



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



## SSTIC Impact Stories

### Leather Initiative for Sustainable Employment Creation (LISEC) in Ethiopia

#### SUMMARY

The overall objective of the action is to create greater economic and decent employment opportunities, especially for young men and women through the development of the Ethiopian leather industry and the Modjo leather industrial park. The specific objective of the project is to enhance the economic competitiveness by strengthening an inclusive and sustainable development of the Ethiopian leather value chain.



Mr. Gerd Müller, UNIDO DG discussed partnership with Ethiopia's Minister of Industry H.E. Melaku Alebel in the value chain development of leather, coffee and agro-food processing during his visit to Ethiopia in 2022.

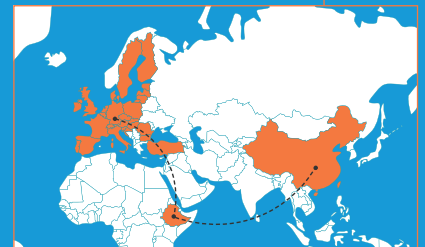
#### WORKING TOWARDS THE SDGs



#### SOUTH SOUTH COUNTRIES:

Ethiopia & China

#### IDENTIFIED COUNTRIES:



#### SOUTH SOUTH PARTNERS:

- China
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- UNIDO

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# SSTIC Highlights

The project is part of UNIDO's Programme for Country Partnership (PCP) for Ethiopia and brings together development partners, UN agencies, financial institutions and the business sector under the leadership of the national government of Ethiopia.

The PCP focuses on three light manufacturing sectors: agro-food processing; textiles and apparel; and leather and leather products. These sectors were chosen due to their prospects for job creation, strong linkages to the agricultural sector, high export potential and capacities to attract private sector investment. They will act as a springboard for the transformation of Ethiopia's economy from one based on agriculture, to one driven primarily by light industries.

PCP was supported by China and Italy through triangular cooperation.



## WHAT IS SSTIC?

### South-South and Triangular Industrial Cooperation (SSTIC)

Is a process whereby two or more developing countries pursue their individual and/or shared national capacity development objectives through exchanges of knowledge, skills, resources and technical know-how, and through regional and interregional collective actions. UNIDO's SSTIC services are following the guiding principles for South-South cooperation set out in the Buenos Aires outcome document:

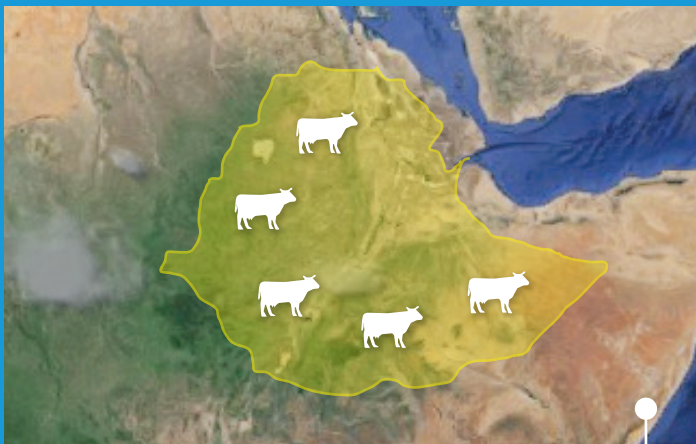
- 1 respect for national sovereignty
- 2 mutual benefit
- 3 national ownership and independence
- 4 equality
- 5 non-conditionality
- 6 non-interference in domestic affairs

# SSTIC Project Narrative

Modjo, a city in Ethiopia's Oromia region, will host a leather industry park that aims to boost the country's exports and create jobs for its young and female population. The park, known as Modjo Leather City (MLC), will offer opportunities for foreign and local investors, technology transfer and skills development. It will also supports micro, small and medium-sized enterprises (MSMEs) in the leather sector by providing them with extension services, training, raw materials and components.

The MLC is part of Ethiopia's broader strategy of inclusive and sustainable industrial development, which seeks to ensure that industrial growth benefits all segments of society and addresses local needs. However, this is not an easy task in Oromia, where almost half of the population is aged between 15 and 64 years old, and where unemployment rates are high among women and

youth. Moreover, the leather sector faces several challenges such as environmental pollution, low quality standards, lack of market access and competition from cheap imports. The MLC hopes to overcome these obstacles by fostering social inclusion and sustainability in Modjo and beyond.



### Livestock

Ethiopia has one of the largest live stock populations in the world, ranking 1st in Africa.



### Tanneries

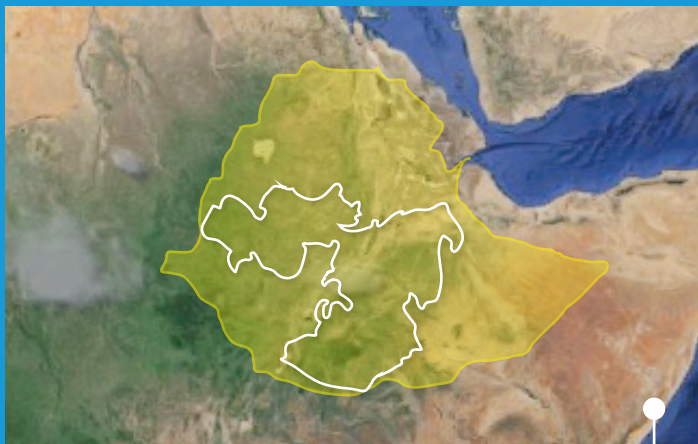
Twenty-nine tanneries are processing and producing finished leather in different sites with a total installed capacity of 500 million square feet per year.





**Selamawit Mekuria,**

She runs her own leather products (bag, belts and children footwear) business in Addis Ababa. With support of UNIDO, Selamawit and her group established "Lomi Leather" cluster and received training, machineries, inputs and other assistance.



### **Oromia Region**

About 48% of the existing tanneries in Ethiopia are operating within Oromia region.



### **Abundance of Resources**

The concentration of tanneries in this area is also due to the availability of raw materials, water supply and skilled manpower generated from the long leather processing tradition in the area.

1

## THE CHALLENGE

What the project aims to achieve.

The overall objective of the action is to create greater economic and decent employment opportunities especially for young men and women through the development of the Ethiopian leather industry and the Modjo leather industrial park (MLC).

The specific objective of the project is to enhance the economic competitiveness by strengthening an inclusive and sustainable development of the Ethiopian leather value chain.

2

## THE SOLUTION

The methodology used that led to successful outcomes, outcomes achieved.

The proposed UNIDO action will follow an integrated approach all across the leather industry value chain, that will result in increased vertical integration of the value chain, creation of value addition, new job opportunities in the leather, footwear and leather products sectors and an increased attention to the environment and water resources.

The project will ensure and follow participatory methods, which will accommodate all stakeholders and seek close partnership with relevant government institutions at local, woreda, regional and federal levels. Target beneficiary communities and direct programme clients- women and youth- will drive their own development agenda guided by the program's implementing partners. The foreseen overall project duration is 4 years.

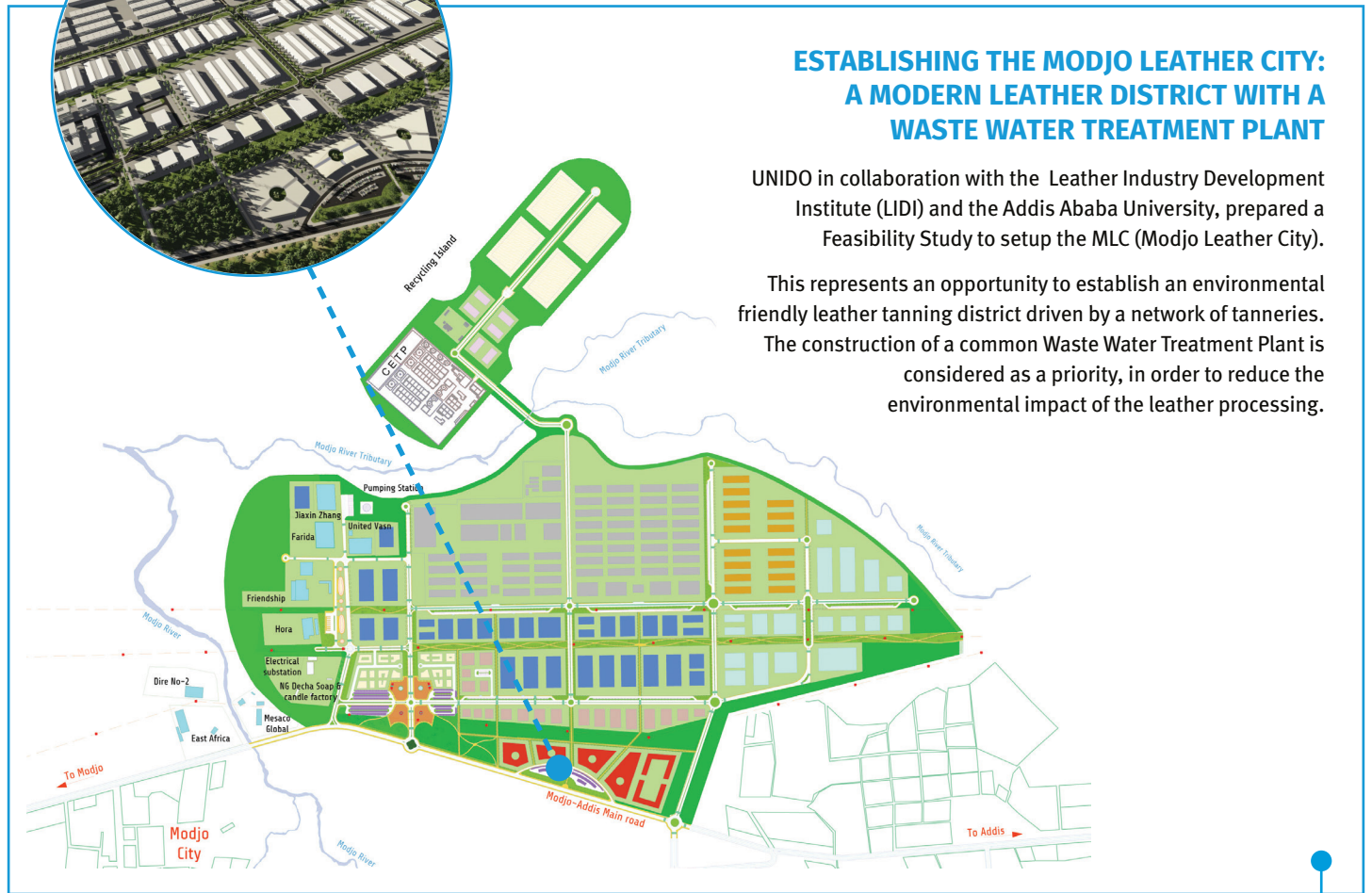
### RENDER OF URBAN DESIGN RESPONSE



### ESTABLISHING THE MODJO LEATHER CITY: A MODERN LEATHER DISTRICT WITH A WASTE WATER TREATMENT PLANT

UNIDO in collaboration with the Leather Industry Development Institute (LIDI) and the Addis Ababa University, prepared a Feasibility Study to setup the MLC (Modjo Leather City).

This represents an opportunity to establish an environmental friendly leather tanning district driven by a network of tanneries. The construction of a common Waste Water Treatment Plant is considered as a priority, in order to reduce the environmental impact of the leather processing.



### The Modjo Leather Industrial Park

#### COLOUR KEY:

- |                                  |                                     |                        |                                 |
|----------------------------------|-------------------------------------|------------------------|---------------------------------|
| EXISTING TANNERIES               | AREA ASSIGNED TO FOREIGN INVESTMENT | PROCESSING BY PRODUCTS | COMMON EFFLUENT TREATMENT PLANT |
| RELOCATED AND NEW TANNERIES      | SERVICE CENTER                      | CHROME RECOVERY PLANT  | GREEN AREAS                     |
| TANNERIES FUTURE EXPANSION       | MAINTENANCES SHOPS                  | LANDFILL LOTS          | GREEN AREAS                     |
| SHOES FACTORIES FUTURE EXPANSION | MAIN SQUARE                         | 1st PHASE LIMIT        |                                 |



3

**SOUTH-SOUTH IMPACT**

How were South-South and Triangular cooperation utilized to achieve results?

LISEC has been structured following a comprehensive approach with three main components aiming at:

- A** Advancing economic competitiveness by strengthening the leather value chain;
- B** Protecting the environment by facilitating financial investments towards the establishment of an eco-friendly leather industrial park in Modjo; and
- C** Strengthening social cohesion by supporting local economic and social development initiatives, especially for women and youth living in Modjo area; and enhancing industrial and labor relations in the MLC.

Financially supported by the European Union and China, the present proposal is inserted within the EU Action Fiche “Leather Initiative for Sustainable Employment Creation (LISEC) in Ethiopia”. UNIDO in close collaboration with the Ministry of Industry (MoI) and the Leather and Leather Products Industry Research and Development Centre (LLPIR&DC) will implement component 1. UNIDO has been selected to implement this component due to its large experience in supporting the Ethiopian leather and leather products industry, its knowledge of national and regional leather institutions and its successful results in the sector.

UNIDO will facilitate the involvement of relevant local Institutional counterparts in the project, in order to ensure project effectiveness and sustainability. Federal and regional institutions will be requested to provide relevant inputs and to participate in the project’s activities to ensure an effective project implementation.

4

**SUSTAINABILITY AND REPLICABILITY**

How is it sustainable and replicable?

The present project capitalizes on previous UNIDO leather sector initiatives/programmes developed and implemented in the country. In particular, UNIDO has also contributed to create the leather sector National Strategy and supported LLPIR&DC in becoming a lead leather institution in Ethiopia along with the development of a vast number of Micro, Small and Medium Enterprises (MSMEs) active in leather and leather products.

The Leather Initiative for Sustainable Employment Creation (LISEC) will also benefit of some specific interventions that have been already performed by UNIDO in the recent years such as the Modjo Leather City feasibility study, the Environmental and Social Impact Assessment (ESIA) study conducted by LLPIR&DC, the linkages established with relevant financing institutions and development partners, the Public-Private Partnerships (PPP) linkages established in Addis Ababa for supporting the clustering of MSMEs operating in the leather and footwear sector.



LISEC project supports national partners through capacity building to promote leather sector business and investment. UNIDO with the Ethiopian Leather Industries Association (ELIA) at "Made in Ethiopia" Expo-2023.



Members of micro, small and medium sized enterprises (MSMEs) receiving business and entrepreneurship training.



Selamawit Getachew, a member of MSMEs who received training on production footwear, bag, belt, wallet, leather carpets and other leather goods.

# SSTIC Executive Summary

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The present proposal is inserted within the EU Action Fiche "Leather Initiative for Sustainable Employment Creation (LISEC) in Ethiopia". The overall objective of the action is to create greater economic and decent employment opportunities, especially for young men and women through the development of the Ethiopian leather industry and the Modjo leather industrial park.

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UNIDO has also contributed to create the leather sector National Strategy and supported LLPIR&DC in becoming a lead leather institution in Ethiopia along with the development of a vast number of Micro, Small and Medium Enterprises (MSMEs) active in leather and leather products.

## CLICK THE LINKS BELOW FOR MORE INFORMATION



 [View project in UNIDO OpenData Platform](#) 

 [Video: Modjo Leather City. An Inclusive & Sustainable Leather District](#) 

 [Project Newsletter: Programme for Country Partnership Ethiopia](#) 

## WANT TO LEARN MORE ABOUT SSTIC?

Scan the QR code to access more information about SSTIC. You will be directed to a website or a resource that provides detailed information about the concept, principles, benefits, and examples of SSTIC in action.

 [www.unido.org/south-south-cooperation](http://www.unido.org/south-south-cooperation)  [SSTIC@unido.org](mailto:SSTIC@unido.org)



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