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Review on Hide and Skin Value Chain in Ethiopia

Tilahun Kenea

Department of Agribusiness and Value Chain Management, Mettu University, P.O.Box 318, Mettu, Ethiopia

ABSTRACT

Ethiopia's economy is predominantly agricultural where the livestock sub-sector plays substantial role. Hides and skin is an important strategic sector for the economic and industrial development of Ethiopia. Though the country has very good potential for supplying finished skins and hides products to the world market, the quality of skins and hides supplied has rather deteriorated over time. Therefore, this seminar was conducted to review hide and skin value chain in Ethiopia, to review hide and skin value chain actors, maps and its value addition in Ethiopia, to review the major constraints and opportunities of hide and skin in Ethiopia, to review hides and skins production, utilization and its constraint in Ethiopia and to review hide and skin marketing and its constraints in Ethiopia. Poor quality of hides and skins, Poor animal husbandry, Improper preserved hides and skins, Lack of price incentives, absence of quality grading, reflections of the economic policy, market information, and requirements from the tanneries and end market are main challenge observed hide and skin value chain. Creation of awareness among extension staff, butchers, collectors, tanners and other stakeholders and the general public of the economic importance of hides and skins are very important. Developing Clear pricing system based on grading and standard of hide and skin and improving access to market information As well as Clear policy and strategy for the development of hide and skin sector should be developed by Member State that have not done so far.

Keywords: Hide and skin; value chain; Actors; marketing constraints

*Correspondence to Author:

Tilahun Kenea
Department of Agribusiness and Value Chain Management, Mettu University, P.O.Box 318, Mettu, Ethiopia

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INTRODUCTION

Background

In Ethiopia Agricultural development is considered a priority by the Government for stimulating overall economic growth, reducing poverty and achieving food security. The agricultural sector of Ethiopia accounts for about 42% of GDP, more than 80% of export, and 85% of employment (MOFED, 2011). The sector plays a major role in the national economy and it is the source of income and employment for the rural population (Joseph Hain, et.al. 2015).

The livestock sector contributes 19% of GDP and 16-19% of the foreign exchange earnings of the country. The recent livestock population of Ethiopia estimates that the country has about 57.83 million heads of cattle, 28.04 million sheep, 28.61 million goats and 60.51 million poultry (CSA, 2016).. With the rapidly growing population, increasing urbanization, and rising incomes, domestic demand for meat, milk and eggs is expected to increase significantly for the foreseeable future. Furthermore, the country's foreign exchange from livestock product is increase, especially for red meat to gulf and within Africa, as well as leather and other livestock product to Europe (MOA, 2012).

Cattle, sheep and goats are important source of income for agricultural community and are also one of Ethiopia's major sources of foreign currency through exportation of live animals, meat, hide and skin (Dessieet al., 2010).

Hide from cattle and Skins from goats and sheep are important economic products contributing for the largest share to the total and agricultural

export commodities (Food and Agriculture Organization (FAO, 2005) followed by live animals (Ayele et al., 2003).

In 2011 Ethiopia earned 139.28 million USD from export of finished leather, shoes, garments and gloves to foreign country's (CSA, 2011). Based on annual off take rates of 7.12% for cattle, 31.11% for sheep and 35.37% for goats, the potential production is estimated at 3.7 million cattle hides, 8.7 million sheepskins and 8.1 million goat skins in 2011/2012 (FAO, 2011).

Hides and skins contribute much to the export earnings from the livestock sector. In addition, it has a large contribution to the leather industry in the country. Ethiopia has been exporting hides and skins in the past 100 years (Girma, 2003). Trade in hides, skins, leather and leather manufactures have been in a great growth at an average of about 12% over the last 30 years, reaching to around US\$ 53.8 billion in early 2000. Commodity trade patterns have changed during a period between 1999 and 2008 and practical methods for evaluation and classification of skin are necessary (FAO, 2010).

The current utilization of hides and skins in Ethiopia is estimated to be 48% for cattle, 75% for goat and 97% for sheep with expected off take rate of 33, 35 and 7% for sheep, goats and cattle, respectively (Mahmud, 2000). Hide and skin production is significantly increased in number in Ethiopia, but the efficiency of the market is not assessed (FAO, 1999).

The value chain concept has been applied in both the crop and livestock sectors as an approach for assessing potential interventions

from a development perspective (Rich et al. 2010). This is particularly important because the livestock development context for different livestock commodities in different regions is variable and dynamic.

Objective of the Seminar

General Objectives

To review hide and skin value chain in Ethiopia

Specific Objectives

To review the Production and Utilization of Hides and Skins in Ethiopia

To review hide and skin value chain actors, maps and its value addition in Ethiopia

To review the major constraints and opportunities of hide and skin value chain in Ethiopia

To review hide and skin Marketing, and its Constraints in Ethiopia.

Methodology

This senior seminar is reviewed by referring different studies, published documents, guide books, international journals and proceedings.

LITERATURE REVIEW

Concepts and definition of value chain

The term 'Value Chain' was used by Michael Porter in his book "Competitive Advantage: Creating and Sustaining superior Performance" (1985).

The complex network of activities carried out by different actors in multiple enterprises along a value chain means that attention must be paid to the activities that people are involved in, how they are linked together through services such

as transportation, insurance, telecommunications, quality control, and management coordination (Arndt and Kierzkowski ,2001).

Whereas the flow of goods is crucial in value chains, other determinants of value chain participation such as credit/financial flows, changes in ownership rights and markets need to be considered (Coles and Mitchell 2011)

Value chains can either be market driven or relation-based depending on the form of governance they adopt (Farnworth 2011).

Riisgaard et al. (2010) noted that adopting the value chain approach as a development strategy provides an opportunity for all actors to understand each other's functions and the activities involved; increase their viability, visibility, voice and market share; and identify and correct barriers and gaps that cause inefficiencies.

Value chains can either be market driven or relation-based depending on the form of governance they adopt (Farnworth , 2011).

Porter linked up the value chains between firms to form what he called a value system. In value chain analysis, the focus is mainly on the benefits that accrue to customers such as variety of products, the interdependent processes that generate value and the resulting demand and funds flows that are created (Feller et al. 2006).

A value chain comprises of interlinked value-adding activities that convert inputs into outputs which, in turn, add to the bottom line and help create competitive advantage.

Supply chain: is the portion of the value chain that focuses primarily on the physical movement of goods and materials, and supporting flows of information and financial transactions through the supply, production, and distribution processes.

Value addition: is simply the act of adding value to a product, whether you have grown the initial product or not. For farmers, value addition has a particular importance in that it offers a strategy for transforming an unprofitable enterprise into a profitable one (MSU, 2005).

Value chain actors: are those involved in supplying inputs, producing, processing, marketing, and consuming agricultural products (Getnet, 2009).

Value chain analysis: Rubin et al. (2008, 13) described value chain analysis (VCA) as 'the process of documenting and analysing the operation of a value chain, and usually involves mapping the chain actors and calculating the value added along its different links'.

Value chain analysis does not stop at the level of the actors or groups of firms, producers or market actors. It also draws attention to the national system of innovation—the network of institutions which support economic actors (Kaplisky and Morris 2000).

It identifies vertical and horizontal components in a system of stages/nodes of physical transformation processes that are inter-linked by transactions that occur either in the same firm or between firms in similar or different geographic locations (Mayoux and Mackie 2007).

Value chain map: is a visual presentation of the way that the product flows through the different stages of the chain from production to the consumers.

Development of the Hides and Skins Sector in Ethiopia

The hides, skin and leather is a critical strategic sector for the economic and industrial development of Ethiopia. It has an abundant and renewable resource base in Ethiopia's large population of cattle, sheep and goats. It is labor-intensive with the potential to be a major source of employment all along its value chain.

There are 21 tanneries in the country, having an average tanning capacity of approximately 4000 pieces of hide and 30,000 pieces of skin/ day (Ethiopian Investment Agency 2008).

In Ethiopia hides and skins contribute much to the export earnings from the livestock sector. In addition, it has a large contribution to the leather industry in the country. Girma (2003) described that, Ethiopia has been exporting hides and skins in the past 100 years. The country has big potential to develop the sub-sector.

In 2002 hides and skins represent major source of foreign exchange earnings for the country accounting for 14-16% of the total export revenue. At present, leather is used in various applications.

Hides and skins, raw materials for the tanning industry, are renewable and easily perishable resources (Arugna, 1995). Though the country has very good potential for supplying finished skins and hides, and leather products to the world market, the quality of skins and hides

supplied has rather deteriorated over time (Kebede and Fetene 2012).

Globally, livestock contributes about 40 percent to the agricultural gross domestic product (GDP) and constitutes about 30 percent of the agricultural GDP in the developing world (World Bank, 2009).

In Ethiopia Agricultural development is considered a priority by the Government for stimulating overall economic growth, reducing poverty and achieving food security. The sector plays a major role in the national economy and it is the source of income and employment for the rural population (Joseph Hain, et.al. 2015). The recent livestock population of Ethiopia estimates that the country has about 57.83 million heads of cattle, 28.04 million sheep, 28.61 million goats and 60.51 million poultry (CSA, 2016). Particularly highland mixed crop-livestock farming system of Ethiopia support 2/3 of the livestock population and hold about 95% of the cropped area.

These livestock subsector is also major contribution in to the overall economy. The livestock sector contributes 19% of GDP and 16-19% of the foreign exchange earnings of the country. It contributes some 35% of Agricultural GDP (or 45% if indirect contributions are taken in to account). With the rapidly growing population, increasing urbanization, and rising incomes, domestic demand for meat, milk and eggs is expected to increase significantly for the foreseeable future. Furthermore, the country's foreign exchange from livestock product is increase, especially for red meat to gulf and

within Africa, as well as leather and other livestock product to Europe (MOA, 2012).

The livestock production system is virtually traditional and contributes to both subsistence and cash generation .They are only sell or slaughtered animals at an advanced age, or in case of urgent need (Ehuet al., 2000; Ayalewet al., 2003).

Production and Utilization of Hides and Skins in Ethiopia

There are a number of ways hides and skins are produced in Ethiopia individual households, rural slaughter slabs; municipal slaughter houses and mechanized, modern abattoirs.

Individual households residing in kebeles across Ethiopia produce most of the country's hides and skins, often slaughtering their animals in their backyard (Ethiopia Livestock Master Plan, 2007).

A considerable number of the raw material is derived also from slaughter slabs constructed either by local communities, regional governments or hide and skin development projects municipal slaughterhouses, local and export abattoirs and meat and meat products processing plants are other sources of hide and skin (Ahmed, 2000).

The availability of hides and skins depends on the number of cattle slaughtered. Both in beef and dairy businesses, hides and skins are recovered and taken to firms for further processing (Ahmed, 2000). Despite the prevalence of periodic drought, many killer livestock diseases and feed shortages that have adverse effects on the population of livestock, the annual livestock population and hide and

skin data reveal a constant increment (MEDaC, 1999).

In Ethiopia, supply of raw hides & skins is entirely from domestic source and are largely processed at various stages for export purpose and very little finished leather for domestic consumption. However, the local tanning industries have rather suffered from both poor quality and limited supply of the raw material, especially skins. The net supply of raw hides & skins appear to be far below the aggregate demand of the existing tanneries (CSA, 2000).

The major suppliers of sheep skins are Amhara, Oromia and the Southern Nations Nationalities and Peoples Regions (SNNPR) accounting for 34.5, 32.9 and 16.6%, respectively, of the total sheepskins supplied to tanneries. On the other hand 45.4, 26.4, 11.7 and 11.6% of the total goatskins supplied to tanneries are collected from Amhara, Oromia, Tigray and SNNPR, respectively. The other region's contribution is in the range of 0.02 to 2% (MOA, 1997).

The estimated off-take rate for sheep in Ethiopia is 40%; and estimated the off-take rate for goats and cattle, which is 37% and 6.5%, respectively, (CSA, 2000).

Table1: Livestock population, H&S production in Ethiopia.

No	Area	Livestock Population ('000heads)			Hides & Skin production ('000 Pieces)		
		Cattle	Sheep	Goat	Hide	Sheep Skin	Goat Skin
1	Tigray	2,688	687	1,760	188	227	617
2	Afar	1,991	2,300	3,960	139	759	1,386
3	Amhara	10,533	5,320	3,816	737	1,750	1,336
4	Oromia	18,036	4,700	4,170	1,262	1,551	1,460
5	Somali	1180	6865	6100	83	2265	2135
6	Benishangul	310	59	200	21	19	70
7	S.N.N.P	8830	3170	2651	618	1046	628
8	Gambella	126	44	49	9	15	17
9	Harare	34	6	19	2	2	7
10	Diredawa	54	34	91	4	11	32
Total	Ethiopia	43249	23185	22816	3062.8	7645	7687.5

Source: Tsige (2009); GRM International BV, Nov. 2007, Livestock Development, Master Plan Study, V. K – Hides & Skins, Ministry of Agriculture and Rural Development

Constraints of Hides and Skins production in Ethiopia

The environment (where the animals live) and husbandry practices (farming, transportation etc) contribute to pre-slaughter defects and consequent reduction in the quality of raw materials (Zenaw, 2012 and Mekonnen, 2012).

Any fatal disease that leads to the condemnation and destruction of the animal, or a serious disease that affects the productivity of the herd will have an adverse effect on the supply of hides and skins (Leach, 1995).

Post-mortem defects comprise of inadequate bleeding, gouge marks, flay cut, putrefaction, hair slip and beetle damages, etc. (Kidanu, 2001) which are directly related to transportation, preservation and storage of the materials and hence are the product of poor management and treatment (Bultri, 2012 and Zemene and Addis, 2012

Animal health problems (parasitic & skin diseases), RISP II,(2013)

As many as one-quarter to one third of all skins processed at tanneries have various defects and are unsuitable for export purposes (Kassa, 1998)

Flay cuts and gouges are a common feature on hides and skins (Koloka, 2010).

Poor handling during loading and unloading may damage quality of hides and skins (Kassa, 2005).

Quality is the most important factors in the improvement of skin production as a whole

system of collection, which is far from efficient or complete (UNIDO, 2004)

Berhe (2009) in Tigray also reported that disease and fly cut were the main defects of the hide.

Bezabih ,(2014) has shown that filthiness, gauge marks and flay cut or poor pattern are the most important defects of sheep and goat skin and cattle hide in East Gojam Zone of the Amhara Regional State.

Hides and Skins Marketing in Ethiopia

During holidays and festive meals, citizens consume more meat and therefore create and supply more fresh hides. During these holiday and festival periods, tanneries will often purchase hides and skins directly from established producers or temporary purchasing posts.

Hide and skin production is significantly increased in number in Ethiopia, but the efficiency of the market is not assessed (FAO, 1999).

Tanneries process the hides or skins purchased; either in the form of air dried or salted states from their suppliers, to semi-finished or finished leather for both domestic and export markets (Arkebe, 2009).

Juhar T, Teshager D, Getachew T. (2015) revealed that Most of butchers sell their hides and/or skins to collection centers which is similar with Jabbar (2002), the butchers or meat exporters sell the hides and skins to merchants who will then export them or sell them to domestic tanneries.

In addition to that, collection centers have workers who collect sheep and goat skins from the butchers every day by going up to the butcher's house. This may have created good opportunity to butchers to sell their products directly to collection centers. This agrees with UNIDO (2004) who gave the analysis that the hides and skins produced in butcheries and abattoirs are auctioned to big traders and to tanneries, both public and private.

Also Juhar T, Teshager D, Getachew T. (2015) finding stated that the farmers hide and skin are rejected and/or they sold the products with lower price at one time or other. This agrees with kaguyna et al (2011) who reported that, among the producers who were interviewed 85% of households and 70% of butchers said that their hides and skins have been rejected at one time or the other.

According to findings of AGP-LMD ,(2013) the marketing chain, and the resulting pricing

system, is a reflection of the poor marketing system and the lack of appropriate and effective institutional framework to regulate the system.

There are different market channels in the trade of raw hides and skins prior to their reaching a tannery. The most common channels are:

- Channel A:-Producers---Local tanners
- Channel B:-Producers---Collectors-----local tanners
- Channel C:-Producers---Collectors---Small Traders-----big Traders ----M Tanneries
- Channel D:- Producers----Small Traders----- Big Traders-----Modern tanneries
- Channel E:-Producers---Big Traders-----Modern tanneries
- Channel F:-Producers---Modern tanneries

Source: AGP-LMD, 2013; Mohammed, 2011; Sultan, 2016

AS AGP-LMD, (2013) is reviewed Channel C is the most common trading channel in the modern Ethiopian tanneries while the traditional tanneries usually trade through Channel A.

Figure 1: Marketing relationship in HS value chain



Source: AGP-LMD, (2013)

Alemnesh, (2015) has reviewed that most household producers sell skin or hide in the form of fresh to middlemen (brokers). Even though brokers have not license they are easily accessible to household producers and collect directly going door to door in case of urban area and by setting temporary collection point at most accessible spot in case of rural areas. This finding is line with Hadush et al., (2013) reported that 21% of respondents sell hide and skin to middlemen.

However, selling to middlemen than collection centers makes them lose better price offer since collection centers buy the products at the same price from both middlemen and household producers. In the study area marketing flow of hide and skin starts from producers (farmers, butchers) and agents could be middlemen and collection centers with final destination to tanners this is in agreement with Ahmed (2000) who reported that the market chain for raw hide and skin consists of the primary producers/consumers, who were the initial sources (individual meat consumers, rural slaughter slabs, municipal slaughter houses, abattoirs, meat processing plants), agents of traders, collectors, local tanners, regional medium/ small traders, regional/Addis Ababa big traders and tanneries.

Juhar T, Teshager D, Getachew T. (2015) argue that Farmers sell mostly fresh skins and dried hides to middlemen (82%), who in turn sell to collection centers. On the other hand, producers who kill animals at home or backyards and are near to collection centers sell the fresh or dried

hides or skins directly to collection centers(18%). Butchers, who kill their cattle at the municipal abattoir, sell the hides to collection centers after preserving the hide in the abattoir by salting. Among 40 butchers interviewed 7(17.5%) sell the products to middlemen, who in turn sell to collection centers, 33(82.5%) (Table 2) sell directly to collection centers. Collection centers have workers who collect sheep and goat skins from the butchers every day by going up to the butcher's house.

According to Almnesh ,(2015) the majority of hide and skin producers sell their raw materials to the market to generate income. This disagrees with the finding of Hadush et al., (2013) in Tigray region and Asegede et al., (2015) who reported that only 31% and 44.14% respectively of household respondents sell skin to formal market.

Almnesh ,(2015)finding goes in line with the conclusion that large amount of money is lost due to direct rejection or costs incurred for defective skin processing (Sertse and Wossene, 2007).

Almnesh ,(2015) finding is similar with ILCA (1990) and who stated that absence of market information system minimizes the share of the total value that producers receive.

Tschirley et al., (1995) stated that the existence of information barriers results in unexploited market opportunities, seasonal gluts and produces with inadequate quality specification and control, inequitable returns to producers and fundamentally poor returns to production and marketing system as a whole

Juhar T, Teshager D, Getachew T. (2015) finding conclude that Marketing of hides and skins should depend strongly on quality, which in turn relies upon the treatment of the animal during its lifetime and the way in which the hide or skin is removed, treated, stored and transported prior to tanning. Hence, continuous awareness creation is needed on animal management and handling of hides and skins.

Hides and skins Value Chain

To increase the level of value added retained in Ethiopia from the processing of hide and skin raw materials, the government is now requiring that all new investments in the tanning industry be capable of processing hides and skins up to the stage of finished leather (Ethiopian Investment Agency 2008).

The animal mostly (sheep, goats and cattle) at the abattoirs and slaughter slabs were handled by butchers who play the role of primary source

of raw materials in the upstream, as hides and skins are considered a by-product of meat industry.

Value addition started at the abattoir, slaughter houses or slabs where skins/hides passes through many hands (traders) before reaching the tanneries. This coincides with the findings of Ismail, (2005). At the tanneries flows continues after selection/grading by hides and skins inspectors through various stages of processing until hides/skins are converted to wet blue, crust, or finished leather

The Ministry of Industry has also banned the export of crusted leather starting from December 2011 due to price hikes and scarcity of supplies (Fortune, 19 September 2011).

Increasing the quality of hides and skins requires strategies for reducing pre- and post-slaughter damage and improving preservation and handling practices.

Table 2: Hides and Skins Value addition in Ethiopia

Stages	Important Inputs	Outputs
Livestock Production	Human resource Live animals Breeding techniques Animal health service Animal feed	Milk Pulling power Mature animals for slaughter
Slaughter Hides and skins Recovery	<ul style="list-style-type: none"> • Human resource • technical and managerial skills • Equipment and spare parts • Slaughter facilities 	Heavy bovine hides Light bovine hides Goat and sheep skins

Tannery	<ul style="list-style-type: none"> Raw hides and skins Human resource <ul style="list-style-type: none"> technical and managerial skills Chemical Machinery	<ul style="list-style-type: none"> heavy and light bovine leather light (sheep and goats) leather (pickled, wet blue, crust, finished) leather traditionally, value added hide and skin (drum, rope, bed sleeping mat, harness and etc.
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Source: Extracted from COMESA Regional Strategy for the Leather and Leather Products Value Chain.

Table 3: Average Growth Rate of Bovine Hides, Sheep Skins and Goat Skins (2003-2012) in Ethiopia.

Hide and skin source	Each Year growth		Average Growth rate
	2003	2012	%
Bovine hides	3.1	3.8	22.59
Goat /kid skins	5.2	7.8	50.0
Sheep/Lamb skins	5.3	8.3	56.60

Source: Adopted and compiled from FAO, World Statistical Compendium, (2012)

Hide and Skin Value Chain actors in Ethiopia

Nebiyu , Likasa , Dr. D. Asha ,(2017) has reviewed the major actors in Hide and Skin value chain are producers, farmer traders/village collectors, urban assemblers, wholesalers,

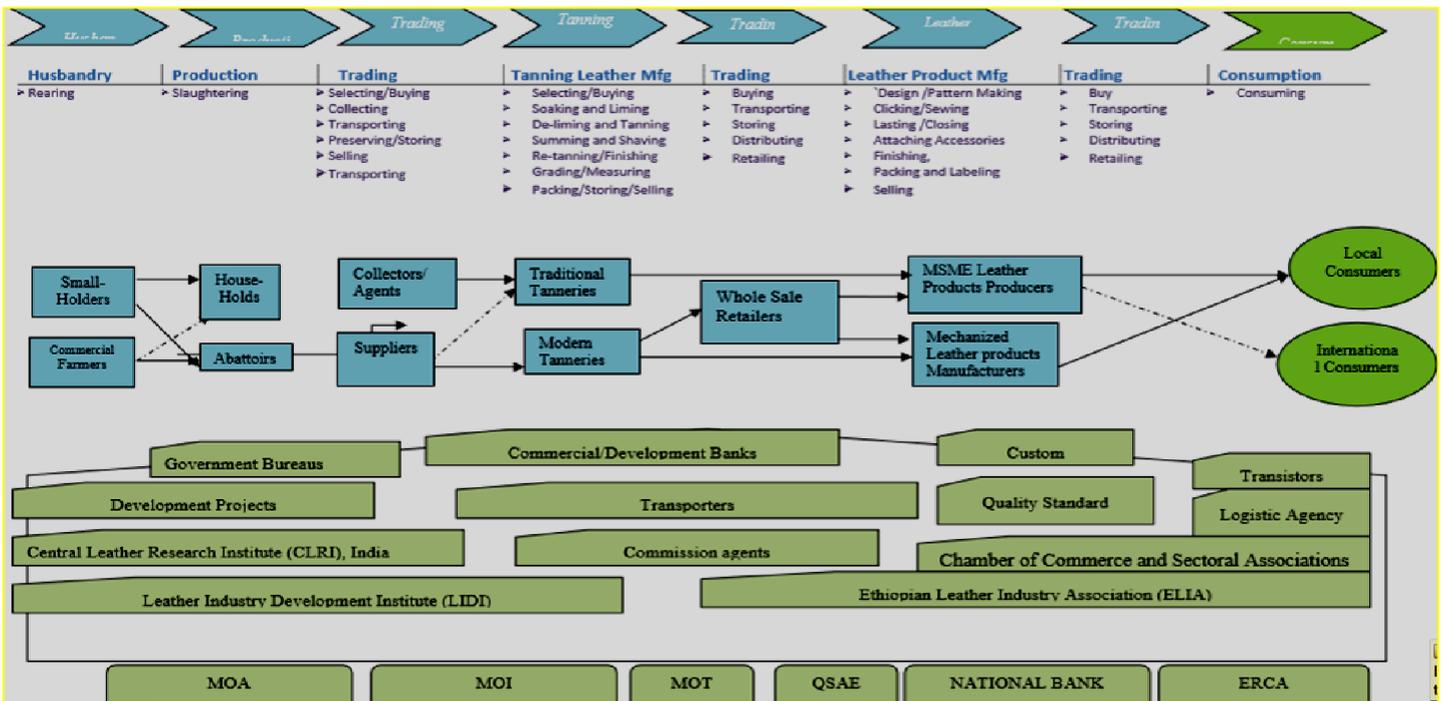
retailers, hotels and restaurants, processors, and consumers. Based on the functions potential value chain actors were identified, their roles, function, value adding process, marketing and relationships were sorted out.

Table 4: Hide and skin value chain Actors in Ethiopia

MICRO-ACTORS	MESO ACTORS	MACRO-ACTORS
<p>Producers</p> <ul style="list-style-type: none"> ✓ Farmers/house holders ✓ Rural Slaughter Slabs Operators ✓ Municipal Slaughter Houses Operators (Bigger and Medium Abattoirs) ✓ Mechanized abattoirs (Export Abattoirs) <p>• Raw Hides and Skins Recovers and Collectors</p> <ul style="list-style-type: none"> ✓ Intermediary Traders / Collectors ✓ Large Traders / Wholesale Suppliers to Tanneries <p>• Tanneries/Leather processors</p>	<ul style="list-style-type: none"> ✓ Farmer Training Centers ✓ Cooperatives Farmer organizations ✓ Non-Governmental Organizations ✓ National Agricultural Research System ✓ Agricultural Technical and Vocational Education and Training/Higher ✓ Agriculture Development Partners Linkage Advisory 	<ul style="list-style-type: none"> ✓ Financial Services ✓ Ethiopian Leather Industries Association (ELIA) ✓ Leather Industry Development Institute (LIDI) ✓ Government Stakeholders and Regulations ✓ Federal, Regional and <i>Woreda</i> level AGP Coordination offices

Source: Nebiyu , Likasa , Dr. D. Asha ,(2017) and (RISP II,2013)

Figure 2: Value chain map of HSL



Source: (AGP-LMD, 2013)

Constraints and opportunities of Hides and Skins value chain in Ethiopia

The main constraints adversely affecting the production and marketing of hides and skins are defect, the utilization of HS for traditional household items, the existence of cross border illicit trade and misuse of the raw material due to lack of awareness, result in a low recovery rate and ultimately shortages of raw HS in the central market (MEDaC, 1999).

Similarly, the other constraints of hides and skins marketing faced were reflections of the economic policy which were characterized by socialist-oriented development and centralized planning system: nationalization of major industries, financial institutions, allocation of quotas, fixing prices, legal monopoly of corporations, restriction of trade movement and the like (Girma, 2002).

Apart from the problems that stemmed from the system, the main constraints in the marketing of hides and skins included an inadequate network of primary buyers, lack off abilities for slaughtering, preservation, storage and transportation, 'lack of incentives for improvement' and limited effectiveness of government extension service and other manmade and natural damage inflicted on the raw hides and skins downgrades quality (Ahmed, 2000).

Nebiyu , Likasa , and Dr. D. Asha in their research Value chain inefficiencies in all three livestock categories resulted in lost income, employment and market opportunities for

cattle hides because of insufficient collection;

sheepskin due to insufficient collection and production; and

Goatskin from both insufficient collection and production.

AGP-LMD, (2013) and (ILRI, 2013) research has reviewed that there are many challenge and opportunities for hide and skin value chain in Ethiopia.

Conclusion and Recommendation

Conclusion

The review was undertaken with the objective of value chain of hide and skin in Ethiopia.

Hides and skin is an important strategic sector for the economic and industrial development of Ethiopia .For hides and skins there is failure in translating market information (grades, standards) into price incentives to manage quality and furnish more supply through price information.

Therefore to ensure rapid and sustainable growth of the hide and skin and its by products in Ethiopia requires changing the traditional practices and mind set implanted in the life style of all players in the value addition process starting from the way animals are raised and handled up to which consumer goods are sold locally and internationally. In order to provide hides and skin of high and acceptable quality, there is the need to improve animal husbandry techniques, animal slaughtering facilities, tanneries and leather goods manufacturing industries, enforce rules that are designed to

improve leather sector, increase number of veterinarians, flyers and livestock extension officer. The challenges along the chain are many and revolve around two key issues: 1) supply issues - insufficient supply to meet even the most minimal market demand, and 2) poor quality (e.g. scarred, diseased, improperly flayed) hides and skins, which directly limit the market potential of the downstream products such as shoes, gloves and apparel. These challenges are implicated with the low tannery capacity utilization, lack of price incentive for producers along the chain, and limited specialization and competition.

Table 5: Constraint and opportunities of hide and skin in Ethiopia

Constraints	Opportunities
Limited supply of skins Poor quality of hides and skins Poor animal husbandry Post-mortem practices Improper preserved hides and skins Lack of price incentives Capital and finance throughout the value chain, Quality grading, and prices not based on quality Lack of strong technology transfer efforts Reflections of the economic policy Poor access of the producers and local traders in market information, not only the price but also requirements from the tanneries and end market.	Competitive advantages are known for the Ethiopian sheepskins. The government has given due consideration to overcome this animal health problems and starting to implement demonstrations. Value Chain Analysis of Ethiopian Industrial Leather Sector for Investment Opportunity The creation of a trade mark or product image “Made in Ethiopia.” Existence of regional and sub-regional market for leather products (COMESA).

Recommendation

Creation of awareness among extension staff, butchers, collectors, tanners and other stakeholders and the general public of the economic importance of hides and skins are very important.

Clear policy and strategy for the development of leather sector should be developed by member State that have not done so far.

Developing Clear pricing system based on grading and standard of hide and skin and improving access to market information

Various stakeholders should be involved in the value chain to support in the area of funding/institutional credit facilities especially to hides and skins traders.

Provide training to a wide range of people in both urban and rural areas in slaughtering and flaying skills, in preservation techniques, and in

applying to identify the grading and standards skill of hides and skins for the slaughters.

Offering price-based incentives based on size and grades of hides and skins

The leather factories /tanneries should establish strategic alliance with suppliers of raw H&S and motivate them appropriately for their supply of quality H&S.

Encouraging collaboration between tanneries and abattoirs/slaughterhouses

Encouraging more private sector investment in the animal health sector to extend the reach and benefit of animal health research, drugs, clinics and services.

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