The overall objective of the action is to create greater economic and decent employment opportunities, especially for young men and women through the development of the Ethiopian leather industry and the Modjo leather industrial park. The specific objective of the project is to enhance the economic competitiveness by strengthening an inclusive and sustainable development of the Ethiopian leather value chain.
The PCP focuses on three light manufacturing sectors: agro-food processing; textiles and apparel; and leather and leather products. These sectors were chosen due to their prospects for job creation, strong linkages to the agricultural sector, high export potential and capacities to attract private sector investment. They will act as a springboard for the transformation of Ethiopia’s economy from one based on agriculture, to one driven primarily by light industries.

PCP was supported by China and Italy through triangular cooperation.

**WHAT IS SSTIC?**

South-South and Triangular Industrial Cooperation (SSTIC) is a process whereby two or more developing countries pursue their individual and/or shared national capacity development objectives through exchanges of knowledge, skills, resources and technical know-how, and through regional and interregional collective actions. UNIDO’s SSTIC services are following the guiding principles for South-South cooperation set out in the Buenos Aires outcome document:

1. respect for national sovereignty
2. mutual benefit
3. national ownership and independence
4. equality
5. non-conditionality
6. non-interference in domestic affairs

**SSTIC Highlights**

The project is part of UNIDO’s Programme for Country Partnership (PCP) for Ethiopia and brings together development partners, UN agencies, financial institutions and the business sector under the leadership of the national government of Ethiopia.

**SSTIC Project Narrative**

Modjo, a city in Ethiopia’s Oromia region, will host a leather industry park that aims to boost the country’s exports and create jobs for its young and female population. The park, known as Modjo Leather City (MLC), will offer opportunities for foreign and local investors, technology transfer and skills development. It will also support micro, small and medium-sized enterprises (MSMEs) in the leather sector by providing them with extension services, training, raw materials and components.

The MLC is part of Ethiopia’s broader strategy of inclusive and sustainable industrial development, which seeks to ensure that industrial growth benefits all segments of society and addresses local needs. However, this is not an easy task in Oromia, where almost half of the population is aged between 15 and 64 years old, and where unemployment rates are high among women and youth. Moreover, the leather sector faces several challenges such as environmental pollution, low quality standards, lack of market access and competition from cheap imports. The MLC hopes to overcome these obstacles by fostering social inclusion and sustainability in Modjo and beyond.

- **Livestock**
  Ethiopia has one of the largest livestock populations in the world, ranking 1st in Africa.

- **Tanneries**
  Twenty-nine tanneries are processing and producing finished leather in different sites with a total installed capacity of 500 million square feet per year.
Selamawit Mekuria, she runs her own leather products (bag, belts and children footwear) business in Addis Ababa. With support of UNIDO, Selamawit and her group established “Lomi Leather” cluster and received training, machineries, inputs and other assistance.

Abundance of Resources
The concentration of tanneries in this area is also due to the availability of raw materials, water supply and skilled manpower generated from the long leather processing tradition in the area.

Oromia Region
About 48% of the existing tanneries in Ethiopia are operating within Oromia region.
THE CHALLENGE

What the project aims to achieve.

The overall objective of the action is to create greater economic and decent employment opportunities especially for young men and women through the development of the Ethiopian leather industry and the Modjo leather industrial park (MLC).

The specific objective of the project is to enhance the economic competitiveness by strengthening an inclusive and sustainable development of the Ethiopian leather value chain.

2 THE SOLUTION

The methodology used that led to successful outcomes, outcomes achieved.

The proposed UNIDO action will follow an integrated approach all across the leather industry value chain, that will result in increased vertical integration of the value chain, creation of value addition, new job opportunities in the leather, footwear and leather products sectors and an increased attention to the environment and water resources.

The project will ensure and follow participatory methods, which will accommodate all stakeholders and seek close partnership with relevant government institutions at local, woreda, regional and federal levels. Target beneficiary communities and direct programme clients - women and youth - will drive their own development agenda guided by the program’s implementing partners. The foreseen overall project duration is 4 years.

EXISTING TANNERIES
RELOCATED AND NEW TANNERIES
TANNERIES FUTURE EXPANSION
SHOES FACTORIES FUTURE EXPANSION
AREA ASSIGNED TO FOREIGN INVESTMENT
SERVICE CENTER
MAINTENANCES SHOPS
MAIN SQUARE
PROCESSING BY PRODUCTS
CHROME RECOVERY PLANT
LANDFILL LOTS
1st PHASE LIMIT
COMMON EFFLUENT TREATMENT PLANT
GREEN AREAS
GREEN AREAS

ESTABLISHING THE MODJO LEATHER CITY: A MODERN LEATHER DISTRICT WITH A WASTE WATER TREATMENT PLANT

UNIDO in collaboration with the Leather Industry Development Institute (LIDI) and the Addis Ababa University, prepared a Feasibility Study to setup the MLC (Modjo Leather City).

This represents an opportunity to establish an environmental friendly leather tanning district driven by a network of tanneries. The construction of a common Waste Water Treatment Plant is considered as a priority, in order to reduce the environmental impact of the leather processing.
LISEC has been structured following a comprehensive approach with three main components aiming at:

A. Advancing economic competitiveness by strengthening the leather value chain;
B. Protecting the environment by facilitating financial investments towards the establishment of an eco-friendly leather industrial park in Modjo; and
C. Strengthening social cohesion by supporting local economic and social development initiatives, especially for women and youth living in Modjo area; and enhancing industrial and labor relations in the MLC.

Financially supported by the European Union and China, the present proposal is inserted within the EU Action Fiche “Leather Initiative for Sustainable Employment Creation (LISEC) in Ethiopia”. UNIDO in close collaboration with the Ministry of Industry (MoI) and the Leather and Leather Products Industry Research and Development Centre (LLPIR&DC) will implement component 1. UNIDO has been selected to implement this component due to its large experience in supporting the Ethiopian leather and leather products industry, its knowledge of national and regional leather institutions and its successful results in the sector.

UNIDO will facilitate the involvement of relevant local Institutional counterparts in the project, in order to ensure project effectiveness and sustainability. Federal and regional institutions will be requested to provide relevant inputs and to participate in the project’s activities to ensure an effective project implementation.

The present project capitalizes on previous UNIDO leather sector initiatives/programmes developed and implemented in the country. In particular, UNIDO has also contributed to create the leather sector National Strategy and supported LLPIR&DC in becoming a lead leather institution in Ethiopia along with the development of a vast number of Micro, Small and Medium Enterprises (MSMEs) active in leather and leather products.

The Leather Initiative for Sustainable Employment Creation (LISEC) will also benefit of some specific interventions that have been already performed by UNIDO in the recent years such as the Modjo Leather City feasibility study, the Environmental and Social Impact Assessment (ESIA) study conducted by LLPIR&DC, the linkages established with relevant financing institutions and development partners, the Public-Private Partnerships (PPP) linkages established in Addis Ababa for supporting the clustering of MSMEs operating in the leather and footwear sector.

Members of micro, small and medium sized enterprises (MSMEs) receiving business and entrepreneurship training.

Selamawit Getachew, a member of MSMEs who received training on production footwear, bag, belt, wallet, leather carpets and other leather goods.

LISEC project supports national partners through capacity building to promote leather sector business and investment. UNIDO with the Ethiopian Leather Industries Association (ELIA) at "Made in Ethiopia" Expo-2023.
Modjo, a city in Ethiopia's Oromia region, will host a leather industry park that aims to boost the country's exports and create jobs. The park, known as Modjo Leather City (MLC), is part of Ethiopia's broader strategy of inclusive and sustainable industrial development.

The present proposal is inserted within the EU Action Fiche “Leather Initiative for Sustainable Employment Creation (LISEC) in Ethiopia”. The overall objective of the action is to create greater economic and decent employment opportunities, especially for young men and women through the development of the Ethiopian leather industry and the Modjo leather industrial park.

Financially supported by the European Union and China, the present proposal is inserted within the LISEC in Ethiopia. UNIDO is in close collaboration with the Ministry of Industry (MoI) and the Leather and Leather Products Industry Research and Development Centre (LLPIR&DC).

UNIDO has also contributed to create the leather sector National Strategy and supported LLPIR&DC in becoming a lead leather institution in Ethiopia along with the development of a vast number of Micro, Small and Medium Enterprises (MSMEs) active in leather and leather products.