



SUCCESS STORY — HIDES, SKINS AND LEATHER Improved quality spurs growth along supply chain

Alemayehu Simegn has owned the Wallia Tannery in southern Addis Ababa for 15 years. He has been in the leather industry his entire life, trading raw hides and skins when he was younger. Wallia Tannery has, by most standards in Ethiopia, been a success, but like all tanneries in Ethiopia, it is not running at full capacity. "Our hides and skins supply has been very low-grade," he says. But now, just months after becoming a client of USAID's Agribusiness and Trade Expansion Activity (ATEA), he says his business is growing faster because he finally has the raw materials he needs for making high-quality products.

Alemayehu is one of many tannery owners in Ethiopia whose business has struggled due to poor raw material quality. USAID-ATEA has addressed this issue, beginning at the production level by training more than 1,200 technicians to more effectively treat ectoparasites that burrow into the skin of livestock, as well as to improve slaughtering and curing practices.

Improving the quality of hides and skins takes trust. Tanners cannot see all defects until the hair is completely removed during the tanning process. A tanner therefore typically buys the hide or skin without any guarantee of quality. By reducing ectoparasite problems, USAID-ATEA efforts are dramatically improving the quality of hides and skins, prompting tanneries to pay more to slaughterhouses and middlemen for raw materials.

"We have seen the consistency improve and are now more willing to pay a higher price," Alemayehu said.

He knows better prices will affect the entire industry. "Everyone wants a better standard of living. Now we have the chance to make this happen with better quality, better prices, and better products." He reaches over to touch a piece of hide, running his fingers over the chalky leather to check for defects. "This is good quality," he says. "If you have the best quality, you can sell it anywhere, at any time. This is what we want."

USAID-ATEA is also connecting Ethiopian tanners with international buyers to provide new market opportunities that will reach all the way back to the farmer. In March 2007, the project brokered a link between tanneries and buyers in Russia, one of the world's largest leather manufacturing countries. Ethiopia previously had no direct exports of hides and skins to Russia. Following a trade mission to Moscow, the group now has \$300,000 in trial orders for the fall, with the potential to grow substantially.

By focusing on the entire value chain, from livestock handling to opening new markets for Ethiopia's tanneries, the project is achieving results at multiple levels. "We want better skins," Alemayehu says, "that takes better handling after slaughtering, better collection, and better animal health." Ninety percent of Wallia Tannery exports go to Britain and Italy, and Alemayehu says his orders are already increasing.

He also explains that if quality is maximized, he can earn \$86 more per dozen skins sold. "We process 3,000 goat skins a day. If all of them were better? Imagine." He does the math in his head and then smiles. "That is over \$20,000 in added sales every day!"



Women work on the processing line at the Wallia Tannery in Addis Ababa.

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— Alemayehu Simegn, tannery owner



Tannery owner Alemayehu Simegn's has seen the quality of his hides and skins improve with USAID assistance. At left, a woman checks a sheep skin for defects.

Photos by Fintrac Inc.

Ethiopia has the 10th largest livestock population in the world, and the largest in Africa, but very low hides/skins recovery rates for a number of reasons. With improved skins and hides resulting from the USAID-ATEA ectoparasite program, tanners can compete more effectively in world and, in turn, expand purchases of raw materials from rural producers.