

Capacity Building in Tanzania; Role of Technological Institutions in Leather sector



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Presentation summary

This presentation is divided in the following order:

1. Overview of Tanzania Leather Sector
2. Capacity building in Tanzania:
3. Role of Technological Institution(s)
[Dar es Salaam Institute of Technology (DIT)]

Overview of Tanzanian Leather Sector

- Current Statistics indicate that the Tanzania has a population of 18.8 million Cattle, 13.1 million goats and 3.6 million sheep.
- It ranks third in Africa in terms of cattle populations after Ethiopia and Sudan.
- Potential annual production of 3.3, 4.5 and 1.7 million hides, goatskins and sheepskins respectively

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Raw material collection trends

- Collections – past 5 years

Year	Hides	Goatskins	Sheepskins
2007/2008	2,500,000	1,900,000	1,500,000
2008/2009	1,650,000	2,700,000	1,250,000
2009/2010	1,500,000	2,400,000	650,000
2010/2011	2,500,000	2,400,000	200,000
2011/2012	2,800,000	3,400,000	650,000

- The collection has shown an increasing trend over the period up to 2007/2008.
- The year 2008/2009 experienced a sharp decline in hides collection which continued during the following year, with skins also showing similar decline.
- This was a result of drastic fall in purchase price of the hides from producers caused by lack of demand in the international markets following the global economic crisis.

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The tanning sub-sector

- A common feature of the tanning sub-sector is the low level of capacity utilization

Description	Value
Number of firms	9
Installed capacity	74 mil sq.ft
Operating capacity -2010	34 mil sq.ft
Capacity utilization	46%

- With respect to the degree of processing, firms are largely limited to semi-processing activities.

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The leather products sub-sector

- Leather products manufacturing is a strategic sub-sector for economic and industrial development.
- The sub-sector has a good resource base, is labor intensive and therefore a good source of employment.
- This primarily necessitates establishing a tanning sub-sector that is capable of producing high-grade finished leather to feed the downstream industries.
- It is this network, *the linkage between tanning and leather products industries*, which is missing most in Tanzania.
- In the recent past, the trade structure in leather products has shown an increasing trend in the importation of cheap products, including second-hand (used) products.
- Despite the raw material potential for manufacture of leather products, current production is dominated by micro enterprises and few small and medium enterprises/companies.
- These activities are scattered instead of clustered

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The footwear industry

- Got well established during the years after independence up to the early 1980s just before the onset of trade liberalization.
- Since the onset of trade liberalization in the 1980s, however, Tanzania has experienced a rapid shift in its production pattern, with almost all shoe making factories closing down.
- Today, the trade structure shows an increasing trend in the importation of cheap products, including second-hand (used) shoes (popularly known as "mitumba")

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Imports of footwear

- The import figures for the past show an average growth of over 25% per annum, an indication of existing and growing demand should local firms be able to produce competitively.

Year	Total quantity '000' pairs	Leather footwear	Total value Mil. Tshs
2005	18,042	140	16,631
2006	25,588	553	20,269
2007	30,969	772	23,364
2008	39,248	734	24,941
2009	33,999	614	29,334

- The above figures also show that the average import price of one pair of footwear is less than Tshs. 1,000/= (less than 1 USD).

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Footwear imports (cont.)

- This clearly indicates the dominance of second hand (used) imports into the current market for footwear.
- The above figures also show that imports of genuine leather shoes constitute less than 5% of total imports; implying that while Tanzania exports more than 95% of hides, skins and leather, products made of the exports are consumed elsewhere, with Tanzanians consuming cheap non-leather and used leather products.
- This is a massive blow to job creation for Tanzanians.
- The market for new *leather* shoes amongst common Tanzanians is almost non-existent due to the predominantly poor and price sensitive population.

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Factors affecting the tanning sub-sector's competitiveness

- Poor quality of hides and skins (defects associated with traditional animal husbandry, slaughtering, storage and preservation methods)
- Low capacity utilization
- Poor economic infrastructure
- ✓ Delays in ports and customs clearance
- ✓ Power (rationing, cuts, fluctuations, high tariff)
- ✓ Water (availability of sufficient water is a critical factor in the performance of the tanning industry)
- Technology employed (many tanning firms started operating using second hand equipment, which have been serving for decades in other countries).
- Export support/promotion (includes market information, contact making, pre-export support services and the like). In Tanzania, except for limited participation in trade fairs, practices like trade missions abroad, advertisement in foreign media, stationing own agents abroad, etc., are not well known.

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Factors affecting the leather products sub-sector's competitiveness

- Poor quality and availability of domestic leather
- High cost of imported inputs such as accessories
- Unfair competition created by imports of cheap products
- Lack of design and technical capabilities (poor quality of products)
- Lack of marketing techniques (lack of attention to what the market demands in terms of quality and price)
- Low investment

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CAPACITY BUILDING IN TANZANIA; Hides, Skins and Leather Sector Dev. Strategy

The lead Ministries responsible for hides and skins improvement and leather sector industries development prepared an Integrated Hides, Skins and Leather Sector Development Strategy; in 2007 with the main objective to revive the sector by addressing cross-section issues within the sector, influencing production, processing and marketing of quality hides and skins, processed leather, footwear and leather goods.

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The strategy focused on the following key aspects:

- | | |
|-----|---|
| (a) | Improving the quality of hides and skins; |
| (b) | Increase capacity utilization of tanneries and leather goods manufacturing; |
| (c) | Create fair level playing competition between local and imports leather and related products; |
| (d) | Capacity building of stakeholders including technical personnel; |
| (e) | Strengthening of stakeholder organizations, |
| (f) | Facilitate acquisition of modern technology for innovation and product development and environmental aspect of the tanning industry |
| (g) | Encourage domestic value addition activities whilst discourage export of raw hides and skins |

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In implementation, activities involved :-

- | | |
|-----|--|
| (a) | Establishment of Training cum Production centres |
| (b) | Revitalization of TILT, now DIT Mwanza campus (Recognition of a Technical Institution) |
| (c) | Development of a comprehensive demand driven hides and skins curriculum for Livestock Training Institutes and other related institutes |
| (d) | Training of hides and skins inspectors |
| (e) | Training of leather technologists |

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Information about DIT

The Dar es Salaam Institute of Technology (DIT) is an Institution of Technical Education which was established in 1997 through an Act of Parliament No. 6. It is fully accredited by the National Council for Technical Education (NACTE) to offer technician and engineering programmes leading to the qualifications of National Technical Awards Levels 6 (Ordinary Diploma) and level 8 (Bachelor of Engineering) respectively.

Two (02) campuses:

DAR ES SALAAM (1997) : *Science and Engineering programmes*

MWANZA (2010) : *Leather Technology and Leather Products Technologies*

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About TILT to DIT Mwanza campus

- (a) TILT (Training centre and commercial tannery) was constructed in 1984 by URT in collaboration with UNIDO but was never completed for takeoff.
- (b) Due to economic challenges of 1990s, TLAI were privatised in 1992. TILT was separated from Mwanza Tanneries
- (c) During the meeting of H.E. the President with MCST in 2008, He directed that TILT be moved to DIT from the Ministry of Industries and Trade.
- (d) The Ministry of Industries and Trade (MIT) handed over the former TILT to DIT on 1st May 2010.

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Role of DIT Mwanza campus

- To conduct training on hides and skins improvement; leather technology; footwear production, leather goods production, and leather machinery operations
- To demonstrate appropriate skills in manufacturing leather, footwear and leather goods according to standards and specifications
- To conduct demand driven research and development in the leather value chain
- To offer consultancy services in the leather value chain
- To support firms in the selection of appropriate technology
- Acquisition of modern technology for innovation and product development
- To contribute to the review, formulation and implementation of policies and strategies related to the development of the leather industry.

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Role of DIT Mwanza campus (cont.,)

- HUMAN RESOURCES DEVELOPMENT
- INFRASTRUCTURES
- SOFTSTRUCTURES
- COMMUNITY SERVICES

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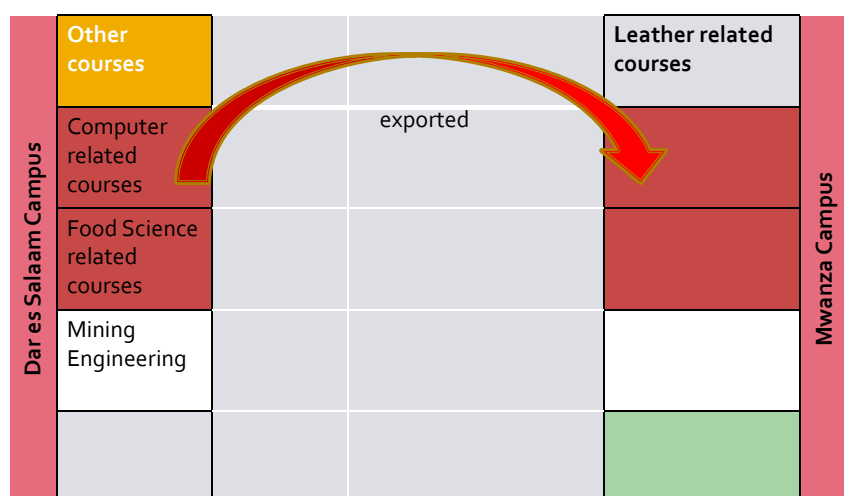
Role of DIT Mwanza campus (cont.);

TRAINING CUM PRODUCTION	Training		Diploma in Footwear and Leather goods
			Diploma in Leather Technology
			Professional courses in various leather related skills
	Production		Offer community service to SME
			As part of training

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Role of DIT Mwanza (cont.)





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