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### USAID Program Advances Hides, Skins, and Leather Industry in Ethiopia

**MONDAY, FEBRUARY 5, 2007** USAID has taken another step in strengthening the hides, skins and leather (HSL) sector in Ethiopia by hosting the third official meeting today in Addis of the HSL Cluster Working Group. The group, comprised of 50 key business, academic and government leaders, first met two months ago in an historic meeting to identify critical issues and challenges impeding the growth and development of the sector, and to discuss ways to move forward. The cluster is supported by USAID's Agribusiness and Trade Expansion Program, which aims to increase rural incomes and employment in horticulture, coffee, oil seeds, and leather in close cooperation with the Ministries of Trade and Industry and Agriculture and Rural Development. One of its specific aims of the USAID program is to increase exports of hides, skins and leather from Ethiopia by 74% over the next three years.

At today's meeting, the HSL Cluster Group discussed five "fast track action initiatives" currently being implemented. Each initiative has been designed to enhance the export performance of the sector by addressing what leaders feel are among the industry's highest priority challenges. The initiatives being implemented include efforts to improve the quality of the raw material by training experts across the country in parasite control, to reduce raw material waste by establishing regional hide and skin collection centers, to enhance linkages with global industry players through a "twinning" arrangement with Britain's University of Northampton, improve the industry's ability to access to international, web-based market information, and to build stronger relationships between firms and the country's banking community.

The meeting also identified several additional action initiatives which will likewise be implemented by "initiative champions" who have volunteered to move each of the action initiatives forward. The initiative champions will be supported by staff from USAID's program consortia, including lead contractor Fintrac and staff from the Economic Competitiveness Group, the firm leading the cluster development effort.

The concept of cluster-based economic development is increasingly being used in the developing world. Clusters are geographic concentrations of competing and collaborating firms and institutions that find ways to collaborate even while they compete in the same market area, leading to widespread industry growth and development. Southeast Asia has several high performing clusters, including Bangalore, India's software cluster, and Penang, Malaysia's computer hardware clusters. Ethiopia's HSL cluster is one of the first such efforts in Africa.

For more information about the HSL Cluster Group, contact Teshome Kedebe, Fintrac, Inc., HSL Sector Manager, USAID Agricultural and Export Trade Expansion Activity, Email: [teshome@fintrac.com](mailto:teshome@fintrac.com) Tel: 251-11-372-0072.

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