

SUCCESS STORY # 11

Value chain initiatives boost sales, quality of hides and skins

Ethiopia is a major world supplier of leather and leather products, producing 3 million hides, 8 million sheep skins and 7 million goat skins annually. Exports in 2007/2008 reached 15 million MTs valued at \$100 million. Despite the country's impressive production volumes, Pre- and post-slaughter defects are keeping Ethiopians out of higher-end markets.

USAID's Agribusiness and Trade Expansion Program (USAID-ATEP) is tackling problems at the pre-slaughter level by providing technical and financial support for the country's ectoparasite ("ekek") control campaign in the Amhara Region, and by training Community Animal Health Workers (CAHWs, or "paravets") to provide ectoparasite treatment services in the four regions of its focus.

To reduce post-slaughter defects from improper collection, handling, flaying and storage, USAID-ATEP and the Ethiopian Leather Industry Association (ELIA) launched establishing collection centers program. This involved setting up 30 strategically located collection centers around Addis Ababa where individuals can sell their hides and skins. Purchased skins are handled and stored correctly at the collection centers, preserving their quality until they are sold to tanneries.

Each center is operated by up to five employees, including three who provides slaughtering services for households. The centers are owned by ELIA and rented to operators for ETB 150 per month. The collection center employees, many of whom were previously unemployed, received training from USAID-ATEP in operating the centers and in slaughtering and handling.

An average of 50 hides and skins are collected daily at each center, with the number rising substantially on weekends and holidays. The collection centers sell the skins to tanneries for prices ranging from ETB 15 to ETB 36, depending on quality and market conditions. Gross profit from sales averages ETB 2 per piece, or ETB 100 daily, which adds up to about ETB 3,000 (US\$330) per month.



Photos by Fintrac Inc.

Sheep and goat skins are collected at one of USAID-ATEP's collection centers in Addis Ababa.

“The quality of skins is improving and we have become more competitive and earn better prices.”

— Zerihun Yigezu, Hides & Skins Collection Center Operator, Kazanchis, Addis Ababa

“The quality of skins is improving and we have become more competitive and earn better prices,” said Zerihun Yigezu, a collection center operator in the Kazanchis area of Addis Ababa.

Murid Asfaw, another collection center operator in the Flamingo area, shares Zerihun’s view.

“The quality is improving because we are well-trained in slaughtering and stocking techniques, and we are storing the raw hides and skins appropriately in our center,” said Asfaw.

Quality improvements are being observed at Ethiopia’s tanneries. According to one survey by USAID-ATEP, the defect rate of inspected pickled sheep skins revealed a reduction in ectoparasite damage, from 69 percent in the 2006/2007 period, to 53 percent in 2007/2008.

“We purchase high quality pickled sheep skin from our major supplier [Abay Tannery in Bahrdar, Amhara Region] and have seen that ectoparasite defects are declining to a great extent,” said Mr. Venkaiah Vaddlamudi, a manager at Blue Nile Tannery outside Addis Ababa, which was established in 2000.

Blue Nile has made a major push to increase processing capacity and boost exports to Germany, Italy, Spain, Portugal and Brazil, shipping a record 150,000 square feet of finished leather between January and July 2008.

USAID-ATEP is a three-year initiative strengthening the four major sectors of Ethiopia: hides, skins and leather; horticulture; coffee; and oilseeds & pulses. The project is improving the productivity and competitiveness of thousands of farmers, processors and exporters, resulting in increased sales, investments, employment, and incomes.



HSL sector officials and new employees of USAID-ATEP’s collection center program attend an inauguration ceremony in Addis Ababa.



Field trainings improve quality

Trainings in proper flaying, skinning and curing of hides, skins and leather are being provided in the major livestock areas of Amhara, Oromia, Tigray, SNNPR and Addis Ababa. USAID-ATEP has trained nearly 1,400 abattoir employees, collectors, traders, and MoARD development agents on these improved practices that are improving the quality of Ethiopian hides, skins and leather.