



NATIONAL COMPETITIVENESS COMMISSION

"Enhancing Zimbabwe's Global Competitiveness"

LEATHER VALUE CHAIN

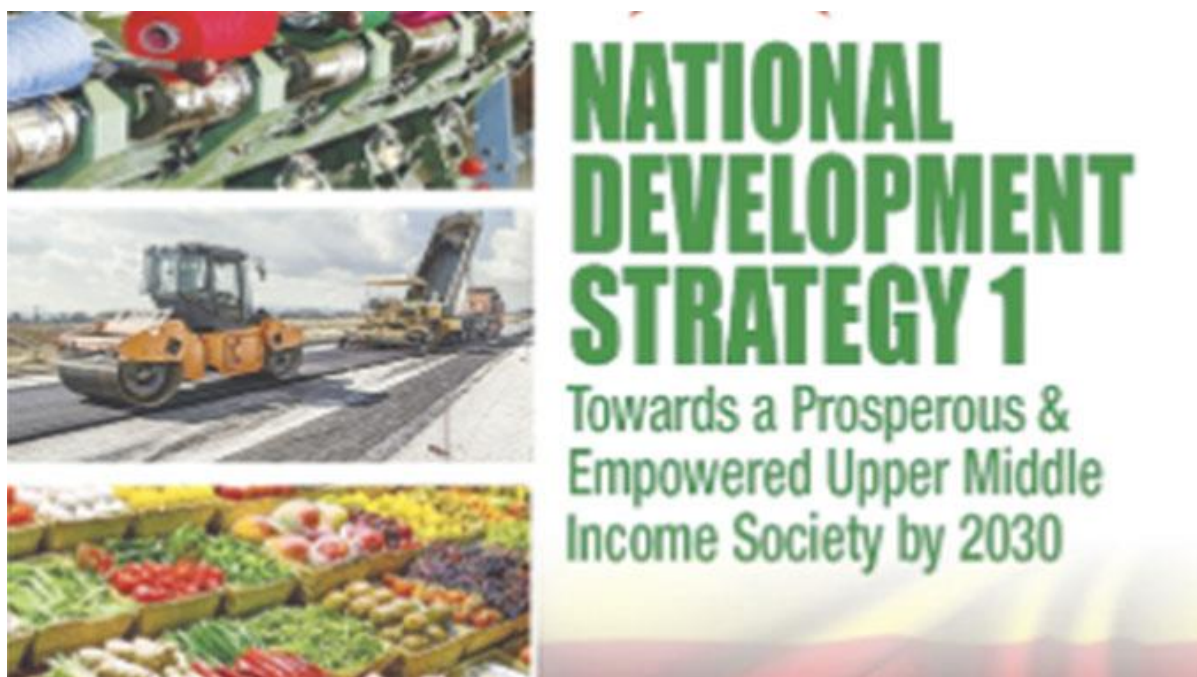
Competitiveness Progress Report II



JUNE 2024

1.0 INTRODUCTION

- 1.1 The Commission continued to follow up on progress towards implementation of recommendations proposed in the Leather Value Chain Competitiveness Report, which was published in May 2023. This report is a follow up to the sector's first progress update that was published in December 2023.
- 1.2 During the 2024 first half, the sector prioritised establishment of a lasts and soles manufacturing plant and improving leather & leather products quality through trainings of Small and Medium Enterprises (SMEs), among others.
- 1.3 This is in line with the National Development Strategy 1 (NDS1) thrust on the need to improve the performance of the sector through value addition.



2.0 UPDATE ON THE IMPLEMENTATION OF RECOMMENDATIONS

2.1 Table 1 below shows progress on implementation of recommendations from the Leather Value Chain Competitiveness Report.

Table 1: Update on Implementation of Recommendations

RECOMMENDATION	IMPLEMENTATION PROGRESS
<p>Adoption of new technology in the management and processing of hides and skins which minimize damage to the skins</p>	<p>Zambezi Tanners invested in state-of-the-art equipment, which is expected to enhance production efficiency and competitiveness. This brings the total to two companies with Tambudze Tanning having invested in modern tannery equipment over the past 3 years.</p>
<p>Import substitution</p>	<p>The Zimbabwe Leather Development Council (ZLDC) developed a project proposal for the establishment of an lasts and soles manufacturing plant worth US\$1 million. This is against a background that there is limited local production of lasts and soles for the footwear subsector in Zimbabwe.</p> <p>ZLDC is in the process of mobilising funds to implement the project.</p>
<p>Perfecting of leather value chain products - to be able to compete internationally</p>	<p>Training for SMEs was conducted under the Solidaridad¹ SADC Support to Industrialisation of Productive Sectors (SIPS) Project trained Small and Medium Enterprises (SMEs) on quality enhancement of their products so that they can also export. The SMEs have managed to supply 254 pairs of shoes to Botswana to test the market.</p> <p>The same project has also managed to set up a design studio at the Bulawayo Leather Cluster, which is set to assist SMEs on footwear designs.</p>

¹ Solidaridad is an international civil society organisation, which facilitates development of socially responsible, ecologically sound and profitable supply chains.

<p>Full operationalisation of the Leather Institute of Zimbabwe (LIZ)</p>	<p>The setting up of infrastructure for the design studio at LIZ is now in progress. The design studio, which is meant to boost the design originality and branding through inculcating design thinking, product development, quality assurance and entrepreneurship, is expected to be commissioned in August 2024.</p>
<p>Government to prioritise local procurement of footwear, for use by its personnel, rather than importing</p>	<p>The ZLDC submitted samples of local boots to the Ministry of Industry and Commerce to facilitate consideration of local procurement by the Zimbabwe National Army.</p> <p>Furthermore, the Ministry of Foreign Affairs and International Trade engaged local industry to supply bags and folders for the August 2024 Southern African Development Community (SADC) Summit.</p>
<p>Develop and market a national leather brand</p>	<p>The Tuli livestock breed was regarded as the source of the national leather brand.</p>
<p>Amendments on the procurement regulations to allow SMEs registered as cooperatives to bid for tenders, review bank guarantee requirement for local bidders and align with foreign bidders that are not subjected to such requirements and review the fees to cost recovery levels in line with</p>	<p>The Procurement Regulatory Authority of Zimbabwe (PRAZ) is working with the Office of the President and Cabinet on regulations for domestic preferencing. A consultant was engaged to establish the margin of preference so that stakeholders, including leather players, are involved.</p> <p>The ZLDC will work with PRAZ and eradicate fake leather or leatherette, among other issues peculiar to the sector.</p>

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3.0 EMERGING ISSUES

Southern Africa Development Community Study on Leather Value Chain Bottlenecks

- 3.1 SADC recognized Regional Value Chains (RVCs) as vital drivers of the SADC Industrialisation Strategy and Roadmap (SISR) 2015-63. As a result, the Commission participated in the Southern African Development Community (SADC) study to identify bottlenecks that are hindering regional leather value chain development in Zimbabwe. A consultant for Zimbabwe was engaged by SADC, and the same exercise is being carried out in other Member States, which have or are developing a leather strategy.
- 3.2 SADC study findings such as weak and uncoordinated institutional arrangements, which were presented in February 2024, are in line with the Leather Value Chain Competitiveness Report findings. In addition, the study noted that poor enforcement of regulations on leather tanning and poor coordination/ collaboration of standardization instruments for the leather industry within the SADC Region, are also impacting on competitiveness of the sector.

Stakeholder Engagements: Livestock Production

- 3.3 Adoption of improved livestock practices by farmers is critical in ensuring that competitive meat, hides and leather are produced. As a result, the Commission continued to engage the livestock production node and conducted a visit to Journey's End Farm, under Bubi District, which is into cattle ranching. The farm is located on 730 hectares and has an average of 86 cattle.
- 3.4 Findings showed that poor branding continues to impact on the quality of hides, as animal husbandry management practices manifest on the size and quality of hide produced from slaughtered animals. Poor branding results in hides being classified in grades B, C and D, which are of little value, since only 40% is useable with 60% being damaged due to scratch marks on the hide.
- 3.5 The Statutory Instrument 35 of 2003 stipulates that cattle should be branded on the neck or shoulder, hence the need for awareness on the area of branding so as to preserve the quality of the hides. This should be coupled with encouraging abattoirs to provide farmers with a

breakdown of costs such as slaughter fees and also include the hide price, thereby fostering transparency, which in turn leads to enhanced productivity and preservation of the quality of hides by the farmers.



Journey's End Farm Visit

3.6 Table 2 below shows a summary of findings from livestock production engagements and proposed areas of intervention.

Table 2: Summary of Livestock Production Engagements

FINDINGS	PROPOSED INTERVENTIONS	IMPLEMENTING AUTHORITY
Poor branding impacting on the quality of hides	Livestock farmers awareness on the area of branding so as to preserve the quality of the hides	Ministry of Lands, Agriculture, Fisheries, Water and Rural Development
Non-compensation for hides	Abattoirs to provide farmers with a breakdown of costs such as slaughter fees and also include the hide price, to foster transparency.	Abattoirs

4.0 CONCLUSION AND WAY FORWARD

4.1 The Commission will continue to engage the entire leather value chain players, including livestock farmers, leather & leather products manufacturers, ZLDC, Ministries of Industry & Commerce and Lands, Agriculture, Fisheries, Water and Rural Development, Abattoirs, among others, for the implementation of the identified recommendations as well as emerging issues to ensure that competitiveness of the sector is enhanced.

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