified markets;	<ul style="list-style-type: none"> <li>Activities aimed at entering into the identified markets designed and implemented</li> </ul>	
8.6. Design a suitable curriculum to strengthen the capacity of enterprises to participate in regional and international markets	<ul style="list-style-type: none"> <li>A suitable curriculum designed to strengthen the capacity of enterprises to participate in regional and international markets</li> </ul>	
8.7 Design an M & E sub – framework which captures the activities of this objective.	<ul style="list-style-type: none"> <li>M &amp; E sub –framework which captures the activities of this objectives designed</li> </ul>	
8.8 Encourage and monitor the observance of International standards and specifications by the footwear and leather goods exporters	Exporters adhere to International standards and specifications(to be started by 2020 and continuous activity.	
8.9 Facilitate participations in different regional and global fairs; Organize and sponsor potential buyers- seller meetings during trade fairs and other national, regional and international events	Market linkages, partnerships and knowledge transfer achieved.	
8.10 Promote the establishment of e- commerce	E commerce system established By 2022	
8.11 Arrange Intra Africa and international trade missions and supportvisits of entrepreneurs	Specific geographical markets for specific products identified, Partnerships and knowledge transfer achieved. (to be started by 2020 and continuous activity) ;	

## Strategic Objective 9 and Interventions

Leather value chain encompasses every population in one way or another. The Leather development activities and plans have to integrate youth, women and physically challenged population as a priority to reach its planned goal. Therefore, all planned activities should be inclusive and clearly identified as follows.

**Table 21: Strategic Objective Nine and Planned Interventions**

Interventions	Expected Output/Outcome	Time
9.1 Design a regional framework for building inclusiveness in the designing and implementation of interventions in the leather sector;	A regional framework for building inclusiveness in the designing and implementation of interventions in the leather sector developed	
9.2 Undertake an assessment on the participation of women, youth and physically challenged in the leather sector;	<ul style="list-style-type: none"> <li>An assessment on the participation of women, youth and physically challenged in the leather sector undertaken</li> </ul>	
9.3. Design and implement specific activities which are biased to promote the participation of the listed groups.	<ul style="list-style-type: none"> <li>Specific activities which are biased to promote the participation of women, youth and physically challenged designed and implemented.</li> </ul>	
9.4. Design an M & E sub – framework which captures the activities of this objective.	<ul style="list-style-type: none"> <li>M &amp; E sub –framework which captures the activities of this objective.designed</li> </ul>	

## ALLPI Strategy Delivery and Implementation Model: Share, Adapt and Adopt<sup>15</sup>

In the light of changing patterns of world trade and of the challenges and opportunities facing SMEs and larger enterprises in their integration into regional and Global Value Chains, ALLPI tools and approaches need to be likewise reconsidered. While many aspects may still be relevant, new issues have emerged, such as the identified mega trends, the fragmentation of production, the renewed link between investment and trade and the importance of support services for innovation and competitiveness.

The underlying question is how COMESA countries can take advantage of these trends for job creation and sustainable economic growth in the leather and leather goods sector and how can ALLPI support the process? Essentially, it is required that ALLPI and its partners factors the following practices:

- More systematically using Regional and Global Value Chain analysis as a framework in enhancing SME and value chain competitiveness. This helps identify specific opportunities for upgrading of SMEs; allows identification of economic, social and environmental upgrading strategies; allows us to connect dimensions of trade, FDI and employment; connects macro, meso and firm level, using an holistic picture; requires multi-stakeholder linkages (Triple Helix) and decision making networks; looks at inter-organizational networks and institutions;
- Need to consider national, regional and global value chains and markets, simultaneously;
- More emphasis required on services in order to increase value addition and industry competitiveness, both in terms of direct services provided by Private Sector and by Support Institutions;
- A clearer understanding and incorporation of investment perspectives, value chain and cluster development projects;
- A clearer understanding and incorporation of “linkages” and institutional support networks in projects on cluster and value chain competitiveness;
- A clearer understanding of the evolving mechanics of trading: e-platforms and e-solutions.

The SAA model presented in this Strategy is centred on exploring ways in which ALLPI can respond to client needs while developing and providing a holistic solution composed of a combination of service offerings, tools and expertise. Taking a holistic view implies having a comprehensive understanding of the complexity of the (development) problem at stake, being able to have an appropriate diagnosis that is flexible enough to be implemented and adapted as progress happens. This implies having a framework that ensures linkages to content and knowledge and practitioner networks so that the best technical responses can be designed and to allow ALLPI and its national partner institutions to review and improve its tools accordingly and as necessary (Manson and Lopez 2014). Promoting SME and leather sector competitiveness; towards value addition, requires participatory approaches and the appropriate

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<sup>15</sup>The Share, Adapt and Adopt model was originally developed by Manson and Urrutigoity (Manson, Urrutigoity et Al, 2014, ITC) and was adapted with the authors and COMESA/LLPI Strategy Development Team during the COMESA/LLPI Strategy Development Retreat which took place in Ziway, Ethiopia on August 26-29, 2015. It is important to note that the Adapt and Adopt dimensions are in alignment and compliance with the COMESA/LLPI Charter, Preamble; revised edition of 2014.

governance framework – a way of working- that provides parameters, generates ownership and incentives while reinforcing the design, implementation, monitoring and evaluation steps in any given intervention.

**In other words, the SAA and the Triple Helix approaches link knowledge and best practices while enhancing ALLPI strengths so that it results in improved Private-Public Governance and integrated solutions for developing the leather industry.**

The innovative components of the SAA approach as include the creation of a framework for generating partnerships and public policy support networks at the local, regional and national level that:

- i) Responds to business and development needs;
- ii) Are articulated by private-public platforms; and
- iii) Are facilitated by local institutions in collaboration with international organizations and premier institutions.

The process also:

- i) Seeks to identify, in an effective manner, areas of common interest among direct actors of the productive chain (Private Sector) and indirect actors or institutional actors that can offer services for support and social development (mainly Public Sector but it could also include Civil Society, Non-profit Private Organizations and Private Companies offering services);
- ii) Defines common policy support objectives (where these interests coincide) and upon which alliances for provision of support and implementation can be built; and
- iii) Stimulates continuous learning via joint problem identification and solving mechanisms through the promotion of experimentalist Private-Public platforms at local (territorial), regional and national level for discussion, negotiation and consensus.

The proposed framework is composed of three pillars **Share, Adapt and Adopt (SAA)** (Manson, Urrutigoity et Al, ITC, 2014). As shown in the table below, SAA is positioned as a catalyst for ALLPI to provide effective and integrated solutions in response to SME competitiveness in the leather sector.

- 1. Share Knowledge** - The capacity to connect stakeholders and knowledge by identifying, premier institutions and generating knowledge through internal and external linkages;
- 2. Adapt Practices and methodologies** – Participatory development and adaptation of knowledge, best practices and solutions, complemented by tools for supporting national institutions, SME learning and innovation and business development
- 3. Adopt and Apply innovations** at various value chain levels and support institutions. Value chain, institution and enterprise learning leads to applied social and economic upgrading and competitiveness.

In summary, and thinking of operationalising each pillar of the SAA approach, ALLPI needs to consider:

- i) Positioning itself as the trusted adviser and provider of reliable information, understanding that SME upgrading is also a result of the type and quality of the linkages between actors and institutions;
- ii) Adopting a value chain (or leather sector) approach that includes considering several products and markets at the same time while focusing on SMEs specific solutions;
- iii) Enabling local and regional support institutions to generate frameworks for competitiveness including SMEs innovation platforms through approaches that promote collective problem identification and solving;
- iv) Operating as facilitators, orchestrators or brokers between all value chain and institutional actors. This implies a shift away from the old development paradigm to the new paradigm which includes participation in design, implementation, monitoring and evaluation through multi-stakeholder value chain based platforms;
- v) Providing a comprehensive set of solutions for SMEs competitiveness in the leather sector and in the context of opportunities and threats presented by participation in RVC and GVC while addressing competitiveness, innovation and investment.

The SAA framework with objectives, activities and outputs is expanded in Table 21.

**Table 22: Share, Adapt and Adopt Framework**

	Share	Adapt	Adopt
Objective	Access, connect and disseminate frontier know-how and experiences on leather sector and on SME upgrading and innovation and build a network of policymakers, private sector and institutions	Lead the conceptualization of solutions to upgrade and integrate SMEs in leather GVCs and beyond. <b>Develop and adapt practices, knowledge and methodologies for ALLPI and build capacity for implementation by National Institutions.</b>	Successful upgrading and/or integration of SMEs and countries in Regional and Global value chains in the leather sector. Alignment of policy and institutional support to the leather sector requirements for improved integration into value chains, enterprise upgrading and development.
Activities	<ul style="list-style-type: none"> <li>• Collect, analyse, create and disseminate frontier know-how and experiences</li> <li>• Join/set up a network of global practitioners and researchers</li> <li>• Set up alliances and network of enterprises and premier institutions at national and international levels</li> <li>• Share knowledge, best practices and act as bridging – network institutions</li> <li>• Organize value chain and market scoping tours with partners, buyers and support institutions.</li> <li>• Develop, gather and disseminate leathers sector specific baseline and industry data.</li> </ul>	<p>In consultation with (leading) partners conceptualize and elaborate the ALLPI solution and methodology for SMEs upgrading and integration into Regional and Global Value Chains.</p> <p>Using Triple Helix approach build capacity in national institutions to adapt, implement and facilitate the tools and best practices.</p>	<p>Implement value chain and enterprise support projects using triple Helix approach and ensuring common problem identification and common problem solving by value chain actors.</p> <p>Service integration and delivery of support services by Multidisciplinary triple helix approaches</p>

Output/results	<ul style="list-style-type: none"> <li>• <b>Share Knowledge:</b> The capacity to connect stakeholders and knowledge by identifying, premier institutions and disseminating knowledge through internal and external linkages</li> <li>• ALLPI and its clients have better access to frontier know-how, reinforcing the positioning of ALLPI as a premier regional <i>bridging</i> institution.</li> <li>• National leather institutions' skills and capabilities upgraded using participatory Triple Helix approaches</li> <li>• ALLPI is the trusted adviser on leather sector and enables better connectivity between Private and Public Sector.</li> </ul>	<p><b>Adapt Practices</b> and methodologies: participatory development and adaptation of knowledge, best practices, policies and solutions, complemented by tools for supporting national institutions, SME learning and innovation and business development</p> <p>ALLPI has an institutional approach that structures its solutions for SMEs, Institution and Policy for upgrading and virtuous integration for improved leather sector competitiveness and is participatory, relying on Triple Helix model</p>	<p><b>Adopt and Adopt innovations at various value chain levels and support institutions</b></p> <p>Enterprise and value chain learning leads to applied social and economic upgrading and competitiveness</p> <p>ALLPI and national partners implement projects for cluster and value chain development that results in common problem identification and solving by private sector (value chain) and public sector.</p> <p>Confirmation of the validity of the approach and challenges for scaling up and mainstreaming</p>
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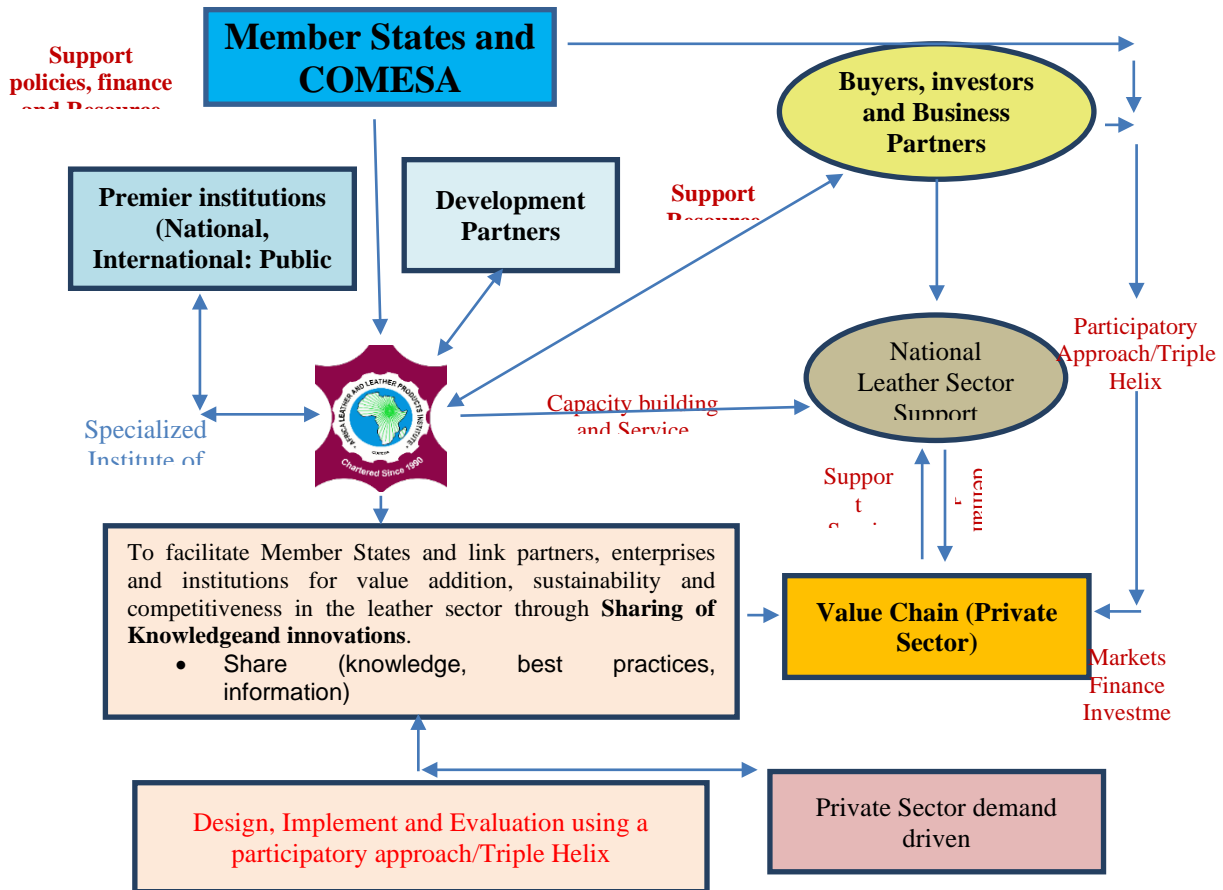


Figure 4: ALLPI's Linkages and roles for implementation of strategic development plan through the Triple Helix and SAA approaches

In conclusion, the implementation of SAA and the Triple Helix approach by ALLPI will follow the guiding principles below:

- **Flexibility** in the design and implementation. Think beyond a project and create systems that adapt continuously for development and are open to participation of all actors in non-hierarchical processes for collective problem identification and collective decision making;
- Articulation of broadly agreed common problems and **establishment of a framework for setting open-ended goals through regional, national and local strategies**;
- Generate **partnerships and support networks** that: i) respond to business needs, ii) are articulated by private sector and iii) facilitated by local institutions;
- The importance of including **inclusive – participatory governance** for design, implementation, baseline setting, monitoring and evaluation;
- Design, implementation and evaluation are one **interconnected system** and must be facilitated as such. Moreover they cannot be left to the national conventional systems alone;
- Focus is on **how firms (SMEs) learn and compete**: incremental innovation, continuous improvements. Define what are the enablers and constraints for firms accessing a variety of knowledge resources; and re-focus the service offering accordingly;
- **Segment solutions**: Policies, Institutional support and Enterprise alliances at Regional, National and local levels;
- **Rely on Local and Sector Implementation** by both higher level and lower-level actors with local or contextualized knowledge; and work through National institutions (both private and public);
- Need for the **National system to be strengthened to ensure results**. Most suited partners for implementation are selected and a network of private sector and support is built and/or agreed.

## Monitoring and Evaluation

The implementation of the Strategy is critical; hence a systematic mechanism should be designed to delegate specific responsibilities to specific experts, which would be linked to the appraisal system. ALLPI should lead in the COMESA family in introducing performance related contracts, rather than fixed employment contracts. Key instruments/tools should be designed for each Objective, these include the following:

- Responsibility and Accountability Matrix;
- Stakeholder Register;
- Communication platform; and
- M & E framework.

The designing of the above tools should be led by a task officer with regard to Strategic Objective or Objectives allocated to him or her, by the Executive Director or delegated officer.



These should be signed up at the beginning of each financial year and reviewed quarterly. A mechanism of rewarding and penalizing performers and non-performers should be implemented and signed by relevant authorities.

### Impact Performance Indicators

At the end of the day, the performance of ALLPI would be judged by the value that would accrue to value chain actors and stakeholders. Of course in the short term the output and outcome indicators would be the key variables to be used to monitor and gauge ALLPI's progress in implementing the Strategy. These issues are dealt with in the Section on Objectives and Sub-objectives. In this section possible impact measures are outlined.

Impacts – are the ultimate criteria for gauging a strategy's performance, or the overall performance of ALLPI. They represent the substantive changes, improvements, or benefits that would accrue at the micro and macro level with regard to performance of the enterprises and the entire value, and the spillover and multiplier effects to the rest of the economy.

In general, impacts may include improved productivity, turnover, value addition thresholds, intra trade, employment created, a reduction in carbon and chrome emission and increased economic contribution of the leather sector. Measures of these impacts should reflect the value of benefits flowing from ALLPI's implementation of the leather sector. In Table 22 the proposed impact indicators are listed

**Table 23: Impact Performance Indicators**

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2025
<b>Productivity</b>													
Labor													
Capital													
<b>Value Addition</b>													
<b>Progression (exports)</b>													
Raw hides and skins	Value												
	Proportion (%)												
Wet blue	Value												
	Proportion (%)												
Finished leather	Value												
	Proportion (%)												
Footwear	Value												
	Proportion (%)												
<b>Intra Trade</b>													
Total HS41 and 64													
Raw hides and skins													
Wet blue													
Finished leather													
Footwear													
Performance Indicators													
Turnover	US\$												
Employment Creation	Nos												

### Sustainability

The Objectives supplemented with Output/Outcome based sub objectives, sets a solid base for monitoring and evaluating logically the performance of ALLPI in the execution of this Strategy.



The execution of these Sub objectives would be subjected to annual review through the Triple Helix Framework, which brings Member States (Government), Private Sector, and Academia together. This provides ALLPI a 360 degrees feedback platform, in the sense that the composition of this Group reflects on the various facets of ALLPI's Mandate and Strategic Focus.

In addition to the above, it is imperative that this is complimented by other performance indicators, for example, financial performance indicators. ALLPI leadership is accountable and has a fiduciary responsibility to efficiently manage resources provided by Development Partners and Member States efficiently, and to act as steward for these resources. It is, therefore, fundamental that ALLPI leadership should also measure whether the availed resources are being utilized effectively and ethically to achieve its Mission. During the current strategic period, ALLPI would endeavour to measure its performance in line with the Matrix, presented in Table 23.

**Table 24: Performance Indicators for Monitoring and Evaluation of ALLPI Strategy Implementation**

Category Performance Measures	Category Performance Measures	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administrative efficiency	• Administrative expenses divided by total expenses	57.89	36.69										
	• % of revenues spent on administrative expenses												
Program efficiency	Program support												
	Program expenses divided by total expenses	42.11	63.31										
	Growth of program expenses												
	Current spending factor (total expenses divided by total revenues)	128.35	57.12										
	Program output index (number of units of actual physical output divided by total program expenses)												
	No of trade fair participants/program expenditure												
	No of people trained/ program expenditure												
	Workshop participants/ program expenditure												
Fundraising efficiency	Productivity rate (outputs divided by inputs)												
	% of funding left after subtracting the cost of getting them												
	% of revenues spent on fundraising expenses												
	Fundraising expenses divided by total expenses												
Other financial performance measures	Donor dependency (operational surplus subtracted from donations, divided by donations)												
	Revenue growth	6.46	11.8										
	Working capital ratio (working capital divided by total expenses)	57.88	36.69										

The presentation of the above information is very important in the fund-raising drive, as it will demonstrate to potential Development Partners, ALLPI administrative, program and fund raising efficiency. Efficient performance across the given parameters builds ALLPI's credibility among Member States and Development Partners.

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## Disclaimer

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