

**Country:** Kenya  
**Sector:** Manufacturing  
**Project:** Greening MSMEs Leather Clusters and Leather Tanning Industry  
**Grantee:** Comesa-Leather and Leather Products Institute (COMESA/LLPI)  
**Partner:** Kenya Leather Development Council (KLDC)

## Acknowledgements

The SWITCH Africa Green programme was developed by the European Commission to support African countries in their transition to an inclusive green economy, the main objective being to promote sustainable development. This is based on sustainable consumption and production (SCP) patterns, while generating growth, creating decent jobs and reducing poverty.

This impact sheet on Greening MSMEs Leather Clusters and Leather Tanning Industry provides a snapshot of results and achievements of the project under the Green Business Development Component of Phase I (2014-2019) of the SWITCH Africa Green Programme. This component supported micro, small and medium-sized enterprises (MSMEs) to apply and adopt (SCP) practices in their business operations.

The project was implemented by COMESA - Leather and Leather Products Institute (COMESA/LLPI) in partnership with the Kenya Leather Development Council (KLDC) with the support of the SWITCH Africa Green National Focal Point Charles Mutai, Ministry of Environment and Forestry, Kenya and National Coordinator Lily Chebet Murei, United Nations Development Programme (UNDP), Kenya. The grants were managed by United Nations Office for Project Services (UNOPS) and coordinated by Celia Marquez with support from Mercy Gatobu.

Supervision and coordination for development of the impact sheet was done by Rhoda Wachira and Patrick Mwesigye and programme support was provided by Carolyn Kilel and Sylvia Munuhe, Africa Office, United Nations Environment Programme (UNEP).

The impact sheet was compiled by UNEP consultants, Sheila Karue and Mercy Mumo. Editing, layout and design was coordinated by Communications Division, UNEP.

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## BACKGROUND

The Africa Leather and Leather Products Institute (ALLPI) and COMESA Leather and Leather Products Institute implemented a three-year project funded by the European Union through the SWITCH Africa Green Programme to support local production of footwear. The sector is dominated by micro, small and medium sized enterprises (MSMEs) which face challenges in accessing markets for their products which fail to meet the acceptable standards in terms of quality.

The project 'Greening MSMEs Leather Clusters and Leather Tanning Industry' was in line with initiatives spearheaded and supported by the government of Kenya where the Ministry of Industry, Investment and Trade initiated various programmes that promoted a shift to production of eco-friendly leather products that would be competitive in the export market, and create 50,000 new jobs. In addition, the government imposed 80% export tariff on raw hides and skins to encourage local value addition. Kenya has 14 operational tanneries facing multiple problems, especially pertaining to resource efficiency, effluent management, and various concerns to improve the quality and quantity of products that meet the minimum international market standards.

## OBJECTIVES

The overall project objective was to promote uptake of cleaner production processes, sustainable consumption and eco-entrepreneurship in SMEs involved in footwear production.



Specific objectives were to:

1. Improve productivity and waste reduction during production processes to enhance the management of solid and liquid waste.
2. Promote recycling and reduction in the use of chemicals with a negative impact on the environment.
3. Develop guidelines used to improve effluent management and quantification of carbon foot print of the leather sector
4. Improve SMEs competitiveness through energy, space and machinery optimization by promoting joint use under clusters that lead to a decrease in cost production.

## BENEFICIARIES

Seventy-six (76) MSMEs (an additional 41 from the initial target of 35) and 7 tanneries were engaged to promote sustainable leather production practices in Kenya and assess whether chemical usage was in line with requirements of the European regulation on chemicals – REACH (Registration, Evaluation and Authorisation of Chemicals). Relevant government officials were also involved in project implementation.

**Seventy-six  
(76) MSMEs**

**7 tanneries were  
engaged to promote  
sustainable leather  
production practices in  
Kenya**

## OUTPUTS

**Improved capacities of  
business development  
services to promote SCP  
practices by MSMEs**

The Africa Leather and Leather Products Institute conducted an analysis of the specific gaps in the relationship between the MSMEs and tanneries in the pilot regions: Kisumu, Nakuru and Thika. Based on the findings of the gap analysis, MSMEs were registered as formal business entities. Additionally, joint operations were encouraged thereby making it easier for the enterprises to access technical and financial support from various institutions. The MSMEs could not purchase inputs directly from the tanneries.



## Roadmap on Effluent Management developed

The grantee developed a roadmap for improving effluent management and quantification of carbon footprint in the leather sector. The guidelines were used to improve effluence management in the tanneries. The draft roadmap was submitted to KLDC, which is the statutory body in Kenya which oversees the development of the leather sector.

## Increased networking among green businesses

### Cluster Formation

SWITCH Africa Green facilitated establishment of two clusters based on the locations of the MSMEs in Kisumu and Nakuru. Kisumu Leather Dealers Association has a group of 33 MSMEs involved in the production

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of footwear and leather products like belts, leather drums, including fish leather. Nakuru Cluster at Bondeni has 15 members who purchase leather in bulk and use shared resources like sewing machines and other tools.

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## Nakuru Cluster at Bondeni has 15 members



Prior to the project, the MSMEs had no access to buy leather directly from the tanneries, the Kisumu cluster did not exist and most of the enterprises operated as individuals on temporary sheds along main roads.

## Participation in networking events

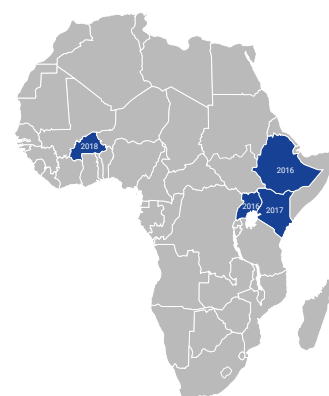
Beneficiaries showcased their products during various forums including: COMESA Council of Ministers Summit, ALLPI Regional Consultative Forum in **Ethiopia (2016)**, SWITCH Africa Green Regional Networking Forums **Uganda (2016)** and in **Burkina Faso (2018)**, the Third Session of the UN Environment Assembly in Nairobi, **Kenya (2017)** and in the **European Development Day (2017)**.

## Improved capacities of workers in green sectors

### Training on SCP practices

#### Training in Footwear Production Process:

The training focused on improving labour productivity in the footwear production process with an aim of supporting the SMEs to meet the international quality standards in leather production to control raw materials, processes and the quality of finished products. Shop floor workers were selected for the training because findings of the initial assessment showed that they had limited capacity in production. This led to 42 shop floor workers improving their production skills.



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## Capacity building on Recycling, Pollution, and Waste Management Processes:

Training of trainers was conducted for 76 MSMEs and 7 tanneries on pollution management strategies and waste reduction practices. Training focused on the owners and managers of the enterprises as they are the key decision makers and manage the production flow. Beneficiaries of the training were tasked to train other workers in their enterprises to take up SCP practices. The enterprises were also trained on improved market access, opportunities and competitiveness in the Kenyan leather sector.

## Training manuals developed

### Skills development in footwear and leather goods production Manual.

The manual aimed at boosting labour productivity and meeting the international quality standards of footwear production. At least 35 MSMEs were trained in the quality of stitching, suitability of lining materials, quality of

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lasting and suitability of leather for the product. The MSMEs were taken through the Kenya Bureau of Standards (KEBS) Test that assesses the quality of footwear and leather goods produced.

**Toolkit on bookkeeping and costing for MSMEs in footwear production:**

The toolkit includes financial management techniques such as recording cash and credit transactions. This helped the enterprises track their stock, equipment, cash inflows and profits. MSMEs were trained on how to account separately for business income and family expenditure.

**Improved capacities of green businesses to develop bankable projects**

Africa Leather and Leather Products Institute (ALLPI) designed a module on resource mobilization and MSMEs in 15 countries in Africa received training in access to finance. They were trained on guidelines to follow when preparing project proposals to be used in applying for financing.

**OUTCOMES**

**Uptake of SCP practices by MSMEs**

**Sustainable Consumption and Production (SCP) Practices adopted**

About 57.2 % of the MSMEs adopted SCP practices such as energy, water and material use efficiency, eco-labelling, green product design, sustainable use of machinery and equipment through sharing within the respective clusters; occupation health and safety; sustainable

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business practices which involved improved company performance, record keeping, product costing and marketing. The activities are illustrated in Figure 1:

**Sustainability standards certification**

The operations of 10 MSMEs and 3 tanneries were assessed to determine their level of compliance with environmental standards. The MSMEs submitted samples of their products for testing to the Kenya Bureau of Standards. Feedback obtained enabled the MSMEs to make changes that significantly reduced the waste generated. The enterprises adopted the mandatory standardization mark of quality from the Kenya Bureau of Standards.

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**Improved access to finance for green MSMEs**

**MSMEs obtained green financing**

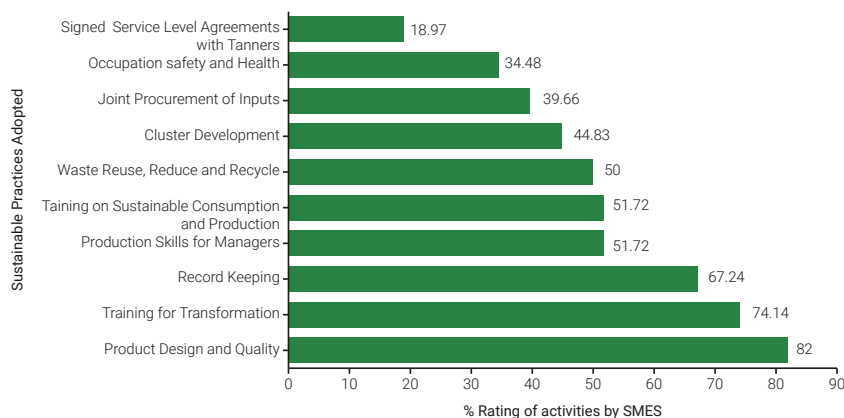
A total of 35 members, through the Kisumu Leather Dealer Association, acquired a loan amounting to 4,000 US Dollars from the Kenya Industrial Estates that enabled each member enterprise to purchase machines to use in production.

**IMPACTS**

**Environmental impacts**

At the end of the project, 65% of MSMEs were recycling and reusing waste which was previously being discarded into dumping sites. Of the enterprises, 35% were using leather off-cuts to produce other products such as sandals, key holders and labels. About 18% of the MSMEs were monitoring their water consumption levels.

**Figure 1: Project activities**





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**About 18% of the MSMEs were monitoring their water consumption levels.**

There was a 15% reduction in energy consumption.

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A plan to eliminate the use of chemicals with negative environment effect was adopted nationally and the 7 tanneries were trained on the European Regulation on chemicals - REACH (Registration, Evaluation and Authorisation of Chemicals). The tanneries reported that they were using chemicals compliant with REACH and they improved their competitiveness and compliance with environmental regulations. Aspects such as spillages from tannery drums have been substantively reduced thus avoiding chemical and water waste.

### Economic Impacts

There was a 30% reduction in machine idle time as the grantee encouraged machine optimization by promoting joint use among MSMEs in respective clusters. About 80% of the MSMEs recorded an increase in product design and quality and a 30% increase in labour productivity was recorded.

Thirty-nine (39) managers of the MSMEs were trained in technical product management and quality improvement. They were also trained in costing and pricing; this has contributed immensely to improving the operations and production of quality products.

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### Social impacts

Improvements in Occupational Health and Safety (OHS) were made in the tanneries. Workers were provided with personal protective equipment (PPE), improved lighting systems were installed within the facilities to promote better working environment for staff and the fire extinguishers in the premises were serviced.

An estimated 79% of the SMEs stopped using semi-processed leather, which contains Chromium-6 residues known to be hazardous to human health.

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### LESSONS LEARNED

- Linkages and improved interactions between MSMEs and tanneries facilitated exchange of ideas and feedback which contributed to improved quality of leather produced, which in turn has impacted positively on the quality of footwear and leather goods manufactured by the enterprises.
- The use of eco-friendly products promotes access to international trade. For instance, leather products being exported to the European Union need to comply with REACH.
- De-centralization of activities reduced the cost of implementation. The project activities were implemented in the localities where the operations of the enterprises are based and this allowed the project to reach out to more beneficiaries instead of only organising workshops/trainings in Nairobi.
- Benefits of building synergy among different institutions working in the leather sector contributed to uptake of SCP practices among MSMEs and tanneries are evident from the project where ALLPI worked with KLDC and TPCSI in ensuring the sustainable consumption and production practices were adopted in Kenya.

“For a long time, we have associated our trade with small-scale, low profit, minimal economic impact and more of a means to survive from hand to mouth. Through the implementation of the project, we have been inspired to run more professional and accountable establishments with better-equipped associations that meet the demands of our clientele,”

Mr. Newton Owino, the Secretary of Kisumu Leather Dealers Association.



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