

COMESA

Leather and Leather Products Institute



LLPI Revised Medium Term Strategic Action Plan(MTSAP)

**For the Development of COMESA
Region Leather Sector**

June 2013
Addis Ababa, Ethiopia

Disclaimer

The initial consultancy study and reorganization (in collaboration with COMESA/LLPI) of this LLPI Medium Term Strategic Action Plan (MTSAP) for 2010 – 2015 was sponsored by the COMESA Secretariat. The Mid-term Consultancy Review and its Validation by Member States was fully undertaken by the Institute.

Although the MTSAP document has been prepared with the greatest care, the Leather and Leather Products Institute accepts no responsibility for authenticity, accuracy or completeness of data and all information provided in the document.

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LIST OF ABBREVIATIONS

CAD/CAM	-	Computer Aided Design/Computer Aided Manufacturing
CFC	-	Common Fund for Commodities
COMESA	-	The Common Market for Eastern and Southern Africa
ISO	-	International Standards Organization
KIRDI	-	Kenya Industrial Research and Development Institute
LLPI	-	Leather and Leather Products Institute of COMESA
LIDI	-	Leather Industry Development Institute (Ethiopia)
M&E	-	Monitoring and Evaluation
MoU	-	Memorandum of Understanding
MTSAP	-	Medium Term Strategic Action Plan
NLTC	-	National Leather Technology Center (Sudan)
PACT II	-	Programme for Building African Capacity for Trade
PMS	-	Performance Management System
RDB	-	Rwanda Development Board
SMEs	-	Small and Medium Scale Enterprises
SWOT	-	Strengths, Weakness, Opportunities and Threats
TCFC	-	Training and Common Facility Center (Uganda)
TSIs	-	Trade Support Institutions
UNIDO	-	United Nations Industrial Development Organization
ZDA	-	Zambia Development Agency

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PREFACE

The Leather and Leather Products Institute of COMESA (COMESA-LLPI) was established by the signing of its Charter by member States on 23rd November 1990 in Mbabane, Swaziland. It is an autonomous institution of COMESA, with a Board of Directors and an Executive Director, headquartered in Addis Ababa, Ethiopia since 1993, presently with its own office building commissioned in May 2007.

The main mandate of COMESA/LLPI is to spearhead the development of the leather sector in the COMESA member States through strategic value addition initiatives to stimulate productivity, competitiveness improvement, and trade integration promotion. It is envisaged that this approach has the potential to unleash growth in employment creation and poverty reduction.

The implementation of the Medium Term Strategic Action Plan (MTSAP) of five years (2010-15), which started in January 2011 after its approval at Institute, Board of Directors and Council levels reached its mid-point in June 2013. COMESA-LLPI, thus, through its fund from member States, engaged the service of a Consultant to facilitate and review the MTSAP that would provide refocusing and direction for the medium and long-term development of the leather industry in the COMESA Region.

Accordingly, the five year Medium Term Strategic Action Plan (MTSAP) was, therefore, undergone a critical review to meet the current expectation with the resources available rather than projected earlier. The experience, exposure and learning of our last two and half years have also helped a lot to revise the MTSAP for the remaining period to narrow some identified gaps between objectives and practices.

The Mid-Term Review Findings were then presented to the Board of Directors Meeting in August 2013 which approved and recommended for validation. A Validation and Dissemination workshop was held at Babogaya, Ethiopia from November 13th to 14th 2013 to enhance the implementation framework based on available resources and tangible results.

In that light, this document encompasses the adjustments made to the MTSAP for the achievements of the objectives during the remaining two and half years. For the first time, the validation process involved participation from representation of the Leather Core Team and SME Committee, in the Institution's zeal to pursue Public Private Partnership approach. I believe that the refocused objectives will form a fundamental aspect in meeting the set targets for the regional leather sector.

Dr. Mwinyikione Mwinyihija
Director
COMESA/LLPI

EXECUTIVE SUMMARY

1. The formation of the Leather and Leather Products Institute (LLPI) was approved by the Preferential Trade Area (PTA) for Eastern and Southern African States in 1988 to fulfill its industrial objective to “support and develop the leather industries of the COMESA region”. It was then established by the signing of the Charter by member States on 23rd November 1990.
2. LLPI was established in 1993 as an autonomous institution of COMESA, with a Board of Directors appointed by the Council of Ministers to manage, administer and determine the policy of the Institute in accordance with the provisions of the Charter. Since 1993 it is headquartered in Addis Ababa, Ethiopia, with its own office building commissioned in May 2007.

It conducts its activities at member country level through sectoral institutions, known as Country Units, designated by the respective Governments to collaborate with the Institute.

3. All COMESA member countries are eligible for LLPI membership and 17 of these signed the Charter establishing the Institute.

It is funded from assessed annual contributions, as stipulated in its Charter, (Article 14.3) of member countries, service charge fees, consultancy, grants and extra-budgetary funds from cooperating partners, based on projects and programmes prepared through the Institute’s own efforts to implement its mandated objectives.

4. This Medium Term Strategy and Action Plan (MTSAP) is intended to strengthen and refocus the Institute as an active player in the provision of technical and other support services to member countries, in order to create and enhance inter-regional and international competitive environment for the development of the leather industry in the COMESA region in particular and Africa in general.
5. This MTSAP document consists of seven Chapters, addressing the current status of regional and global hides and skins, leather and leather products industry, the mandate of LLPI, strategic objectives, current and past performances, financial analysis, strategic issues and medium term implementation framework, etc. of the Institute.
6. Hides and skins, leather and leather products are by-products of livestock, but have now exceeded not only the parent commodity (meat), but rank highest in value of world traded agricultural commodities amounting to about US\$ 100 billion annually. It is three times that of meat, five times that of coffee, and more than five times the trade in rice.
7. The COMESA region has a livestock population of about 143 million cattle, 115 million sheep and over 117 million goats, producing 21.3 million hides, 43 million sheep skins and about 46 million goat skins annually. (FAO, 2012)
8. Constraints facing the development of the industry can be categorized under the following four major groups:
 - a. Hides and Skins Production
 - b. Leather Processing and Production
 - c. Leather Products
 - d. Overall Chain

These problems are compounded by inadequate funding as LLPI mainly depends on contributions from member States. In most cases member countries owe LLPI huge arrears, and contributions are often received late. For effective and efficient implementation of this MTSAP, the solution must be addressed urgently.

9. The development of this MTSAP takes place at a critical period when trade liberalization is being segmented as a major driver for development in the context of globalization. LLPI is aware of the fact that terms of competition in the leather market has also changed its limits over the years. Currently, this is not measured only by the classical yardsticks of competitiveness, price, quality and delivery conditions any more. Changes are taking place everywhere and the impacts of these changes pose critical challenges to Africa in general.
10. The LLPI vision is foreseen to take an active role in the development process of the leather and its allied sub-sectors at country and regional levels. This will enable the sector to be an active player in the COMESA region in order to ultimately realize its full potential and produce its economic and social impacts, which is to strengthen the sector with skilled manpower, technology and supporting policies. The vision scope covers effective participation of the COMESA region in the global leather business among the world giants of developing countries, specifically those in North Africa, Asia and Eastern Europe.
11. The Mission, in this respect, aims at making the leather sector benefit the COMESA region, and its coverage goes further to promoting inter-regional cooperation in technology as well as exploiting abundant human and material resources towards inter-regional marketing, it being precursory to global market entry.
12. The Objectives to be pursued by LLPI in this strategic plan are derived from the Charter for the establishment of LLPI for Eastern and Southern African States and felt need in promotion of competitiveness of the leather industry with the provision of key service like regional human resource development, material and technology growth, investment and trade promotion, information dissemination, consultancy and extension services and regional integration issues.
13. COMESA/LLPI, since its establishment in 1993, has made considerable achievements and faced several challenges in carrying out its mandates in the COMESA region leather sector development.

It has constructed its own office building, and, with the implementation of its MTSAP, shall endeavour to overcome its major challenge of finance and consolidate and enhance its activities towards the development of its member States' leather industry sector.
14. The Strategic Objectives in the MTSAP document are derived from the following Strategic Issues which LLPI will pursue in the following six critical and comprehensive themes.

i) Strategic Issue 1: Regional Human Resource Development

Objective 1: Cooperation in the training of personnel for the leather industry at various levels promoted among LLPI member countries between 2010 -2015.

ii) Strategic Issue 2: Material and Technology Development

Objective 2: To promote research and development, technology transfer and collaboration with relevant premier institutions across the value chain.

iii) Strategic Issue 3: Investment and Trade Promotion

Objective 3: Enhance investment and trade competitiveness through the leather value chain.

iv) Strategic Issue 4: Information Dissemination

Objective 4: Disseminate information on value addition activities.

v) Strategic Issue 5: Consultancy and Extension Services

Objective 5: Strengthen LLPI institutional capacity to deliver quality service and consultancy.

vi) Strategic Issue 6: Regional Integration

Objective 6: Cross cutting issues (Gender parity, youth empowerment, livestock and hides/skins diseases, environmental management, HIV/AIDs) are mainstreamed in all LLPI activities in member countries.

15. Effective implementation of the LLPI MTSAP can only be achieved through a strong institutional structure, highly motivated staff with resources to undertake respective activities. It is expected that continuous support will be given to the Country Units in the joint implementation of this strategy as part and parcel of the implementation process.
16. The Institute needs to urgently put in place necessary capacities and conditions for effective implementation of the MTSAP. It will need staff who between them can fulfill the LLPI mandate (strategic issues) of regional human resource development; material and technology growth, investment and trade promotion; information dissemination; consultancy and extension services; regional integration issues.
17. The proposed operating budget outline for the implementation of the medium term strategy is divided into three main components: (Regular Capital and Developmental Budget) with a total sum of US\$ 2,815,375.00 over two years (2014 – 2015).
18. All progress reports will cover quantitative and qualitative progress made during the MTSAP implementation period and achievement of objectives; problems encountered, during the reporting period; steps taken or proposed to solve these problems; proposed activities and expected progress during the following period.
19. The Institute will keep financial records in accordance with agreed standards based on international accounting practices. The Institute will be responsible for timely submission of regular budget performance reports, annual financial statements to relevant policy organs of COMESA. Regular Audit Reports by Internal Auditors of COMESA and annual Audit Reports of External Auditors will be carried out.
20. A mid-term review of the Strategic Plan implementation was conducted in July 2012 and final evaluation will be carried out in 2015 by an external independent firm/individual. Independent evaluation will be carried out upon the completion of each phase of project implementation including field assessment on development and commercial results.

In addition, the COMESA Monitoring and Evaluation (M&E) Expert will also undertake Technical Backstopping missions twice a year and also to verify activities on the ground.

1. INTRODUCTION

1.1. BACKGROUND

21. The formation of the Leather and Leather Products Institute (LLPI) was approved by the Preferential Trade Area (PTA) for Eastern and Southern African States in 1988 to fulfill its industrial objective to “support and develop the leather industries of the COMESA region”. It was then established by the signing of the Charter by member States on 23rd November 1990.
22. All COMESA Member countries are eligible for LLPI membership and 17 of these signed the Charter establishing the Institute. The Institute is funded from assessed annual contributions of these member countries and other sources, including service charge fees, consultancy, grants and assistance obtained through projects prepared by the Institute to implement its mandated objectives.
23. LLPI is an autonomous institution of COMESA, with a Board of Directors appointed by the Council of Ministers to manage, administer and determine the policy of the Institute in accordance with the provisions of the Charter. It is headquartered in Addis Ababa, Ethiopia, with its own office building commissioned in May 2007.
24. The Director, who is appointed by the Board of Directors, is the Principal Executive Officer of the LLPI, and supervises the implementation of the decisions of the Board of Directors. He is assisted by two technical professional staff, three support and two subordinate staff. Occasionally relevant consultants in different fields are recruited when the need arises to support activity implementation.
25. LLPI conducts its activities at member country level through sectoral institutions, known as Country Units, designated by the respective Governments to collaborate with the Institute. Currently the Country Units include the following:
 1. Leather Industry Development Institute (LIDI) of Ethiopia;
 2. Kenya Industrial Research and Development Institute (KIRDI);
 3. Rwanda Development Board (RDA);
 4. National Leather Technology Center (NLTC) of Sudan;
 5. Training and Common Facility Center (TCFC) of Uganda;
 6. Zambia Development Agency (ZDA)
26. LLPI has also signed separate MoUs with various affiliated Associations and Chambers, and has close working relationships with Ministries engaged in trade/commerce/ industry and International Organizations to foster closer networking between them and their collaborative partners in the development of the African Leather Industry.
27. During the Twenty Sixth COMESA Policy Organs Meeting and Thirteenth Summit of Heads of States and Government at Victoria Falls Town, Zimbabwe, May 25 – June 8, 2009, Council decided that “A comprehensive LLPI strategy for the entire region with an implementable workplan and with clear outcomes that would benefit COMESA member States especially Small and Medium Enterprises for value addition should be completed before October 2009”.
28. This Medium Term Strategic Action Plan (MTSAP) has been prepared with the intension of strengthening and refocusing the Institute as an active player in the provision of technical and other support services to member countries, in order to create and enhance intra-regional and international competitive environment for the development of the leather industry in the COMESA Region in particular, and Africa in general.

29. In order to implement this Strategic Plan, both financial and human resources availability are prerequisites to carry out all the activities accordingly and for this the commitments from member countries and other stakeholders are vital.
30. This MTSAP document consists of seven Chapters, addressing the current status of regional and global hides and skins, leather and leather products industry, the mandate, strategic objectives, past performances, financial analysis, strategic issues, and medium term implementation framework of LLPI etc.
31. Chapter One discusses general background information on the establishment and function of the regional Institution, potential of the leather sector in the region, challenges facing the sector and the purpose of the Strategic Plan at this point in time.
32. The mandate, vision, mission, objectives and core values are presented in Chapter Two, while Chapter Three discussed the Strategic Analysis of the Institution. In the view of LLPI, that for the leather industry development in the COMESA region, one important factor has been adequately addressed how LLPI will pursue its “Strategic Issues, Objectives and Strategies” in the next five years (2010-2015) is presented in Chapter Four.
33. In Chapters Five and Six, LLPI's Medium Term Strategy Implementation Framework and Programme Planning Monitoring and Evaluation, etc. issues are depicted respectively. As the Way Forward, in Chapter Seven, some relevant issues for effective implementation of the MTSAP are forwarded.

1.2. POTENTIAL OF THE LEATHER SECTOR

34. Hides and skins, leather and leather products are by-products of the livestock sector, but have now exceeded not only the parent commodity (meat), but rank highest in value of world traded agricultural commodities amounting to about US\$ 100 billion annually. It is three times that of meat, four times that of coffee and more than eight times the trade in rice.
35. The COMESA region has a livestock population of about 143 million heads of cattle, 115 million of sheep and over 117 million goats, producing 21.3 million pieces of hides, 43 million sheep skins and about 46 million goat skins annually. This comprises 9 and 61 percent of global and Africa's' cattle population, 6 and 75 percent of global and Africa's' hides production and similarly 10.5 and 52 percent of sheep population and 8 and 56 percent of sheep skin production; and 12.8 and 50 percent of goat population and 13.8 and 90 percent of goat skins production respectively. (FAO, 2012)
36. Currently, the business in the COMESA region features several negative elements hindering the sector's performance against tough competition of unrealistically cheap supplies from the Far East, massive imports of second-hand shoes from the EU and the demanding quality level for entering the sophisticated USA and EU markets. Combined supporting policies together with well-planned development activities should lead to rectifying the negative elements in the COMESA region.

1.3. CHALLENGES FACING THE INDUSTRY

37. Constraints facing the development of the industry can be categorized in the following four major areas:

Hides and Skins Production: This is caused by lack of system skills, poor husbandry practices, low recovery (quantity) of hides and skins due to low-off-take rate, quality of hides and skins due to pre- and post-slaughter defects and lack of grading and pricing system.

Leather Processing and Production: This is caused by lack of management skills, poor consideration of environmental problems, insufficient diversification, specialization and non-consideration of value additions, insufficient (poor) quality of finished leather.

Leather Products: As the core of the constraints, this represents lack of skilled manpower and labour management, inadequate costing and pricing and access to fashion trend, low market competitiveness and low market penetration, lack of marketing skills, lack of non-leather components and accessories.

Overall Chain: This constitutes constraints such as; weak market information, weak services and negotiation power, weak image and sectoral limitations. LLPI, being the major coordinating institution for the regional development of the leather industry, lacks trained technical/support staff and supportive office equipment and facilities, and specific project focus.

38. The above problems are compounded by inadequate funding as LLPI mainly depends on contributions from member States. In most cases member countries owe LLPI huge arrears, and contributions are often received late. For effective and efficient implementation of this MTSAP, the solution must be addressed urgently.

1.4. LLPI IN THE CONTEXT OF COMESA'S INTEGRATION AGENDA

39. One of the objectives of COMESA, as one of the building blocks for the African Union Commission (AUC), is to widen the dimension of the role of LLPI with regard to the development of the leather industry. COMESA is at the forefront of African Integration and by the same analogy, should be poised to spearhead African Economic Integration.
40. It is in this line that this Strategic Plan has been prepared, with the intention of:
- Promotion of activities in the (field) of hides and skins, leather and leather products development which are in line with the COMESA Treaty and especially the Protocol, human resources development, research, information issues, extension services, etc.
 - Formulation of policies and development strategies on animal husbandry, slaughter systems, collection and preservation of hides and skins that are useful for price incentives to quality producers thus eliminating curing problems, investment and trade promotion, institutional capacity building.
 - Facilitation of the mainstreaming of cross-cutting issues such as regional integration issues, gender and environmental health, in the leather industry as prescribed by Article 3 of the COMESA Treaty.
 - Promotion of inter-regional cooperation as prescribed by Article 3 of the COMESA Treaty.
 - Hold sectoral conferences, workshops, trainings and meetings as the regional coordinating Institution.

1.5. WHY A STRATEGIC PLAN

41. The development of this MTSAP takes place at a critical period when trade liberalization is being segmented as a major driver for development in the context of globalization. The leather industry around the world has been steadily transforming from its very inception. The leather sub-sector has now exceeded not only its parent commodity (meat), but rank highest in value of world traded agricultural commodities amounting to about US\$ 100 billion annually.
42. COMESA/LLPI, like many other inter-regional organizations is facing globalization, with limited regional competitive advantages. Over the years, the industry has been highly sophisticating, segmenting and specializing to respond to this need in a special way.

This has also involved challenges that required different comparative advantages which could not be provided by its classical centers in the West. The industry is in continuous migration to different parts of the world that offered comparative advantages: China, India and some other Asian countries now being the last homes of the old industry.

43. COMESA/LLPI is aware of the fact that terms of competition in the leather market has also changed its limits over the years. Currently, this is not measured only by the classical yardsticks of competitiveness, price, quality and delivery conditions any more. Changes are taking place everywhere and the impacts of these changes pose critical challenges to Africa in general.
44. This Strategic Action Plan incorporates the following issues:
 - The need for setting goals and objectives, at national level, for the leather sector backed by planning and consistent and explicit investment, trade and pricing policies.
 - The promotion of increased and progressive investment in forward and backward linkages including engineering, chemicals, auxiliaries and waste utilization industries.
 - The establishment and strengthening of relevant training, research, consultancy and standardization institutions.
 - The encouragement of sub-regional and regional cooperation, integration, harmonization and specialization. Some of the areas of relevance to the leather sector include increasing intra-regional trade in leather products, avoidance of destructive competition, establishment and strengthening of sub-regional leather development institutions and joint efforts in tackling transboundary animal and hides/skins diseases, environmental pollution, etc.
 - The promotion of an integrated leather sector development by improving incomes, quality, productivity, competitiveness, technologies and skills.
 - The participation in market globalization and formation of economic blocks between developing economies.
45. It is against this background that LLPI's "Vision", "Mission" and "Strategy" must be complemented with medium term strategic plan to assist member States, gradually implementing programmes of regional integration that are necessary to advance toward the ultimate goal of global economic integration.

2. THE MANDATE, VISION, MISSION, OBJECTIVES AND CORE VALUES

2.1. MANDATE

46. The LLPI is established under Article 3 of Annex VIII of the Treaty for the Establishment of the Preferential Trade Area for Eastern and Southern African States. The member States undertook, among other things, to cooperate in the adoption of common industrial cooperation programmes directed towards rapid, self-sustained, multi-sectoral industrialization, as well as the promotion of industrial research and development, the transfer, adaptation and development of technology, training, management and consultancy services.
47. Member countries recognized that for the Eastern and Southern African Sub-region to acquire the necessary technological capability, in order to develop its leather industries in the most economic manner, it was then found necessary to establish LLPI for the sub-region.
48. This was approved during the Thirteenth Meeting of the Council of Ministers of the Preferential Trade Area for the Eastern and Southern African States, held in Arusha, Tanzania in 1988. The establishment of the Institute was found feasible following a feasibility study carried out by the Preferential Trade Area with the help of experts from the United Nations Industrial Development Organization (UNIDO).
49. The mandate of LLPI currently revolves around:
 - i) Regional Human Resource Development ;
 - ii) Material and Technology Development;
 - iii) Investment and Trade Promotion;
 - iv) Information Collection and Dissemination
 - v) Consultancy and Extension Services;
 - vi) Regional Integration Issues;

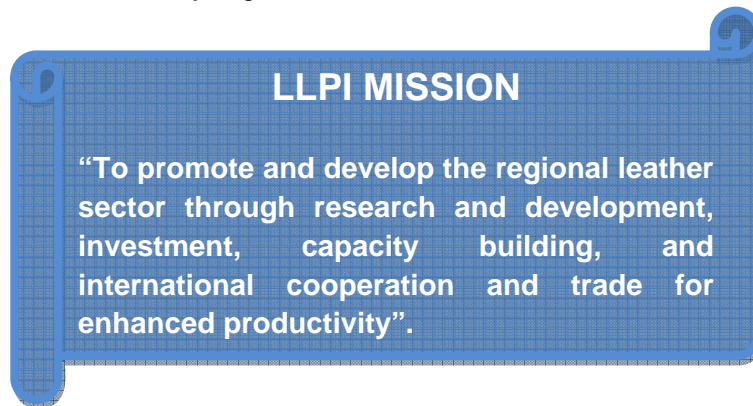
2.2. VISION

50. It is within the above context that the LLPI vision is foreseen, to take an active role in the development process of the leather and its allied sub-sector at country and regional levels. This will enable the sector to be an active player in the COMESA region in order to ultimately realize its full potential and produce its economic and social impacts. The vision scope covers effective participation of the COMESA region in the global leather business among the world giants of developing countries specifically those in North Africa, Asia and Eastern Europe.



2.3. MISSION

51. Realization of the LLPI vision will be achievable through strengthening its institutional infrastructure and specifically the elaboration of an organizational structure addressing the development elements of the sector. This shall require an active coordinating role, particularly with the member countries, sub-regional institutions and the stakeholders, being the appropriate vehicle for socio-economic developments.
52. The mission, in this respect, aims at making the leather sector benefit the COMESA region. Its coverage goes further to promoting inter-regional cooperation in technology as well as exploiting abundant human and material resources towards inter-regional marketing, being precursory to global market entry.
53. The mission statement for the LLPI is, therefore, to promote the development of the COMESA region leather industry in general and to benefit member countries in particular.



2.4. OBJECTIVES

54. The objectives to be pursued by LLPI in this strategic plan are derived from the Charter for the establishment of LLPI for Eastern and Southern African States and felt need in promotion of competitiveness of the leather industry.
55. These objectives are to:
 - i) Cooperation in the training of personnel for the leather industry at various levels promoted among nine LLPI Member Countries between 2011 -2015.
 - ii) To promote research and development, technology transfer and collaboration with relevant premier institutions across the value chain.
 - iii) Enhance investment and trade competitiveness through the leather value chain.
 - iv) Disseminate information on value addition activities.
 - v) Strengthen LLPI institutional capacity to deliver quality service and consultancy.
 - vi) Cross cutting (Gender parity, youth empowerment, livestock and hides/skins diseases, environmental management, HIV/AIDs) are mainstreamed in all LLPI activities in member countries.

2.5. CORE VALUES

56. The Core Values of the COMESA-Leather and Leather Products Institute are the following:

- i) Innovativeness, creativity, continuous improvement, professionalism and ethics.
- ii) Customer focus to exceed the needs and expectations of LLPI partners and stakeholders (private and public sectors)
- iii) Ensure quality along the entire leather value chain
- iv) Team work, achieve self reliance and sustainability
- v) Committed to ensuring diversity, gender and other cross cutting issues
- vi) Respect for and conservation of the environment

3. STRATEGIC ANALYSIS

3.1. PAST PERFORMANCE

57. LLPI, since its establishment in 1990, had made considerable achievements and faced several challenges in carrying out its mandates in the COMESA region leather sector development.

Its major activities included the design, production and implementation of various programmes and projects for member countries to develop their leather sub-sector in the area of human resource and institutional development and capacity building.

58. It has provided, directly and in cooperation with its Country Units in member States, various sectoral trainings, workshops, study tours, and trade fairs to target groups representing different sectoral production, processing, service and marketing activities along the leather value chain.

The provision of these trainings, workshops, study tours, trade fairs, etc. has upgraded existing skills and introduced new technologies and technological skills and know-how in the tanning, leather footwear, garments, goods industries and SMEs and enhanced their competitiveness in the international market.

59. LLPI has constructed its own office building, and, with the implementation of its Medium Term Strategic Action Plan (2010-2015), it shall endeavor to overcome its major challenge of finance and consolidate and enhance its activities towards the development of its member States' leather industry sector.

3.2. FINANCIAL ANALYSIS

60. The financial resources for the Institute's budget is essentially derived from the assessed annual contributions of its member States and extra-budgetary funds from cooperating partners, based on projects and programmes prepared through the Institute's own efforts.

61. Financial records indicate ups and downs of contribution payments and arrears settlement but a consistent declining trend in volume, reaching a critical stage around the end of the 1990s and beginning of 2000s.

The situation improved with change of management, with member States settling their arrears and paying their annual contributions, some quite regularly.

62. It is hoped that pipeline projects obtain funding and member States honour their obligation to make proper payments to allow projects and the LLPI MTSAP meet the set objectives to develop the member States' and the regional leather industry sector.

3.3. LLPI SWOT ANALYSIS

63. The Strengths, Weakness, Opportunities and Threats (SWOT) analysis below provides insights to the components for the institutional strengthening of LLPI, it being the major coordinating body for the regional development of the leather industry. It covers as well, specific aspects of the LLPI as so far as the Institute's role and performance are concerned.

STRENGTHS	Appropriate housing facilities
	Record of regional project implementation
	Favorable working environment
	Caliber of top and middle management
	Close collaboration with COMESA and regional institutions
WEAKNESS	Poor strategy implementation
	Inadequate branding and marketing
	Inadequate fund raising strategy
OPPORTUNITIES	Existing regional base of renewable material and trainable manpower at cheap cost and regional institutes to develop
	Regional markets with absorptive capacity and favorable entry to overseas markets
	COMESA support
THREATS	- Inadequate financial support
	- Inconsistent member countries support
	- Insufficient cooperation of regional institutes

3.4. LEATHER VALUE CHAIN SWOT ANALYSIS

64. The SWOT analysis of the leather value chain is oriented towards the possibilities of globalization of the leather and leather products sub-sector throughout its value chain, taking into account analysis of Strengths, Weakness, Opportunities and Threats as well as critical uncertainties. It is focused as well on sub-sector specifics for hides and skins, tanning and leather products with their own peculiarities.

	CHAIN	HIDES and SKINS	LEATHER TANNING	LEATHER PRODUCTS
STRENGTH	Trainable workforce	Available raw material	Upgraded tannery facilities	Few good manufacturers
	Five Regional Institutions for further developments	Good quality sheep and goat skins	Market image for semi-processed leather	Abundant trainable workforce
	Associations basis	Market demand for quality sheep and goat skins	Trend to move towards finished leathers	Existing regional institutes with good facilities but limited initiated exports
	General encouraging investment climate			
	Eagerness to develop leather products			
WEAKNESS	Few management staff	Poor animal husbandry practices	Over capacity of wet process	Limited access to trends
	Weak market information	Inadequate extension services	Effluent treatment problems	Insufficient domestic market penetration
	Inadequate access to technology innovations	Lacking grading and price incentive	Lacking tanneries cluster for high technology and common effluent treatment	Limited diversification
	Lack of coordination	Weak leather based manufacture- demand		Few skilled hands
	Few skilled labour			Lacking components
	Undeveloped international image			Poor infrastructure
	OPPORTUNITIES	Regional COMESA markets access for leather products	Trainable inexpensive manpower for labour intensive operations	Support to healthy investment climate
Market access to regional-COMESA , EU and Middle East		Foundation of supporting regional institutions for further developments	Trend for industry relocation and subcontracting	
Preferential trade with EU and USA markets				
THREATS	Developing coherent strategy, institutional support and supportive development projects	Unutilized grading system for hides and skins and price incentive	-	Tough competition of Far Eastern supply for leather products - Illegal imports of second hand shoes

3.5. GLOBAL FORCES IMPACTING ON LLPI AGENDA

65. At global level, the value of leather as a co-product exceeds that of fresh and processed meat, especially when compared with other commodities. It is three times that of meat, four times that of coffee and more than eight times the trade in rice.

At regional level, the distribution of bovine hides supply has not shown a significant change over the years; the developed countries share some 60 per cent of the world output with the USA, remaining the most important world supplier accounting for some 17 per cent, followed by USSR, sharing some 13 per cent. This is with the exception of China, which has increased its output/share from some 3 to 7 per cent. However, the total world output has shown a minor increase.

66. The sixties have witnessed the start of supply transformation of the raw material, the decrease in the supply of wet blue due to environmental concerns in the developed world together with the high cost of labor. Meanwhile, the developing countries started to ban the export of raw stock aiming at a higher added value, although marginal. During this phase, some developing countries attempted to supply semi-processed material and started moving towards sequent stages of processing for crust and some even have reached the level of finishing.
67. Meanwhile, countries like India, Tunisia and Morocco have developed semi-finished products as shoe uppers. Other countries mainly in the Far East and Latin America have developed their footwear production where China has demonstrated the highest performance with more than 50 per cent share of the World's output.

Currently, the footwear sub-sector is the main consumer of tanned leather, its share increased from 46-48 per cent in the 70s to 65-70% in the 90s. Analysis of the global footwear manufacturing sector, show that the globalization and economic recession have both extensively changed consumers' preferences and consequently modified the structure of the footwear distribution channels.

68. At market level, the EU is the largest importer/consumer worldwide of cowhides (40.7%), with Italy alone absorbing 22.5% of the total world imports (in tons). At global level, the EU is followed by China (17.6%) and Korea (11.5%). The Far East's imports have increased from 15.3% in 1984 to 39% in 1999, while imports to the EU decreased from 58% to 40.7%. As far as exports are concerned, in 1997 the EU and the United States had an equal percentage of 36% of world exports of cowhides. The United States is an important supplier of wet blue, but much less of finished leather, while the EU exports more finished leather and quite limited "wet blue".

69. More than 50% of world leather production is used for the manufacture of footwear; being the most important application for the leather based products.

The share of the Eastern European countries has declined from 16% to 2.3%, due to structural problems and difficult economic transitions. However, recently, Romania and Poland are emerging as important suppliers of footwear.

70. Africa and Oceania, together produced 5% of the shoes made worldwide in 1980, now-a-days they have reduced their participation, which was already marginal, to 1.7%. In addition to being the main footwear manufacturer, Asia is also the only geographical area that has a positive balance of trade; the others have showed a deficit.

Predictions identify elements on: i) quality ii) consumer satisfaction iii) demographic trends iv) environment v) cost element and vi) production methods as the main drivers of change in the sector over the next two decades.

71. Brands significance is expected to continue being an instrumental marketing and promotion tool for footwear and leather goods as directed to special market segments. Sourcing companies and agents are expected to continue and to gain importance with pressure on the value chain, creating an active role in design, specifications, production process and quality systems. An increased partnership with suppliers is also expected with intensive share of information. E-Trade is also anticipated to play an active role in the selling process as well as market development and promotion.
72. Future success shall rely in the first place on the modern management techniques with the understanding of the market and consumer preference, fashion trends, staff efficiency and the application of ISO 9000 as a management tool. Quick response to the market needs represents an important element of success.

Currently, the business at COMESA region features several negative elements hindering the sector's performance as tough competition of unrealistically cheap supplies from the Far-East, massive imports of second hand shoes from the EU and the demanding quality level for entering the sophisticated US and EU markets. Combined supporting policies together with well planned development activities should lead to rectifying the negative external elements in the region.

4. STRATEGIC ISSUES, OBJECTIVES AND STRATEGIES

4.1. GENERAL

73. The development of leather and leather products in the region, encounters various constraints which are interrelated and do not occur in isolation from each other. Constraints facing the development of the industry can be categorized into the following four major areas:

- i) **Hides and Skins Production:** This is caused by lack of system skills, poor husbandry practices, low recovery (quantity) of hides and skins due to low-off-take rate, quality of hides and skins due to pre- and post-slaughter defects, etc. and lack of grading and pricing system.
- ii) **Leather Processing and Production:** This is caused by lack of management skills, poor consideration of environmental problems, insufficient diversification, specialization and non-consideration of value additions, insufficient (poor) quality of finished leather.
- iii) **Leather Products:** As the core of the constraints, this represents lack of skilled and labour management, inadequate costing and pricing and access to fashion trend, low market competitiveness and low market penetration, lack of marketing skills, lack of non-leather components and accessories.
- iv) **Overall Chain:** This constitutes constraints such as; weak market information, weak services and negotiation power, weak image and sectoral limitations. LLPI, being the major coordinating institution for the regional development of the leather industry, lacks trained technical/support staff and supportive office equipment as well as facilities, and specific project focus.

74. The above challenges are compounded by inadequate funding as LLPI mainly depends on contributions from member countries. In most cases member countries owe LLPI huge arrears and the contributions are often received late. For effective implementation of the MTSAP, this situation must be addressed urgently.

The leather value chain involves:

- i) The recovery of hides and skins from slaughtered animals on farms and in slaughterhouses.
- ii) The conversion of hides and skins into leather in tanneries, normally requiring substantial investment in equipment.
- iii) Leather products manufacture in labour-intensive small workshops (with less investment in equipment), or in larger capital-intensive factories.
- iv) Marketing for intermediate and end-products in both domestic and export markets.

75. For the whole chain to function effectively, each stage requires specific inputs, policies and support systems. This includes technology and knowledge of equipments, chemical and components, design, research, and information, as well as human resource development, and technical and administrative support institutes.

76. At the global level, the marketing of leather at different levels of the value chain is controlled by international marketing agents who have the market knowledge and the wide network of sales channels that allow them to manage the complex supply chain mechanism.

77. It is within the above context that the strategy has been formulated, and LLPI's MTSAP will revolve around measures to address the following Strategic Issues. The strategic objectives are derived from the Strategic Issues of concern.

78. Thus, LLPI will pursue the following strategic issues in the next two and half years (2013 – 2015):

i) Strategic Issue 1: Regional Human Resource Development

Objective 1: Cooperation in the training of personnel for the leather industry at various levels promoted among LLPI member countries.

ii) Strategic Issue 2: Material and Technology Development

Objective 2: To promote research and development, technology transfer and collaboration with relevant premier institutions across the value chain.

iii) Strategic Issue 3: Investment and Trade Promotion

Objective 3: Enhance investment and trade competitiveness through the leather value chain.

iv) Strategic Issue 4: Information Collection and Dissemination

Objective 4: Disseminate information on value addition activities.

v) Strategic Issue 5: Consultancy and Extension Services

Objective 5: Strengthen LLPI institutional capacity to deliver quality service and consultancy.

vi) Strategic issue 6: Regional Integration

Objective 6: Cross cutting issues (Gender parity, youth empowerment, livestock and hides/skins diseases, environmental management, HIV/AIDs) are mainstreamed in all LLPI activities in member countries.

4.2. REGIONAL HUMAN RESOURCE DEVELOPMENT

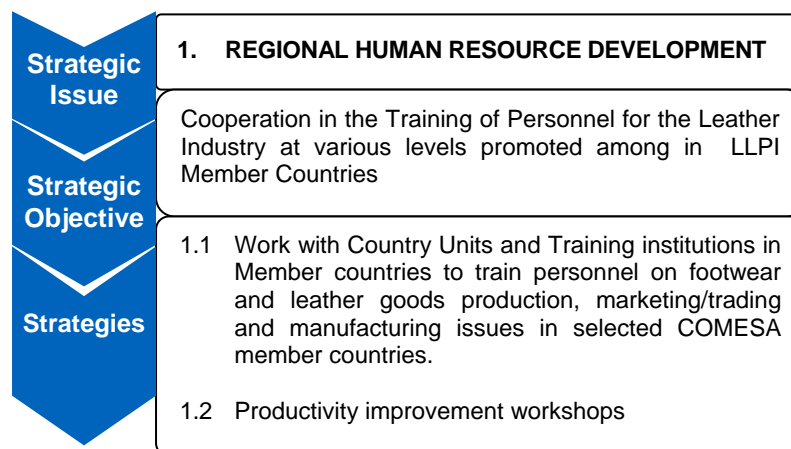
79. The African potential in the leather industry is based on its livestock wealth, generally dominated by domestic herds kept by nomadic tribes for traditional purposes rather than for effective production of meat, milk or other products. Parasitic diseases, horn rakes, thorn scratches, brand marks etc. are common. Periodic droughts and overgrazing also reduce the size of herds. Attempts for elimination of such anti-mortem defects in particular have had little impact in the past due to the scattered nature of animals at grazing grounds.

80. Slaughtering of animals, and consequently the flaying of hides and skins, is carried out under rather primitive, uncontrolled conditions; therefore the hides are often damaged. Same conditions also apply to curing and the preservation processes. Some proportion of hides and skins are ground dried, giving low-quality material. This is mainly due to lack of facilities, trainings, awareness creation as well as low business incentives.

81. Improvements in technical efficiency of the leather value chain including the manufacturer of quality footwear and leather goods provide the foundation for growth and global competitiveness.

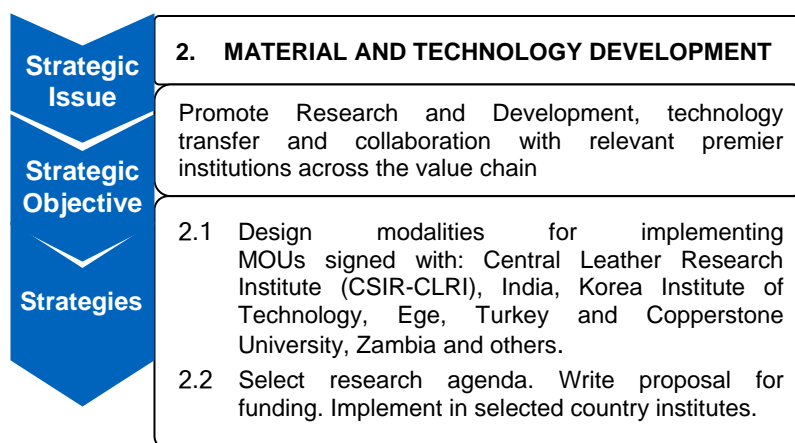
To this end, knowledgeable and skilled personnel must be produced in adequate number and should drawn on new skills and techniques.

82. Input is required for the need of training for tanneries and leather products manufacturing and marketing as in 1.1. of the strategies.



4.3. MATERIAL AND TECHNOLOGY DEVELOPMENT

83. Constraints in hides and skins relate to the differences between the potential and the actual recovery of the raw material due to very low off-take levels and low recovery rate and to the poor quality of the recovered material. Problems exist due to the small size of commercial livestock and the inadequate husbandry practices. This in turn leads to anti-mortem (pre-slaughter) defects in the hides and skins due to ill practices in the animal slaughter, hides and skins preservation and flaying resulting in numerous defects.
84. The main constraint is the lack of quality grading, applied as part of a marketing system for hides and skins that can transmit the benefits of better prices throughout the chain (breeding, collection, handling and marketing).
85. In the leather and tanning sub-sector there exists basic technology. The tanning business is mostly oriented to semi-processing of leather which is mainly due to the low demand for quality finished leathers caused by the extremely weak leather-based manufacture. Meanwhile lack of diversification and specialization at the tanning sector is an additional constraint.
86. Pollution caused by chemicals used in the early stages of processing, i.e. wet blue is a sensitive issue. There is motivation to justify financing the costly effluent treatment plants.



4.4. INVESTMENT AND TRADE PROMOTION

87. The leather sector in the COMESA region features agro-based economies encompassing livestock with great potential for hides and skins supply. Current scenario portrays a fairly infant stage of development in the sequent stages of the value chain whilst labor is abundant, institutions exist and markets within the region are growing in line with improving standards of living. Domestic needs for footwear and other leather products are met to a great extent by cheap synthetic imported supplies from the Far-East.

Although Africa possesses 14, 21 and 29 percent of the world cattle, sheep and goat population, it only supplies 7.9, 15 and 15 percent of the world hides and skins respectively, whereas the COMESA Region shares almost half of the continent's livestock population.

The MTSAP, with regards to investment and trade promotion, focuses on the identification of Trade Support Institutions (TSIs), supply studies of African countries and definition of a country product matrix and strengthening of Regional Associations for leather industries in order to play a vital role in the internationalization of supply linkages through sub-contractors for international bodies.

88. Participation in various trade fairs at National, Regional and International levels are provide to be important to enhance investment and trade promotion and above all, they upgrade the manufacturing and trade capacity through the provision of experience sharing visits, buyers-sellers meetings fashion show, thus boosting competitiveness throughout the leather value chain.

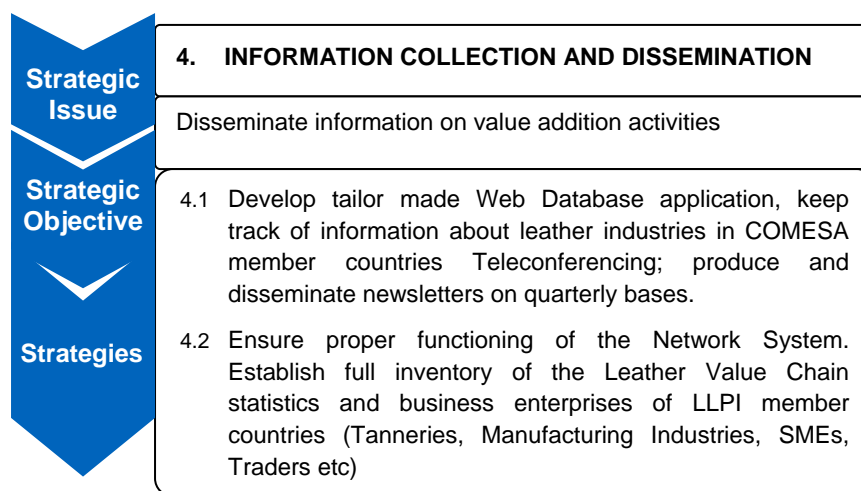


4.5. INFORMATION DISSEMINATION

89. The promotion of cooperation among LLPI member States in training personnel, investment throughout the leather value chain and advancement of research, consultancy and extension and other related services in the region are the major objectives of the institute.

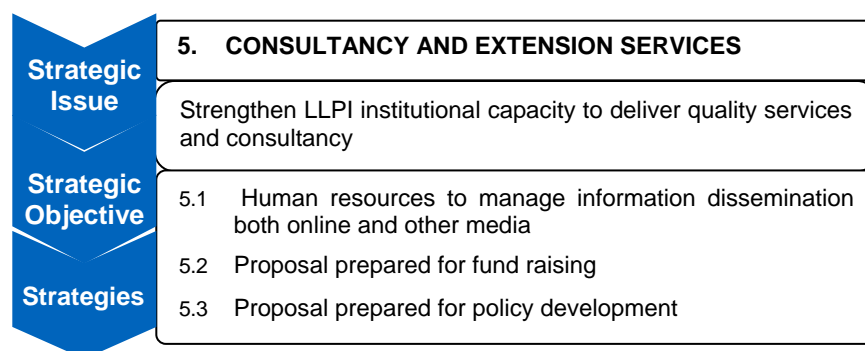
To implement its mandated objectives and to collect and disseminate information, LLPI needs to be equipped with necessary information networking tools i.e. upgrading of the website and available information etc.

Adequate communication facilities are believed to provide LLPI and member countries with updated information capacity.



4.6. CONSULTANCY AND EXTENSION SERVICES

90. The current institutional capacity at LLPI requires assistance to implement the envisaged Strategic Plan. Therefore, it is expected that the Institution will play a technical backstopping role in implementation of the regional agenda. Realization of the set objectives can be achieved through strengthening the human resource capacity of LLPI together with other complimentary supporting elements like training.



4.7. REGIONAL INTEGRATION ISSUES

91. The successful implementation of the regional integration issue largely depends on the degree of involvement of member States and other pertinent stakeholders. Formulation of regional policies on key leather industry strategic issues such as transboundary livestock diseases control, mobilization of resources for women and youth who are engaged in small and medium scaled enterprises of leather manufacturing businesses etc. are very critical issues.

It is assumed that, in implementing integration program, member countries undertake the necessary public awareness and sensitization activities throughout the implementation of activities in the MTSAP.

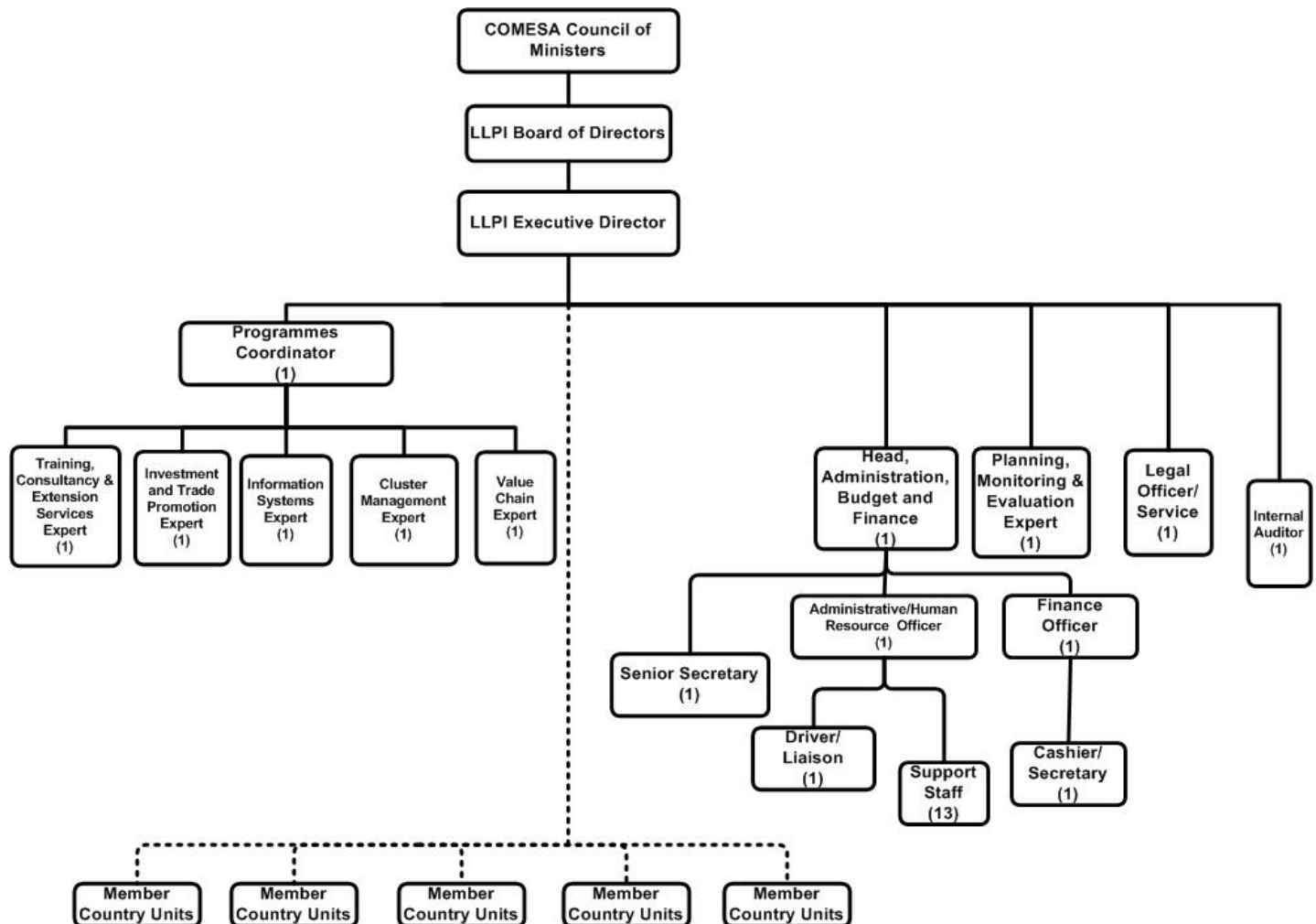
Strategic Issue	6. REGIONAL INTEGRATION Issues
Strategic Objective	Cross-Cutting Issue (gender parity, youth empowerment, livestock and H & S diseases, environmental management and HIV) mainstreamed in the leather value chain
Strategies	<ul style="list-style-type: none"> 6.1 Undertake fundraising missions 6.2 Workshops 6.3 Project proposals 6.4 Two Core Team Meetings 6.5 SME Technical Meetings 6.6 Other Technical Meetings 6.7 All activities above to take in account cross cutting issues (at least 20% of beneficiaries are women and youth)

5. MEDIUM TERM STRATEGY IMPLEMENTATION FRAMEWORK

5.1. LLPI REVISED ORGANIZATIONAL STRUCTURE

92. The organizational structure of LLPI is designed to meet the requirements for the implementation of the elaborated strategy during the MTSAP and the near further for the development of COMESA region leather industry.

CHART 1 – LLPI ORGANIZATIONAL STRUCTURE



93. The revised organizational structure of the LLPI is seen in compliance with the Strategic Issues addressing the elements of strategic objectives.

The strategic objectives constitute the regional activities of the LLPI under the umbrella of COMESA and therefore, provide the basis for the Institute's Organizational Structure for performing its coordinating role for the development of the leather sector.

5.2. FINANCING THE STRATEGIC PLAN

Operating Budget Outline

94. The total budget for the implementation of the MTSAP (2014 – 2015) is divided into three main components:

- a. Regular Budget, assessed contribution from member States
- b. Capital Budget from Reserve
- c. Developmental Budget from donors/or partners and from Reserve

a. Regular Budget

i. Staff Cost	USD 795,448.00
ii. Operational Cost	USD 173,975.00
iii. Strategic Activities Cost	<u>USD 273,714.00</u>

Sub Total **USD 1,243,137.00**

b. Capital Budget

Sub-Total **USD 18,300.00**

c. Developmental Budget

i. Strategic Objective (SO) 1	USD 551,000.00
ii. Strategic Objective (SO) 2	USD 40,000.00
iii. Strategic Objective (SO) 3	USD 335,670.00*
iv. Strategic Objective (SO) 4	USD 164,250.00
v. Strategic Objective (SO) 5	USD 76,000.00
vi. Strategic Objective (SO) 6	<u>USD 387,000.00</u>

Sub-Total **USD 1,553,920.00**

Total (a + b + c) **USD 2,815,357.00**

* **Note:** Strategic Activities amounting to USD 100,000.00 from Regular Budget is included.

5.3. TABLE 1: INTERVENTION/LOGICAL FRAMEWORK

	Intervention Logic	Indicators	Source of verification	Assumptions and Risks
Strategic Objective/Vision	COMESA LLPI becomes competent and leading leather and leather products centre of excellence that will enhance regional and global competitiveness of the leather industry.	<ul style="list-style-type: none"> % increase in intra and inter regional total earnings for various product mix leather footwear, garments and goods 	<ul style="list-style-type: none"> COMESA/LLPI database Member countries report Evaluation and monitoring report 	<p>Assumptions</p> <ul style="list-style-type: none"> Member countries assessed contributions effective, and projects implemented Macro-economic policies and regulatory environment in place and conducive Member countries have statistical capacity to provide specific data on leather sub-sector Progress in trade liberalization at different levels Collaboration with other donor project financing organization(s) <p>Risk</p> <ul style="list-style-type: none"> Withdrawal or suspension of member States Reluctance of member countries to take part or not giving priority to the leather industry

Intermediate Objective/ Mission		<ul style="list-style-type: none"> • % increase in raw material base in target countries for hides, sheepskin and goat skins • % increase in total conversion of local material base into finished leather products • % increase in medium and large scale shoe factories with modern technology(CAM and CAD + plotter) 	<ul style="list-style-type: none"> • Monitoring and evaluation report • Member countries periodic reports • COMESA/LLPI data base 	<p>Assumptions</p> <ul style="list-style-type: none"> • Capacity and commitment of beneficiary countries • Willingness of benefiting enterprises/traders • Contribution by member States and project/programmes in place <p>Risks</p> <ul style="list-style-type: none"> • Social and legal barriers for entering international trade • Delays in implementation of projects/ programmes due to lengthy decision making processes
	<p>Regional Human Resource Development</p> <p>1. Cooperation in the training of personnel for the leather industry at various levels promoted among LLPI member countries between 2013 - 2015.</p>	<ul style="list-style-type: none"> • 2000 stakeholders trained in husbandry practices, raw hides/skins handling and quality improvement in member countries by 2014. • At least five study tours undertaken for various stakeholders by 2015. • Five sensitization/ awareness raising seminars held by 2015. 	<ul style="list-style-type: none"> • Attendance list workshop report • Annual Reports from stakeholders • Back-to-office and monitoring reports 	<p>Assumptions</p> <ul style="list-style-type: none"> • Interest and active involvement of beneficiary countries and stakeholders • Commitment of project financing organization(s) <p>Risks</p> <ul style="list-style-type: none"> • Insufficient sustainable commitment of beneficiary countries/relevant stakeholders and financing organization(s)
	<p>Material and Technology Development</p> <p>2. To promote research and development, technology transfer and collaboration with relevant premier institutions across the value chain.</p>	<ul style="list-style-type: none"> • 30% of existing manufacturers in the leather processing factories (tanneries) sensitized on improved manufacturing technology and work methods • 20% increase in trained manpower who can manage the commercial & manufacturing processes to international standards 	<ul style="list-style-type: none"> • Annual reports from stakeholders & back-to-office reports • Member countries report • Monitoring and evaluations reports 	<p>Assumptions</p> <ul style="list-style-type: none"> • Staff resource (researchers) and budget available • Member countries contributions continuous <p>Risks</p> <ul style="list-style-type: none"> • Staff (researchers) unavailability and turnover rotating in and out • Contribution by member States inconsistent
	<p>Investment and Trade Development</p> <p>3. Enhance investment and trade competitiveness throughout the leather value chain.</p>	<ul style="list-style-type: none"> • Number of Country Product Matrix prepared. • 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. 	<ul style="list-style-type: none"> • Monitoring and evaluation reports • COMESA/LLPI data base and beneficiary countries report 	<p>Assumptions</p> <ul style="list-style-type: none"> • Progress in trade liberalization at different levels • LLPI website up-to-date and information dissemination to beneficiary countries/ stakeholders in place <p>Risks</p> <ul style="list-style-type: none"> • Delays in implementation of a project due to lengthy decision making processes • Lack of information collection and dissemination activities and IT
	<p>Information Collection and Dissemination</p> <p>4. Disseminate information on value addition activities.</p>	<ul style="list-style-type: none"> • An information database/ website for the leather sector established at LLPI • No of stakeholders accessing the database 	<ul style="list-style-type: none"> • COMESA/LLPI data base information and periodic reports • Monitoring and evaluation reports 	<p>Assumptions</p> <ul style="list-style-type: none"> • Establishment of website at LLPI in place <p>Risks</p> <ul style="list-style-type: none"> • Limited access to website by stakeholders • No website updated and/or established
	<p>Consultancy and Extension Services</p> <p>5. Strengthen LLPI institutional capacity to deliver quality service and consultancy.</p>	<ul style="list-style-type: none"> • No of staff in position compared to proposed structure • % of LLPI offices with adequate office and relevant information technology facilities. • No of specialized courses undertaken by LLPI staff. • Value of budgetary and extra budgetary resources mobilized to support programme implementation. 	<ul style="list-style-type: none"> • COMESA/LLPI data base and reports • Monitoring and evaluation reports 	<p>Assumptions</p> <ul style="list-style-type: none"> • Staff resources and budget available as per the organizational structure <p>Risks</p> <ul style="list-style-type: none"> • Non-mobilization of budgetary and non budgetary resources

<u>Regional Integration Agenda</u> 6. Cross cutting (Gender parity, youth empowerment, livestock and hides/skins diseases, environmental management, HIV/AIDs) are mainstreamed in all LLPI activities in member countries.	<ul style="list-style-type: none"> No of women involved in LLPI programmes No of programmes targeting women only 	<ul style="list-style-type: none"> Annual and monitoring/ evaluation reports Activity reports from member countries 	<u>Assumptions</u> <ul style="list-style-type: none"> Willingness of selected women to participate in the programme Commitment from beneficiary countries and women associations <u>Risks</u> <ul style="list-style-type: none"> Reluctance of target women association in participating in the target programme
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5.4. TABLE 2: KEY ACTIVITIES, MEANS OF IMPLEMENTATION AND BUDGET

Key Activities	<u>Strategic Issue 1: Regional Human Resource Development</u> Objective 1: Cooperation in the Training of Personnel for the Leather Industry at various levels promoted among in LLPI Member Countries <u>Key Results</u> 1.1 Training and workshop conducted	<u>Implementation Means</u> The following resources are needed to carry out the proposed activities: Finance Long term staff Short term expertise and consultancies Equipment (hard/software) Meetings, workshops, conferences, missions Training	Budget for: Result 1: 551,000
	<u>Strategic Issue 2: Material and Technology Development</u> Objective 2: Promote Research and Development, technology transfer and collaboration with relevant premier institutions across the value chain <u>Key Results</u> 2.1 Technology design proposal (such as Quality improvement and cleaner) 2.2 Support country level leather institute to undertake technology research and dissemination	<u>Implementation Means:</u> <ul style="list-style-type: none"> Finance Long term staff Short term expertise (Researcher/s) Trainings and sensitization of technologists, technicians and manufacturers Supply of components 	Result 2: 40,000
	<u>Strategic Issue 3: Investment and Trade Promotion</u> Objective 3: Enhance Investment and Trade Competitiveness Throughout the Leather Value Chain <u>Key Results</u> 3.1 Increased participation of Leather Sector partners in Leather Trade Fairs 3.2 Visits and tour of LLPI staff for market linkage	<u>Implementation Means:</u> <ul style="list-style-type: none"> Finance Identification of focal countries/beneficiaries Company profiles Awareness creation workshops Participation in trade fairs Strengthening of associations 	Result 3: 335,670
	<u>Strategic Issue 4: Information Collection and Dissemination</u> Objective 4: Disseminate information on value addition activities. <u>Key Results</u> 4.1 Sustain Access to information 4.2 Prepared directory and upload in website 4.3 Prepare documentary on the leather value chain	<u>Implementation Means:</u> <ul style="list-style-type: none"> Finance Office and communication facilities provision Update, collect and upload new information Disseminate awareness creation materials 	Result 4 164,250
	<u>Strategic Issue 5: Consultancy and Extension Services</u> Objective 5: Strengthen LLPI institutional capacity to deliver quality services and consultancy <u>Key Results</u> 5.1 Built LLPI capacity 5.2 Services provided by LLPI	<u>Implementation Means:</u> <ul style="list-style-type: none"> Finance Prepare job descriptions Develop projects Study tours Mobilization of resources 	Result 5 76,000

<p>Strategic issue 6: Cross-Cutting Issues</p> <p>Objective 6:</p> <p>Cross-Cutting Issue (gender parity, youth empowerment, livestock and H & S diseases, environmental management and HIV) mainstreamed in the leather value chain</p> <p>Key Results</p> <p>6.1 Gender integrated in all activities 6.2 Activities related to disease, environment that LLPI need to do</p>	<p>Implementation Means:</p> <ul style="list-style-type: none"> - Finance - Trainings - Contribution to policy formulations - Focus on environmental issues 	<p>Result 6</p> <p>387,000</p>
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5.5. TABLE 3: IMPLEMENTATION PLAN

Strategic Issue1: Regional Human Resource Development

Objective 1: Cooperation in the Training of Personnel for the Leather Industry at various levels promoted among LLPI Member Countries

Key Results	Key Activities	Average Cost USD	MOV	Base-line	Target	By when		Responsible
						2014	2015	
Training and workshop conducted	Work with Focal points and Training institutions in Member countries to train personnel on footwear and leather goods production, marketing/trading and manufacturing issues in selected COMESA member countries	317,000	Attendance sheet and training report	0	840	360	480	LLPI & Partners
	Productivity improvement workshops	234,000	Attendance sheet and workshop report	0	60	24	36	
Sub Total		551,000						

Strategic Issue 2: Material and Technology Development

Objective 2: Promote Research and Development, technology transfer and collaboration with relevant premier institutions across the value chain

Key Results	Key Activities	Average Cost USD	MOV	Base-line	Target	By when		Responsible
						2014	2015	
2.1 Technology design proposal (such as Quality improvement and cleaner)	Design modalities for implementing MOUs signed with: Central Leather Research Institute (CSIR-CLRI), India, Korea Institute of Technology, Ege, Turkey and Copperstone University, Zambia and others	10,000	Proposal document/r eport	0	3	3		LLPI & Partners
2.2 Support country level leather institute to undertake technology research and dissemination	Select research agenda. Write proposal for funding Implement in selected country institute	30,000	Monitoring report	0	3		3	
Sub Total		40,000						

Strategic Issue 3: Investment and Trade Promotion**Objective 3:** Enhance Investment and Trade Competitiveness Throughout the Leather Value Chain

Key Results	Key Activities	Average Cost USD	MOV	Base-line	Target	By when		Responsible
						2014	2015	
3.1 Increased participation of Leather Sector partners in Leather Trade Fairs	Co-organize, sponsor and participate (country representatives, LLPI Board members, government officials and SMEs) in All African Leather Fair Contacts and invitations prepared Share brochures and newsletter to stakeholders Display member country products Prepare and distribute documents of previous trade fairs (i.e., brochures and newsletter) organize seminars and fashion shows	115,000	Trade fair report and attendance sheet	0	58	29	29	LLPI & Partners
	Co-organize Inter- Regional Leather Trade Fair that will serve as an international platform and image enhancing for COMESA Region and LLPI in particular. The trade fare will be organized in collaboration with ITC and other sponsoring organization in Nairobi, Kenya	47,170		0	45		45	
	SMEs supported to participate in 6 countries international trade fairs	126,000		0	60	60		
3.2 Visits and tour of LLPI staff for market linkage	Professional staff from LLPI participated and exposed to regional and international markets.	47,500		0	10	5	5	
Sub Total		335,670						

Strategic Issue 4: Information Dissemination**Objective 4:** Disseminate information on value addition activities

Key Results	Key Activities	Average Cost USD	MOV	Base-line	Target	By when		Responsible
						2014	2015	
4.1 Sustain Access to information	Develop tailor made Web Database application, keep track of information about leather industries in COMESA member countries. Teleconferencing; produce and disseminate newsletters on quarterly bases	54,000	Monitoring report/ assessment	0				LLPI & Partners
4.2 Prepared directory and upload in website	Ensure proper functioning of the Network System. Establish full inventory of the Leather Value Chain statistics and business enterprises of LLPI member countries (Tanneries, Manufacturing Industries, SMEs, Traders etc)	31,500	quarterly report Annual report LLPI data base	0				
4.3 Prepare documentary on the leather value chain		78,750		0				
Sub Total		164,250						

Strategic Issue 5: Consultancy and Extension Services

Objective 5: Strengthen LLPI institutional capacity to deliver quality services and consultancy.

Key Results	Key Activities	Average Cost USD	MOV	Base-line	Target	By when		Responsible
						2014	2015	
5.1 Built LLPI capacity	Human resources to manage information dissemination both online and other media	66,000		0	4	2	2	LLPI & Partners
5.2 Services provided by LLPI	Proposal prepared for fund raising	5,000		0	2	1	1	
	Proposal prepared policy development	5,000		0	2	1	1	
Sub Total		76,000						

Strategic Issue 6: Regional Integration

Objective 6: Cross-Cutting Issue (gender parity, youth empowerment, livestock and H & S diseases, environmental management and HIV) mainstreamed in the leather value chain

Key Results	Key Activities	Average Cost USD	MOV	Base-line	Target	By when		Responsible
						2014	2015	
	Undertake fundraising missions	25,000		0				LLPI & Partners
	Workshops	60,500		0				
	Project proposals	7,500						
	Core Team Meetings	168,000						
	SME Technical Meetings	126,000		0				
	Other Technical Meetings							
6.1 Gender integrated in all activities	All activities above to take in account cross cutting issues (at least 20% of beneficiaries are women and youth)							
6.2 Activities related to disease, environment that								
Sub Total		387,000						

6. PROGRAMME PLANNING, MONITORING AND EVALUATION, BACKSTOPPING

95. Monitoring and Evaluation (M&E) will continue to play a big part in ensuring:
- i) Enhanced ownership by member States;
 - ii) Alignment of activities to meet LLPI's mandate;
 - iii) Harmonization of planning, budgeting, reporting procedures with those of COMESA Secretariat;
 - iv) Mutual accountability by all stakeholders.
96. During the Twenty Sixth Meeting of the Council of Ministers (2-4th June 2009) held at Victoria Falls, Council decided that Programming, Budgeting and Accounting and Reporting for the COMESA Institutions should be harmonized with that of the COMESA Secretariat (Council Decision CS/CM/XXV/3(a), Para. 210). Secondly Council also directed that COMESA streamlines the implementation of a Performance Management System (PMS).

6.1. PLANNING

97. The Medium Term Strategic Plan Logical Framework will form the basis of the M&E System. The Planning System will consist of the MTSAP Logical Framework, Implementation Plan and subsequent Annual Work Programmes derived from the Implementation Plan. The Annual Work Programme will be the Implementation Plan for the specific year to ensure consistent activity planning and budgeting and regular progress review comparing planned versus achieved. It will be prepared to coincide with the COMESA Planning Cycle (1st January to 31st December). An Annual Staff Performance Appraisal will be carried out for staff members to assess achievement of activities against what has been planned. The Technical Staff will prepare work programmes based on the Strategic Plan and Council Decisions. These work programmes will include priority objectives from which individual performance targets will be derived.

6.2. MONITORING ACTIVITY IMPLEMENTATION

98. Monitoring will concentrate on the actual use of resources (finances, vehicles, allowances, programme assets, staff and contracted services), the extent to which planned activities have taken place and the extent to which anticipated outputs are produced. Other monitoring activities will include keeping relevant records, holding regular meetings, writing progress reports, and keeping minutes. As much as possible reporting formats and procedures will be aligned to those of the COMESA Secretariat as directed by Council.
99. Monitoring will involve the collection of monitoring information. The Director of LLPI will prepare or cause to be prepared quarterly monitoring reports using COMESA standards and procedures. This report will be submitted to the LLPI Board of Directors for approval before forwarding to Secretary General of COMESA. Similarly progress on the implementation of the annual work programs arising from the Strategic Plan will be reported to Policy Organs during relevant Meetings.

6.3. ANNUAL PERFORMANCE APPRAISAL

100. All staff will be subject to Performance Appraisal. The responsibility to prepare and submit quarterly performance reports lies with the individual staff and it shall be compulsory. Reports on performance will be on a quarterly basis reflecting cumulative achievements on agreed targets. The report for the fourth quarter will be the end of year report.

101. All progress reports will cover quantitative and qualitative progress made in implementation and achievement of objectives; problems encountered during the reporting period; steps taken or proposed to solve these problems; proposed activities and expected progress during the following period.

102. Every staff shall be required to submit four quarterly reports per year as indicated below:

- i) 1st Quarter - 1st January to 31st March of each year. Reports to be submitted to Supervisors by 5th April.
- ii) 2nd Quarter - 1st April to 30th June of each year. Reports to be submitted to Supervisors by 5th July.
- iii) 3rd Quarter - 1st July to 30th September of each year. Reports to be submitted to Supervisors by 5th October
- iv) 4th Quarter - 1st October to 31st December of each year. Reports to be submitted to Supervisors by 10th January

103. Individuals should keep record of what they do on a daily basis while supervisors shall keep a record of assignments given out. Staff will table quarterly reports to supervisor.

6.4. FINANCIAL REPORTING AND AUDITING

104. The Institute will keep financial records in accordance with agreed standards based on international accounting practices. The Institute will be responsible for timely submission of regular budget performance reports, annual financial statements to relevant policy organs of COMESA. Regular Audit Reports by Internal Auditors of COMESA and annual Audit Reports of External Auditors will be carried out.

6.5. EVALUATION

105. A mid-term review of the Strategic Plan implementation was conducted in June 2013, by independent consultant(s), to present, in view of the targeted objectives, the results and impacts obtained during the first half period. It has proposed adjustments indispensable for the achievement of the objectives. Evaluation will be carried out in 2015 by an external independent firm/individual. It will be done as systematically and objectively as possible covering ongoing or completed activities implementation and results.

6.6. TECHNICAL BACKSTOPPING

106. In addition, the COMESA M&E Expert will also undertake Technical Backstopping Missions twice a year and also to verify activities in the ground.

7. WAY FORWARD

107. This revised MTSAP has been designed with the objective to strengthen and refocus the Institute as an active player in the provision of technical and other support services to member countries in order to create and enhance inter-regional and intra-regional competitive environment for the development of leather industry in the COMESA region in particular and Africa in general.

The following are some critical issues for effective implementation of the Strategic Plan:

- i. Restructuring for coherence in performing its coordinating role for the development of the regional leather sector.
- ii. Guiding the LLPI MTSAP Strategic Plan towards “Promotion of the development of the regional leather industry through research, science and technological development, investment, productive capacity building, inter-regional cooperation”. This will involve understanding fully the goals and objectives and allocating scarce resources where impact is greatest.
- iii. Putting in Place Effective Operations. This involves planning, organizing and ensuring all required inputs (equipment, contracts, finances, preparation of workplans, communication) are available for effective implementation of activities.
- iv. Creating a Learning Atmosphere. This involves staff being able to reflect critically on progress, learn from mistakes and propose self improvements without fear of victimization and;
- v. Developing and Using an Effective M&E System. This involves designing and implementing an information gathering and reflective learning process to generate insights that help to improve operations and strategic directions.
- vi. Putting in Place Necessary Capacities and Conditions. This will involve putting in place adequate and relevant technical staff in LLPI against proposed structures as in the Staff Rules and Regulations.

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