



UNIDOScope

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Business Plan for Ethiopia's leather and leather products industry

July, 2005



Ethiopia's Minister of Trade and Industry, Girma Birru

The Master Plan and a Business Plan for the Development of the Ethiopian Leather and Leather Products Industry (LLPI), developed jointly by UNIDO and the Government of Ethiopia, have now been officially adopted as Ethiopia's strategic framework for all further development the Ethiopian Leather and Leather Products Industry. UNIDO formally received the good news in a letter to Director-General Carlos Magariños from Ethiopia's Minister of Trade and Industry, Girma Birru in July, 2005, requesting support in the implementation phase of the Business Plan.

The Master Plan and Business Plan received full endorsement by the National Export Coordination Committee chaired by Prime Minister Meles Zenawi in June 2005, and were presented to all stakeholders of the sector by State Minister for Industry, Ato Tadesse Haile, on 5 July 2005.

The Master Plan provides the framework for the implementation of a five-year Development Programme, or Business Plan for the leather and leather products industry. The Business Plan proposes a product mix in which the footwear industry is the priority sector to be developed, mainly for export, followed by the leather garments and the leather goods industry. UNIDO's leather specialist, Aurelia Calabro, told UNIDOScope that Ethiopia is very serious in its intention to adopt an appropriate policy mix and plan of action for the leather and leather products industry to compete in the national, regional and global value chains. Special attention is given to criteria such as: ability to access regional and global markets; potential for value addition, job creation and income generation; and potential to attract domestic and foreign investment. Strategic drivers of the Business Plan are the Leather and Leather Products Technology Institute and the mechanism of Sub-Contracting (whereby the Ethiopian industry produces the complete article in accordance with technical specifications provide by the developed country client).

On 29 September, 2004, the Government of Italy signed a Trust Fund Agreement with UNIDO to provide approximately US\$1,4 million for assistance to the Leather and Leather Products Technology Institute (LLPTI) for the development of its managerial and operative capacities ([see UNIDOScope 31 Oct. - 6 Nov. 2004](#)). Currently, the LLPTI is an educational institution. Under the Business Plan the LLPTI will retain its educational functions but in addition have a private sector oriented training arm.

Minister of Trade and Industry Birru has emphasised the importance of having a truly private sector oriented

training arm of the LLPTI by indicating that he wishes to monitor its development personally. It is clearly one of the main activities of the first year of implementation of the Business Plan, referred to in the document as the year of "the Set-up", when the overall structure for the implementation of the a five-year Leather and Leather Products Industry Development Programme is expected to be put in place.

Other main activities of "the Set-up" are: penetration of the domestic market as well as preliminary activities for export development (i.e. sub-contracting and direct selling); start-up of networking between the formal and informal sectors through the Leather and Leather Products Technology Institute and the Federal Micro and Small Enterprises Development Agency [FEMSEDA](#) (the small and medium scale producers in Addis Ababa are mostly found in clusters in different parts of the city, such as, Merkato, Messalemia, Asco, Kuwas Meda etc. The largest cluster is found in Merkato. The Master Plan includes a UNIDO study on the formal and informal leather producers in Merkato). The Ministry of Trade and Industry is looking at the possibility of moving some of the informal producers to some common premises close to the LLPTI equipped with sophisticated machinery.

In addition to the aforementioned, a series of support and policy interventions are expected to be implemented, such as: the accreditation of the laboratory of Leather and Leather Products Technology Institute (to be done in cooperation with the Quality and Standards Authority of Ethiopia ([QSAE](#)) and the Italian [ICEC](#), the Certification Body of the Italian National Tanning Association) which will open opportunities for EU tanners to invest in Ethiopia; the strengthening of the Ethiopian Tanners, Footwear and Leather Goods Manufacturers Association (ETFLGMA) to be able to represent the leather and leather products industry in its entirety in negotiations; and capacity building for managers.

Another way the competitiveness of the Ethiopian leather and leather products industry will be enhanced under the Business Plan is through the promotion of a "Made in Ethiopia" product that gives the cultural identity of Ethiopia's leather products a fashion look. A "Made in Ethiopia" workshop is expected to take place in the second half of October 2005, to be followed by the selection of companies best able to develop an integrated collection of bags, accessories, footwear and so on.

On the policy intervention side, it is expected that a Hides and Skins Marketing System will be operational to increase the quantity and improve quality of raw materials. The modernization of the banking system as foreseen in the Ethiopian Industrial Development Strategy (EIDS) and the creation of a favourable environment for FDI are important interventions to further support the development of the leather and leather products industry.

Dr. Geremew Debelie, Director of the [COMESA](#) (Common Market for Eastern and Southern Africa) Leather and Leather Products Institute, which shares premises with the Ethiopian LLPTI, has expressed his interest in working closer with UNIDO especially in promoting the Ethiopian LLPTI as a Regional Institution within COMESA countries. This would be in line with UNIDO Africa Productive Capacities Initiative (APCI) for East Africa, which has selected leather as one of its priority. The Ethiopian Leather Master Plan also sees the LLPTI as the engine of growth at regional level as well as nationally. It is envisaged that the framework of closer cooperation between the COMESA LLPI and UNIDO would be formalized through a memorandum of understanding (MOU).

The Master Plan and Business Plan for the Development of the Ethiopian Leather and Leather Products Industry is being distributed to major donors (including [EU/CDE](#), [PROINVEST](#), the Common Fund for Commodities ([CFC](#)); UN sister-agencies (e.g. FAO, UNCTAD/ITC, UNDP); UNIDO ITPOs and bilateral Investment Promotion Offices, such as the Centre for Promotion of Imports from Developing Countries ([CBI](#), [the Netherlands](#)), both through UNIDO official HQ channels and through the UNIDO Representative's office in Addis Ababa.

The implementation of the Business Plan will be reviewed on a three-monthly basis. The first review meeting is expected in mid October 2005.

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Arab Gulf Programme for United Nations Development Organizations (AGFUND)
working arrangement with UNIDO / ITPO - ARCEIT, Bahrain
Kingdom of Bahrain, June 7 2005



Signing of the Working Arrangement between UNIDO-ITPO Bahrain and the AGFUND
First row (from right): Mr. Nasser Kahtani, Director of AGFUND; HRH Prince Talal Bin Abdul Aziz, Chairman of the AGFUND, Dr. Hashim Hussein, Head UNIDO ITPO Bahrain. Second row (from right): Dr. Sameer Fakhroo, President Arab Open University Bahrain Campus; H.E. Shaikh Ebrahim Bin Khalifa Al Khalifa, Undersecretary Ministry of Finance and Chairman of the Bahrain Development Bank, Mr. Khaled Kanoo, President of the Bahrain Chamber of Commerce Industry; Mr. Afif Barhoumi, Investment Promotion Expert UNIDO ITPO Bahrain

His Royal Highness Prince Talal Bin Abdul Aziz, President of Arab Gulf Programme for United Nations Development Organizations (AGFUND), and Dr. Hashim Hussein, Head of UNIDO - Investment and Technology Promotion Office (ITPO) and Arab Regional Center for Entrepreneurship & Investment Training ([ARCEIT](#)), Bahrain, signed a working arrangement on June 7th, for "Promoting Micro, Small & Medium Enterprises through Investment and Entrepreneurship Development".

Activities covered by the Working Arrangement are: planning and conducting entrepreneurship appreciation; educational and awareness programs as well as

educational programs on micro finance such as courses for non-diploma degrees, seminars, workshops, debates, etc.; developing curriculum / teaching and learning material for entrepreneurship development, educational and awareness programmes; linking prospective / potential entrepreneurs with ARCEIT's Entrepreneurship Development Programs through its Entrepreneurship Development model of training, counseling and support services; and utilizing best practices in Information Communication Technology for developing virtual training systems.

The immediate outcome of the arrangement was the official inauguration of the Regional Academic and Research Centre of Excellence for Micro, Small & Medium Enterprises and Entrepreneurship Development at the Arab Open University Bahrain Campus to be entrusted with developing Curriculum / Educational material and training kits to be utilized through best practices in virtual training.

The Arab Gulf Programme for United Nations Development Organizations (AGFUND) is a regional developmental institution, established in 1980 upon the initiative of HRH Prince Talal Bin Abdul Aziz, and with the support of the Leaders of the Arab Gulf States that constitute its membership and contribute to its budget. AGFUND is concerned with the support of sustainable human development efforts, targeting the neediest groups in the developing countries, particularly women and children, in cooperation with the organizations and institutions active in this field.

HRH Prince Talal Bin Abdul Aziz, President of the Arab Gulf Program for United Nations Development Organizations (AGFUND), has promoted the concept of the Arab Open University (AOU) as a personal initiative. The Head of UNIDO's ITPO Bahrain, Hashim Hussein said that the initiative of the Prince "reflects a penetrating foresight the aim of which is to provide higher education for the widest possible spectrum of learners." AOU campuses are established in Kuwait, Lebanon, Jordan, Kingdom of Bahrain, Egypt, and Kingdom of Saudi Arabia.

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Her Majesty Queen Rania Al Alabdallah of Jordan visits the Bahrain Business Incubator Center

Kingdom of Bahrain, June 12 2005



Her Majesty Queen Rania Al Alabdallah of Jordan at the Bahrain Business Incubator Center (BBIC), Bahrain, June 12th 2005

[larger photo available here](#)

Her Majesty Queen Rania Al Alabdallah of Jordan visited the Bahrain Business Incubator Center (BBIC) in Bahrain on June 12th 2005, to acquaint herself with the package approach for entrepreneurship and small & medium enterprise development which is being conducted by UNIDO's Arab Regional Center for Entrepreneurship & Investment Training (ARCEIT).

According to the Head of UNIDO's office in Bahrain, Hashim Hussein, the ARCEIT approach to

entrepreneurship development has come to be known regionally and internationally as the "Bahrain Model".

Following a request from Queen Rania, ARCEIT is working on setting up the Bahrain Model in Jordan.

The Bahrain Model provides capacity building and training to young entrepreneurs seeking to set-up their own business; followed by an extensive period of counseling to develop and assess the viability of the project through the business plan. It is during this phase that joint ventures and or partnerships are established and any technology tie-up is facilitated. Then based on the viability of the business plan, linkages with financial institutions are arranged, in this case, with the Bahrain Development Bank. The step in the Bahrain Model is the incubation phase of the budding enterprises, either virtually, or at the Bahrain Business Incubator Center. UNIDO / ARCEIT is currently implementing this model in Kuwait, Saudi Arabia, Syria, and Lebanon.

The Bahrain Business Incubator Center is the first of its kind in the region and was developed through the joint initiative and efforts of the Bahrain Development Bank, UNIDO and the Ministry of Industry.

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UNIDO ARCEIT to transfer Bahrain Model of Entrepreneurship Development to Uruguay

Kingdom of Bahrain, June 27 2005



Hard on the heels of interest expressed by the Queen of Jordan in the "Bahrain Model", ([see story above](#)) UNIDO through its Arab Regional Center for Entrepreneurship & Investment Training (ARCEIT), Bahrain has signed, on June 27th 2005, a Partnership Implementation Agreement under a one million Euro project financed by the Italian Government, for the setting-up of the "Bahrain Model" for entrepreneurship development and Enterprise Creation in Uruguay. Phase one of the agreement envisages the transfer of the package approach to

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starting 4th from right, to the left: Mr. Roberto Alvarez, General Manager, Uruguayan Chamber of Industries; H.E. Dr. La Marte, Italian Ambassador to Bahrain; Dr. Hashim Hussein, Head UNIDO-ITPO Bahrain; H.E. Shaikh Ebrahim bin Khalifa Al Khalifa, Chairman Bahrain Development Bank; Mr. Martin Martinez, National Director UNIDO Uruguay; Mrs. Elena Bing, Uruguayan Ministry of Industry; Mr. Osama Al Khaja, Head of Corporate Finance, Kuwait Finance House; Mr. Nidal Al Aujan, General Manager Bahrain Development Bank; Mrs. Alejandra Medero, Commercial Assistant, Uruguayan Exporters Association

Uruguay by Bahraini UNIDO certified trainers. It is anticipated that interest in the model will spread to other countries in Latin America.

The ceremony was attended by H.E. Shaikh Ebrahim Bin Khalifa Al Khalifa, Chairman of the Bahrain Development Bank; H.E. Dr. La Marte, Italian Ambassador to Bahrain; Mr. Nedal Al Aujan, General Manger of the Bahrain Development Bank; Dr. Hashim Hussein, Head UNIDO-ITPO/ARCEIT Bahraini; and Uruguayan officials from the Ministry of Industry, Exporters Association, Industrial Chamber and the UNIDO representative in Uruguay.

The Bahrain Model is seen as an ideal vehicle to promote collaboration between Arab entrepreneurs / investors and counterparts in Latin America leading to the setting-up of joint venture partnerships.

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