



**NATIONAL COMPETITIVENESS COMMISSION**

*"Enhancing Zimbabwe's Global Competitiveness"*

# Leather Value Chain Competitiveness Progress Report



**DECEMBER 2023**

## 1. BACKGROUND

- 1.1 The National Competitiveness Commission produced an evidence-based Leather Value Chain Competitiveness Report in 2023, in an effort to facilitate the development of a sustainable competitive leather sector in Zimbabwe. This is in line with the National Development Strategy 1 (NDS1) objective of the need to promote local production and domesticate value chains to reduce the import bill, ensure food security and job creation.



*Finished Leather*

- 1.2 The Report, benefitted from international benchmarking with top leather producing countries, Kenya and Ethiopia, and proffered evidence-based recommendations, which are critical to enhancing competitiveness of the sector.

## Leather Value Chain Competitiveness Lab

- 1.3 In order to monitor implementation of recommendations, the Commission established a Leather Value Chain Competitiveness Lab (Technical Working Group) comprising of experts, to address identified bottlenecks and support enhancement of productivity and competitiveness of the sector, through evidence-based interventions.
- 1.4 Table 1 below shows, progress towards implementation of Leather Value Chain Competitiveness Report recommendations.

**Table 1: Update on Implementation of the Recommendations**

RECOMMENDATION	IMPLEMENTATION PROGRESS
Partnership between the Zimbabwe Leather Development Council (ZLDC) and NUST to form small Tanneries	<p>Memorandum of Understanding (MoU) between the Zimbabwe Leather Development Council (ZLDC) and National University of Science and Technology (NUST) was drafted and is now due to go through the signing process by the two parties.</p> <p>Furthermore, Lupane State University received a grant to establish a small skin experimental tannery. Government supported the institution with US\$30 000 towards the research of goat skins.</p>
Perfecting of leather value chain products - to be able to compete internationally	<p>ZLDC is continuously working with the Standards Association of Zimbabwe (SAZ) and are members of technical committees. ZLDC is also a member of the African Organization for Standardization (ARSO), wherein it participates in the development of standards and fostering awareness on the use of standards by members. This also enables ZLDC to guide members on markets that require certifications and registrations.</p>

<p><b>Full operationalisation of the Leather Institute of Zimbabwe (LIZ)</b></p>	<p>Leather Institute of Zimbabwe (LIZ) is working on the development of a quality certification and standardization system for Leather Value Chain (LVC) and Small and Medium Enterprises (SMEs) products. A workshop to this effect was held in October 2023. Other activities done so far towards the operationalization of LIZ are procurement of computers, skills gap analysis and development of the leather curriculum.</p>
<p><b>Extend the Customs and Excise (Shoe Manufacturer) (Rebate) Regulatory promulgate on Statutory Instrument 61 of 2017 be extended to all players to benefit</b></p>	<p>One of the companies that is already listed, which was not benefitting, has since applied to the Zimbabwe Revenue Authority (ZIMRA) and will start utilizing the facility in 2024</p>
<p><b>Government should prioritise local procurement of footwear, for use by its personnel, rather than importing</b></p>	<p>This is still work in progress. LIZ developed and shared a concept note on custom-made and comfortable shoes for the Zimbabwe Republic Police.</p>
<p><b>Full Operationalization of the Zimbabwe Leather Development Council (ZLDC) funded by the Leather Players</b></p>	<p>ZLDC is working on engaging the Secretary and Minister of Industry &amp; Commerce on the issue.</p> <p>However, other stakeholders proposed the need to revisit the issue to ensure that the ZLDC is a self-regulatory Trust, which is inclusive of all nodes, funded by value chain players. This is attributed to delay in operationalisation, which has taken more than seven years signalling some challenges with the current envisaged methodology.</p>

## 2. EMERGING ISSUES AND INTERVENTIONS BY THE COMMISSION

2.1 The leather sector is exploring ways of partnering SMEs, with large corporates, which will allow the sector to contribute to the fiscus. Below are emerging leather sector competitiveness issues.

### *Developing Certification and Standardization for the Leather Value Chain focusing on Small and Medium Enterprises*

2.2 Government nominated LIZ to implement the Technical Assistant Fund (TAF) project by setting up the Satellite Leather Design Studio in Zimbabwe. The approved workplan for the project, which originally was supposed to commence in June 2022 experienced some administrative delays for almost a year, and started in June 2023.

2.3 LIZ has successfully implemented 4 of the 5 activities whose output was to upgrade the Leather Design Studio & Incubation Center, improve capacity to deliver technical and business services to internal stakeholders, as indicated below:

- **Activity 1:** Procurement of Computer-aided design- Computer-aided manufacturing (CAD- CAM) and associated equipment and tools for product design and prototyping.
- **Activity 2:** Conducting a skills gap analysis within the value chain to ensure the right training is conducted on the right groups of SMEs/Artisans. (Bulawayo and Harare).
- **Activity 3:** Development of the training curriculum and materials for three training thematic areas (Product design and development, Leather footwear and leather goods production technology and innovative entrepreneurship).
- **Activity 4:** Development of a quality certification and standardization system for the Leather Value Chain and SMEs products.

2.4 In an effort to ensure that the leather sector competitiveness is enhanced, the Commission will continue working with LIZ on the initiative.

2.5 In addition, the Commission has also put in place some initiatives to support the sector, as outlined below.

### ***National Herd***

- 2.6 The Commission engaged Chinhoyi University of Technology (CUT) and toured the Cattle Breeding Centre for Reproductive Technologies Germplasm & Reproductive Technology Laboratory and the Livestock Breeding Farm, in October 2023. This was meant to have an appreciation of the artificial insemination program, which is critical in increasing the national head and production of quality hides.
- 2.7 Resultantly, CUT was included in the Leather Value Chain Competitiveness Lab, and this is expected to culminate into strategic partnership between the University and ZLDC to ensure that the breeding program/animal genetics plays a key role in the development of quality hides. This will help in ensuring that the proposed National Leather Brand is developed, in line with the Leather Value Chain Competitiveness Report recommendation.

### ***Enhancing Quality of Leather and Leather Products***

- 2.8 The Commission linked ZLDC with the Quality Management Institute of Zimbabwe (QMIZ), which fosters quality related solutions through affordable competence building programs (trainings, voluntary mentorship programs and professional certifications), for possible collaboration targeted at improving production methods and quality for SMEs.

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### ***NCC Focus Areas***

2.9 Table 2 below, indicates areas of intervention, which the Commission will be focusing on, in an effort to ensure that the value chain’s competitiveness is enhanced.

**Table 2: Focus Areas to Enhance Competitiveness**

<b>FOCUS AREA</b>		<b>TIMELINE</b>
<b>1.</b>	Exploring the possibility of SMEs trainings focusing on Quality, Intellectual Property and Tax related issues. This will help in ensuring that SMES produce quality products, which are competitive locally and globally in the advent of the African Continental Free Trade Area (AfCFTA).	2024
<b>2.</b>	Facilitate Leather Value Chain Players engagement with the Procurement Regulatory Authority of Zimbabwe (PRAZ) on possible consideration of SMEs registered as cooperatives to be allowed to bid for tenders. SMEs are not able to bid for tenders as they are subjected to the same conditions as corporates, of which many cannot afford them due to size.	2024
<b>3.</b>	Facilitate international benchmarking study tours for the sector, to enable them to enhance competitiveness in line with international best practice as well as develop partnerships.	2024
<b>4.</b>	Continued collaboration with LIZ on the establishment of a Bonded Warehouse for quality raw materials, input and marketing point for finished products.	2024

### **3. CONCLUSION AND WAY FORWARD**

- 3.1 Enhancing competitiveness of the value chain requires collaborative effort among stakeholders, hence the Commission will continuously engage players in the value chain, with particular focus on SMEs capacitation and livestock production.
- 3.2 This is critical in addressing competitiveness gaps as this will cascade into the entire value chain, increase value, employment creation in line with NDS1.
- 3.3 The Commission will continue to engage/partner respective institutions in the value chain to help ensure that the value chain's competitiveness is enhanced.







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