The Uganda’s perspective, status and implementation of the National leather value chain Strategies

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Abstract

Uganda is transforming her leather value chain to a modern and competitive sub-sector, aiming at production of value-added leather materials and leather products from the abundant raw hides and skins at the slaughter houses and abattoirs. The challenge though is the exportation of about 95% of the wet blue product, which is the only processed leather material for export from Uganda. More still, the quantity of wet blue produced and exported from Uganda stands at 1.08 million pieces from hides and 2.01 million pieces from goats and sheep skins amounting to 18.14 m sq. ft from hides and 6.78m sq. ft, respectively. In total this translates to about 24.92m sq. ft of finished leather if it was to be processed from within Uganda. Taking an average square foot of 2.5 sq. ft per pair of shoes, then this output would give about 9.97m pairs of leather shoes. Since Uganda needs about 25 m pairs of leather shoes per annum, it implies that there would be a deficit of about 15.03 m pairs of shoes per annum. This deficit has been covered by importing about 0.5 m pairs of leather shoes per annum and about 23.5 m pairs of synthetic leather shoes and second-hand shoes combined. Now Uganda exports about 24.92 m sq. ft worth of leather (about 9.73m pairs of shoes) and imports about 0.5 m pairs of leather shoes which is a sixteenth of what is exported. Exportation of unfinished products for processing elsewhere goes with jobs and services as well. For this reason, wet blue product made in Uganda need to be further processed in the country to avail leather and leather products, service like Design Studios, facilities, e.g., incubation centers and jobs. The information about tanneries was obtained by use of a questionnaire in which respondents were tannery industry production managers. In addition, documentary review of the world population on Uganda, Ministry of Trade Industry and Cooperatives (MTIC) abstracts and UBOS census 2014 reports were also used as the source of data. According to the Uganda census 2014, the country’s primary and secondary going children are 10,113,201 students. If for example these students wear leather shoes at 35,000/= per pair per annum then the leather Sector would earn 353bn UGX per annum. This contribution would be about 56 times that which tourism is contributing towards the GDP of Uganda, implying that the leather sector in Uganda, if emphasised could stimulate economic growth of the country.

Key words: Tannery industry, Hides and skins, wet blue, leather and leather products

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1 Introduction

Uganda is transforming her leather value chain to a modern and competitive sub-sector, aiming at production of value-added leather and leather products. Leather is sourced from available raw hides and skins obtained from homesteads, slaughterhouses and abattoirs[1]. The Uganda leather value chain is the process including activities by which a Uganda government is doing in a bid to add value to hides and skins, including farm practices and fraying, shoe and other leather products making, marketing, and the provision of after-sales service [2] and [3].

1.1 Uganda’s National leather sector perspectives

The local production of leather is the main focus, because SME groups that can covert leather to leather products are in existence. Further still, the market for leather and leather product is big enough to support tanneries [4]. To become competitive the country has been trying to apply available modern and cleaner technologies. For example, the use of up-to-date conversional tannery effluents treatment method to mitigate environmental pollution [5]. The government of the Republic of Uganda has created and instituted frameworks on which collaboration can be achieved [4]. On this framework the Ministry of Trade Industry and cooperatives signed an MoU with ALLPI that has spearheaded the capacity building on the leather value chain [1]and [6].
1.2 Uganda’s National leather value chain status

At the moment Uganda is producing wet blue for export to other countries [7]. Leather for all SMEs that produce leather products is imported into the country from external markets [8]. This is due to the fact that wet blue market is booming outside Uganda than what it is locally.

1.3 Uganda’s implementation of the National leather value chain strategies

One of the strategies to increase the local consumption of leather and leather products in Uganda is halting the importation of second hand shoes and leather products [9]. Unfortunately, the tanneries in the country are producing up to wet blue, meaning that, leather is not being made locally in Uganda at the moment [10]. This indicates that the country is faced with wet blue consumption gap [11] and [12]. For this reason, the exportation of the 95% of the wet blue made in Uganda needs to be further processed in the country to avail leather and leather products, service like DS, facilities e.g. IC and jobs for both M&W in the country.
1.4 Academic Upgrading on the leather value chain

The country has about 5000 SMEs that make shoes and other leather products but only 50 of them are registered with Uganda Registration Services Bureau [14]. This has been partly due to lack of training routes that create very confident shoe and other leather products makers. For example, the educational framework for attaining a degree in leather tanning technology mandates Advanced certificate of education (A-level) holders and not crafts certificate holders for direct entry scheme at KyU though the same framework clearly asserts that crafts certificate is equivalent to A-level [13]. One challenge is, A-level leavers do not often choose the degree programme in leather tanning technology as their first choice due to little publicity and value attached to leather in the country. This route has not produced the trainees for the programme. Another channel would be diploma holder entry, but the country does not have diploma holders in leather related training programmes. The only route that has always produced students for the programme is one through crafts certificate equivalence of A-level at the direct entry scheme, but the educational framework has no clause that allows this category. The trainees are always disturbed at the registration into the program, a factor that has led crafts certificate holders not to join in large numbers. This means majority joins the production with inadequate training hence the fear for registering their businesses. Further still, form four leavers at artisanry level are joining production with only experience got on job learning from friends.

2 Methodology

The information about tanneries was obtained by the use of telephone conversations in which Respondents were tannery industry production managers. In addition, documentary review of the world population report on Uganda was used. Ministry of Trade, Industry and Cooperatives (MTIC) abstracts and other Government policy documents were also used. UBOS census 2014 report was also used as the source of data, as well as experienced observers in cattle corridor.
3 Results and discussions

3.1 Sample summary

UG has 57,842 villages, 73 house-holds per village amounting to 4.2m households (Uganda electoral commission report, 2018). Each household is expected to have at least 8 goats and sheep combined and about 5 cows on average [15]. 2 cows and 7 goats & sheep are slaughtered per week per village (experienced observer).

3.2 Wet blue made in Uganda

Wet blue Uganda based tanneries are producing and exporting stands at 1.08 million pieces from hides and 2.01 pieces from goats and sheep skins [4]. This amounts to 18.14 m sq. ft from hides and 6.78m sq. ft from goats and sheep skins, taking a hide and skin to be 22.4 and 4.5 sq. ft per piece on average respectively. In total less by approximate 25% of trims and cuts, this translates to 24.92 m sq. ft of leather if it was processed in Uganda. Therefore, considering an average square foots to be 2.5 sq. ft per pair of shoes, the output can then totally be 9.97m pairs of shoes worth of leather. Uganda currently needs 25m pairs of leather shiest is creates a deficit of 15.03m pairs of shoes worth of leather annually. Uganda imports only 0.5m pairs of leather shoes, meaning 14.53m pairs of leather shoes need to be produced locally. SMEs and Leather Technologists from training institutions are producing shoes at a rate of 20 pairs per day. The number of SMEs in shoe making are 5000 SMEs though only 50 SMEs are registered with Uganda.
Registration Services Bureau. On average if SMEs were empowered, they would make 28.8m pairs of shoes annually. This closes the deficit and we remain with 3.8m pairs for export.

Figure 3.1: The Matching SMEs demand with tannery capacity (MTIC and UBOS 2017 abstracts)

Matching SMEs demand with tannery capacity needs tanneries to triple their operations in accordance with \[ (SME\ demand)_{UG} = 3.0 \times (each\ Tannery\ operation) \]

3.3 Animal husbandry capacity

Source, adopted from MTIC and UBOS 2017 abstracts and Uganda electoral commission report, 2018

Figure 3.2: The animal husbandry capacity to support tanneries
Uganda is comprised of 57,842 villages as per Uganda electoral commission report, 2018 and each village has 73 households amounting to 4.2m households, each household is expected to have at least 8 goats and sheep combined and about 5 cows on average [15]. 2 cows and 7 goats plus sheep are slaughtered per week per village. Hides and skins harvest from the animal husbandry base is too little compared to the rate people slaughter animals at household and slaughter houses levels. Partly this is due to little value people put on availing the hides and skins to the market. The complaint is usually the low price given to their raw hides and skins without specifying the reasons why such happens.

3.4 Training institutions
Training institutions produce about 55 crafts certificate holders yearly (Oyesigye, 2018). on the other hand, policy frameworks resist the further studies of these certificate holders at KYU. This creates a smaller number of leather technologists. The leather technologists can boost the SMEs group if they are well trained.

3.5 Market potential
According to the Uganda census 2014, the country’s primary and secondary going children are 10,113,201 students [17]. If for example, these students wear leather shoes at UGX 35,000/= per pair per annum then the leather Sector would earn 353bn UGX per annum. The market is actually bigger than this on consideration of people between the age 18 and 64 who are 10,001,199 people wearing shoes for UGX 90,000/= per pair per annum on average. This makes additional 900bn UGX per annum, totalling to 1,253bn UGX per annum, equivalent to MAAIF’s yearly budget [18].

4 Conclusion
Tanneries in Uganda, if empowered to triple their operational capacity, can match the demand of leather SMEs need to make their products. Policy framework review on allowing the crafts certificate holders to join bachelor of science in leather tanning technology (BScLT) at Kyambogo university (KyU) can boost the SMEs group registered with URSB. The two avenues can make the leather and leather products Ugandans need with the excess for export.

Recommendation
Revision of policy frameworks to allow people train and boost SMEs. wet blue made in Uganda needs to be further processed in the country to avail leather to the SMEs, in order to create easy access to leather materials for shoe making and jobs for both men & women in the country.

5 References
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