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A Prognosis of the Leather Sector in Kenya; The Upheavals and Antidotes Associated with Value Creation

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Abstract The leather sector in the country has undergone tremendous 'metamorphoses since its inception as a manufacturing and export oriented entity in 1905. To be able to cope with the external and internal trading environment, major legal frame works were developed in the 1947 and 1987 legislative reviews. Currently the legal reference in the sub-sector remains with CAP 359 (Hide, Skins and Leather trade Act) of Kenya Laws. However the approach in the past remained focused in the public domain rather than draw partnership synergies with the private sector. Unfortunately for the private sector in the 1970's and 1980's the export compensatory scheme operated by the Kenyan Government provided a 'pseudo' platform for the growth of the leather sector. The operational registered tanneries by then were seventeen. Indeed after the revocation of the export compensation scheme the number of registered tanneries reduced to about five. This scenario warranted the public sector, through various national policies, such as Economic Recovery Strategy for wealth and employment creation (ERS), Strategy for Revitalizing Agriculture (SRA) and ultimately vision 2030 to redefine and strategize on the leather sector's economic growth. Case studies have been undertaken and the results at both the national level and the selected sites provide positive indicators on the potential of the leather sub-sector in the Kenyan economy. For instance, freight on board (FOB) export values depict an increase from K.Sh 1.6 billion (2005) to about K.Sh. 10 billion (2012) representing 525% increase in value. Veterinary Services Development Fund (VSDF) also indicated an incline on revenue of 273% when returns of 2005 and 2012 financial year were compared. Incentives towards value addition in the country contributed immensely towards such successes. Currently there are several tiers of decision making and policy implementation which creates an awkward economic platform for further growth of the leather subsector. The way forward for the industry is to harness its potential and strengthen the sector through identifying its unexplored opportunities, strategize the coordinating function of Kenya Leather Development Council for optimal results towards value addition

Keywords Leather sector, Legal framework, Policies, Strategies, Value addition

1. Introduction

Hide, skin and leather development service was formed for the purpose of nurturing good quality production service within the British protectorate of East Africa in 1905. It was one of the most active functions run by non-veterinarians and the only such service to operate under the then Veterinary field services. The principle objective of this service was to undertake raw hides and skins quality improvement to cater for an export scheme to service the British shoe industry. The first such supply occurred in 1909 accruing £3000 worth of export revenue for the protectorate. By 2008 the leather sector had grown progressively and was estimated to earn the country about 4% to the Agriculture GDP (approximately 1.5% GDP) [i][1]. However, the potential in the leather sector has not been realized and Kenya needs to re-evaluate its national leather sector contribution after initiations of reforms post 2008.

The leather industry in Kenya has continued to transform itself into one of the key agricultural sectors, with a high potential to contribute towards achieving economic growth, through an expansion of the export market for both semi-processed, finished leather and leather goods[2]. This industry depends largely on the locally available large livestock resource base standing at a livestock population (in millions) depicted as 17.5 cattle, 27.7 goats, 17.1 sheep and 4 camels in Kenya[3]. The major players in this sector are livestock farmers, butchers, tanners, exporters and traders[4]. The identified chain players are core, essentially the final quality of the hides and skins is dependent on the entire production chain including animal nutrition, control of ecto-parasitic diseases and adoption of standardized flaying procedures to storage techniques of hides and skins[5]. It is estimated that 60% of the damages to the hides and skins occur during the slaughtering process, while 40% of skins due to tick bites which could be recoverable if appropriate measures are taken to control ecto-parasites (e.g.

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ticks, mange etc.). Moreover, 14% of the hides, 34% of sheep skins and 29% of goatskins do not reach the commercial channels[6]. Therefore, efforts to address some of the cited issues could have long term effect to the value addition of raw stock and subsequently to socio-economic accruals from the leather sector in Kenya.

1.1. Background

With the slow progress overtime and unexplored opportunities related to the leather sector there was dire need for extensive quality improvement of the raw material harnessed. This warranted for leather sectorial regulatory frame-work aimed to enhance on quality assurance initiatives. As a result in 1947, the first legislation towards the leather sector was promulgated with elaborate legal reviews and reforms carried out from 1985 to 1987, ending up with an enactment of an Act, Cap 359 of Kenya laws[7]. The spirit of this particular Act over and above emphasizing on quality assurance also had another fundamental dimension which later would impact on future policies of the leather sector in Kenya. The new dimension in that Act strengthened the position of public/private partnership through a legal provision of forming a Leather Advisory Board (under section 20 sub-section ‘s’ of the rules) with powers vested at the Ministerial level. It was anticipated that this provision would have provided a much needed platform where the public and private leather sector representatives would meet to deliberate on important policy issues relevant to the sub-sector. However, whilst the formation of the board was important, it attested to one major drawback of inclusivity. For instance, if the board was formed earlier than 2010, it would have left out core participants in the triple helix approach such as academia, public and research entities. In lieu, the formation of the leather development council incorporated the participants drawn from Ministries such as Finance, Industrialization, Trade, Kenya Industrial research Institute, National Science and Technology Council (currently a commission) and the private sector chain players[8]. Comparatively for the private sector, mapping of the leather value chain would have identified the critical players of the sector and thereby identified appropriate representation to the board. Unfortunately, the board was not constituted from 1987 till after the second reforms in 2009 – 2010 periods. It was during this phase that a legal notice 65 of the Kenya Gazette supplement number 19 of 7th May 2010 provided the legitimization of the Council and lead subsequently to the development of the five year strategic plan (2010-2015)[1]. Thereafter, after the launching of the strategic plan, the roadmap towards the development of the leather sector marked an important milestone to the country. Importantly, the reforms resulted to the formation of the board (also referred to as the Leather Development Council) on the 1st of July 2010 and immediately encompassed the public/private participatory approach and later the Kenya Leather Development Council as full parastatal in 2011[9]. Thusly, the aspect of inclusivity was achieved and some of the upheavals of the past started to be addressed. The result was adaptation of coherent policies within and amongst the stakeholders, and consistency in pursuance of set targets highlighted under vision 2030, particularly, in areas of leather value addition.

The importance to this industry cannot be over-emphasized as the leather sector has been identified as a flag ship in the current National policy under vision 2030[10]. It is worthy of note that all through, the main policies that have been developed over time, emphasized on the need to transform the leather sector from a raw hides and skins export oriented Industry, to focus primarily on value addition, improve national consumption and regional/ international marketing development for leather/leather products[11,12]. The impact of appropriate policies, technical support to the sector, coupled up with strategic partnership in the development of the leather sector is anticipated to have immense and positive returns as demonstrated in this paper.

1.2. Purpose of the Study

The paper attempted to assess, demonstrate and discuss the prognosis of the leather sector in Kenya. In the process, highlighting the upheavals and antidotes associated with value creation for the purpose of identifying underlying potential of the leather sector in Kenya.

2. Leather Sector’s Role in the Economy

To determine the principle factors of the sector in the economy, it was imperative to scrutinize the income generation (through export value and revenue), production and employment. The source of such information was based on operational performance of curing premises, tanneries, export godowns and cottage industries in the country (Table 1&2).

A review of Table 1 shows an increase of productivity in most of the parameters indicated therein for the country overtime. For example, Table 1 further indicates that by 2013 exports of processed materials were estimated to comprise 95% of the hide and skins production (in pieces) in the country. The sector through the reviewed period (i.e. 2013) accrued K.sh 13.6 billion in earnings from the leather operating tanneries and leather units. Moreover, it was depicted that at least 22,000 persons were perceived to directly be employed in the leather sector. Since 2001-2005 period the number of tanneries (increased by 36%) and cottage industry (increased by 43%) in the country, as shown in Table 1. However, the number of tanneries (1995 – 2000) was denoted earlier as 17 but was a ‘pseudo’ representation of the actual number of operational tanneries[14]. At that respective time, the government used to manage export compensation programme that elucidated in the emergence of several ‘false operators’ whose aim was to draw benefits from the scheme. On its termination, the registered tanneries dropped to five that actually operated, thereafter, increasing to nine during the 2001 -2005 period and currently exhibiting 14 that are operating as indicated in Table 1.

Whilst the full potential of the leather sector has not been attained, there are efforts by the Kenya Leather Development Council and the then Ministry of Livestock (currently in 2013 renamed as Ministry of Agriculture, Livestock and Fisheries) through its leather and leather products division to pursue value addition initiatives and provide interventionist policies thorough participatory approach. For example, the discouragement of exports of raw hides and skins through an imposition of an export tax of 80% since 2012 (with near future of additional prospects of imposing minimal restrictive measures on wet blue) has had a positive effect in encouraging value addition. Indeed, the number of tanneries and cottage industries increased during the reformative period as indicated in Table 1. Moreover, it is worthy of note that the progress so far achieved has been through the public/private participation discussed earlier[15]. For instance, the taxation regime was reached through a stakeholder forum where the period of implementation was agreed upon together with the roadmap of the leather subsector towards vision 2030.

Table 1. Operational numbers of curing premises, tanneries, export godowns and cottage Industries depicting the leather sector performance in Kenya (1995 – 2013)

	1995-2000	**2001-2005**	**2006 -2010**	**2011-2013**
Export of trends	15%Processed 85%Raw	75%Processed 25% Raw	90% Processed 10% Raw	95% Processed 5% Processed
Prod of Hides and Skins (Pieces)	6.3million	7.82million	8.25million	*10.6Million
Tanneries (No's)	17	9	13	14
‡Cottage units	15	17	24	Est. >30
Leathergoods units	15	12	47	200
Direct Employment (Nos)	1700	2500	16740	*Est. >22,000
ΨTotal earnings (Ksh)	**2.0billion**	**2.8billion**	**7.86billion**	**13.6billion**

‡ includes rural tanneries, cobblers and leather utility areas (leather soles, shoe linings etc.) other than Leathergoods (e.g. Bags, belts, carpets, etc.).
Ψ Value of 85 K.sh is estimated to Us.$. 1.00.
*[13].

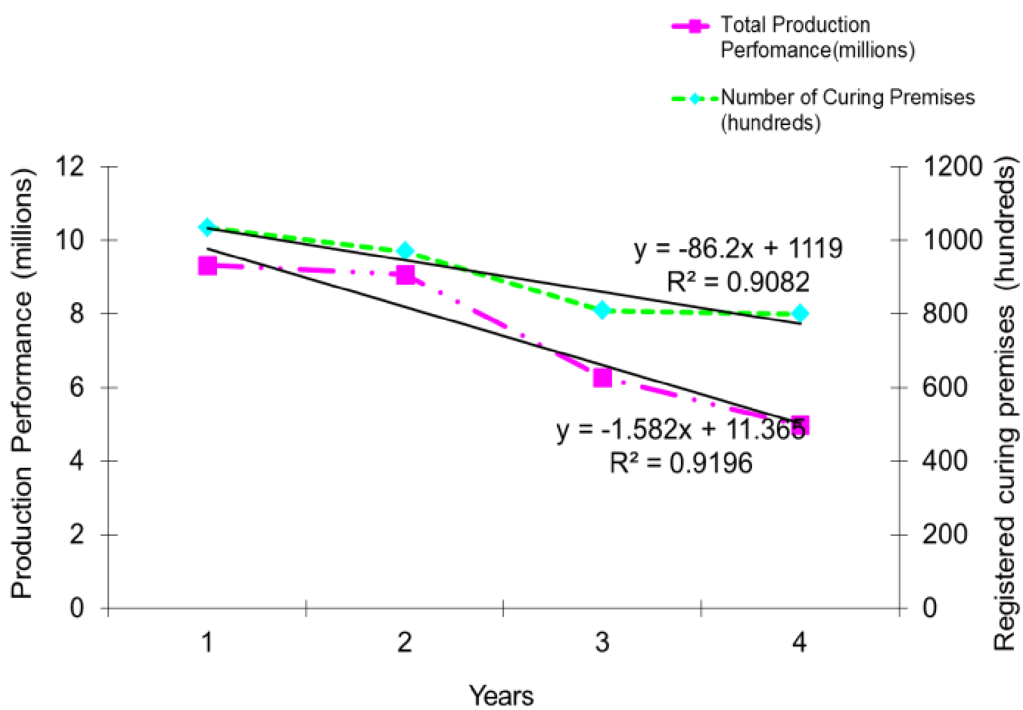

Figure 1. Trends between registered premises and production performance

2.1. Dilemma towards Value Addition

The indicated ninety five (95%) percent of leather processed in the country, reflectively, is not qualitative as most of the leather produced are in the 'wet-blue' stage which ostensibly is considered as semi-processed. The dilemma to this observation is that globally, semi-processed material contributes 6% of the total leather value[16]. This, therefore, indicates that as a country there is need to upscale to higher value chains to encompass footwear and Leathergoods stages to achieve optimal returns enjoyed in global leather markets.

To determine the impact of the leather sector productivity and the operational levels of the curing premises, a comparison of selected parameters (e.g. production performance and number of registered curing premises over time) were conducted as shown in Fig. 1.

Conspicuously, the relationship between the reduction of number of registered curing premises and total production figures indicated a positive correlation (Figure 1). For instance, the trend lines in Figure 1, further demonstrated that over the four years under review (2005 – 2008) a strong general linear relationship ($R^2 > 9.0$) depicted a close relationship between the two measured parameters. The *x* values of the regression lines for both the parameters which are linear have negative values, both emphasizing on the decline and the resultant predictability of the relationship. This observation is critical as it strengthens the notion that with the decline of registered Centre's which handle hides and skins in the country, a simultaneous reduction, in the traditional sources of data collection and capturing stations was observed. This occurrence has adversely affected on dependability of reported and efficiency of collecting field based production data. This is another dilemma that seriously impacts on system of data capturing that has weakened and is reminiscent of the abrogation of licenses (which assisted to identify the operational points and served as primary data capturing stations) for hides and skins premises country wide. Furthermore, this action resulted to lower data intelligence capability and unofficial trading patterns that masked real productivity of the leather sector in Kenya.

The basis of abrogating the legal structures that ensured registration of the hides, skins and leather trading units was due to the findings and recommendations of a task force formed to review all trading instruments in the country. The taskforce under the Ministry of Finance, whose main objective included reviewing and reducing of operational licenses in the country aimed at ensuring a friendlier, enhanced integrity, compatible and less hurdles in the country's trading environment. The task force's resolutions were adopted and implemented through the country's budget day (2006/07) financial decree. This resulted to several licenses being abolished or amalgamated, in the process, affecting The Hides, Skins and Leather Trade Act Cap 359[7]. For example, export/import licenses and buyer's licenses were among those removed, with the only legal instrument left, being the registration of premises certificates which was adversely weakened with the reforms. Consequently, many traders resorted to trade in the leather sector without informing or complying with any regulatory prerequisites due the changes effected.

Whilst this was positive in reducing the trade barriers the impacts outweighed the intended purpose as discussed here-above. Indeed, the reduction of registered units was not necessarily a decline in the activities within the sub-sector. Essentially, it resulted in an increase of 'briefcase' operatives who were taking part in a much freer operating environment incentivized with heightened illegitimate trading norms in the sector. For example, irrespective of the current 10.6million hides and skins pieces (2011- 2013) produced in the Country, the tanners still felt there is inadequacy of supply of raw material. In reality, the operational capacities of the 13 tanneries should actually have been satisfied with 7.0million hides and skin annually[5]. Thusly, the dilemma remains pertinent as to why there are still deficits in the availability of raw hides and skins in the country.

2.1.1. In Contrast to the Dilemma's

By and large, irrespective of not attaining the full potential in the leather sector as demonstrated earlier, the push for reforms on aspects of value addition assisted in the stability of the sector as depicted in the total income accruals in Table 2. Indeed, another critical parameter that impacts positively to the leather sector in Kenya, other than accrued revenue, was its capability to induct an appreciable 'trickling down' effect to its producers over time, especially between 2009 to 2013 period (Table 2).

Table 2. Local government, Veterinary services development fund (VSDF), Producer and Export (based on FOB) income generation (K.Sh. in billions) related to the leather Industry (2002 – 2012 period)

Year	Local Government	Producer Earnings (Bn)	Export Values (Bn)	VSDF (Mn)	Total Income (Bn)
2005	0.028	1.5	1.6	21	3.15
2006	0.027	1.7	2.8	33	4.56
2007	0.019	1.4	2.9	32	4.35
2008	0.015	1.08	2.9	26	4.02
2009	n/a	2.3	5.6	17.5	7.9
2010	n/a	2.8	7.2	34.3	10
2011	n/a	3.2	7.8	67.2	11
2012	n/a	3.6	10	78.4	13.6

NB: From 2009 to 2012 the local government collection of cess from hides and skins was not applicable (n/a) as it was abolished.
Key: **Bn** – Billion; **Mn** – Million & **n/a** – not applicable

The most remarkable occasion was the post 2008 review period which showed a record total income of more than K.Sh. 3.88 billion representing 52.2% when compared to 2009 period (Table 2). This observation showed further improvement in 2013 compared to 2009 period where in a span of five years the country earned an extra K.sh 9.58billion representing a 238.3% increase in accruals. Moreover, other parameters such as earnings to producers and government revenue showed positive increases over the review period, indicating that once the unexplored opportunities in the sector are pursued, leather will be one of the major contributor the to socio-economic growth in the country[4, 17]. However, certain indicators need to be considered and addressed to sustain the envisaged growth of the leather sector in Kenya. These includes the importance of registering the persons engaged and premises that handle the hides and skins as zoo-sanitary and trade transparency prerequisites.

In absentia of these aspects, concerns have arose implicating increased fraud, dishonesty and uncertainty in the leather trade particularly at the primary level where the raw hides and skins trade are involved. Therefore, remedial measures to remedy the concerns are required to propel the leather sector to its zenith of economic growth. For example, if the processed leather was finished and transformed to leather goods and footwear the value addition initiatives would have higher value returns (Figure 2). The graph (Figure 2) depicts that trend in the leather sector tilted towards processing and less in footwear where optimal returns are accrued.

Figure 2, further illustrates that in 2004 there was only 56% of processed leather in relation to raw hides and skins when compared to the current (2013 period) 95% of leather exported. However, as noted earlier the strong inclination (>95%) was towards export of semi processed material (commonly referred to as 'wet-blue') rather than finished and/or leather goods manufacture.

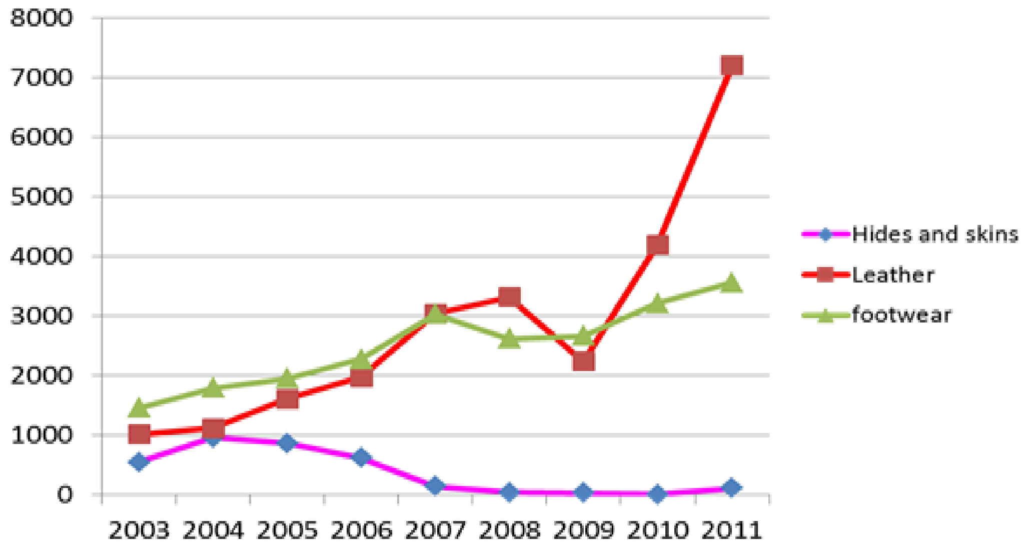

Figure 2. Indicators depicting identified growth of the identified strata of leather sector covering the period 2003-2011[3]

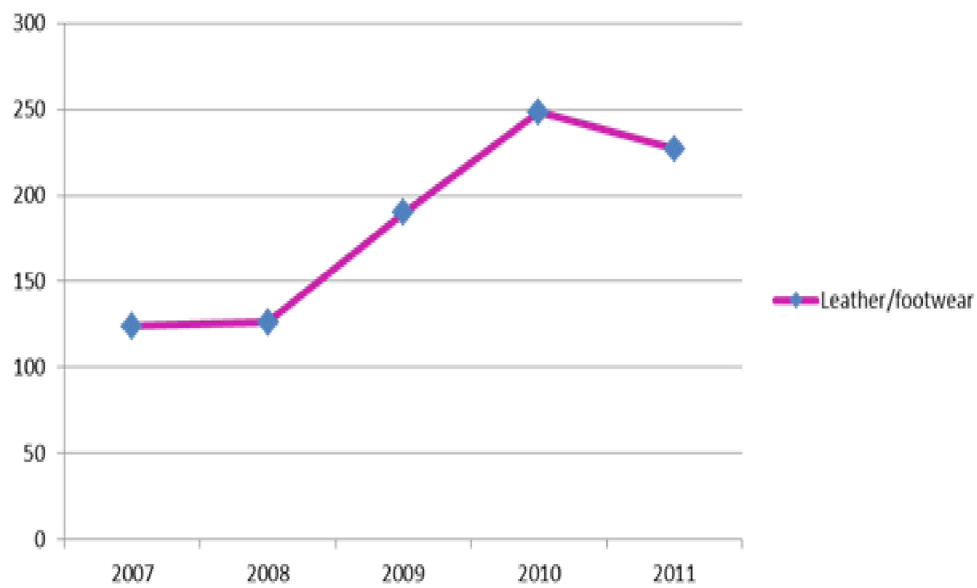

Figure 3. Quantum index for leather manufacturing covering 2007 to 2011 period[1]

3. Roadmap towards Vision 2030

The economic survey of Kenya (2012 edition) depicted a promising future to the leather sector (Fig. 2 and 3). In addition, the analysis in the economic survey concurs with data obtained for this paper and further forecasts the leather sector with the potential to greater growth in Kenya[3]. The results of this observation influenced the realignment of the leather sectors' roadmap to integrate some of the core millennium goals such as; creation of wealth, employment, rural development, environmental management and conservancy in its plan[1].

Ultimately at the end of 2012, the survey indicated that the sector, through the economic survey, depicted the leather sector contributing 10.3% growth (2003 towards 2008 period). However, when the quantum indexing was observed there was a -8.5% growth (2010 to 2011 period ((Figure 3)[1]. This was a direct effect of the country reclining from finished products in preference to processing clearly illustrated in Figure 2 above. In retrospect, the matter is worsened with the fact that the processing, as indicated earlier, was directed towards semi processed material rather than finished leather which would have serviced and stimulated sustained development of the footwear and leather goods sub-sectors of the industry.

3.1. Are There Any Indications of Value Addition Initiatives in the Leather Sector?

The thematic objective for the value addition process in Kenya was to fully industrialize the leather sector by 2030. The industrialization process, therefore, meant that more than 90% of the leather industry's output would encompass finished leather products such as footwear and leather goods for local and export market[10]. The preamble to attaining this objective showed that the footwear sub-sector depicted a 34% positive change when 2007 was compared to 2006 period (Fig. 4). Moreover, the performance was remarkable when 2007 (post reform periods) was compared to an earlier period of 2003 (pre-reform periods) where 67% positive change was observed. This observation showed a steady growth of the footwear industry from 2003 to 2007, thus, strongly positioning the subsector as one of the best drivers in realizing the aspiration towards the industrialization process and vision 2030 set objectives of the leather sector.

Comparatively, when the trade performance of the leather goods and footwear were related to the hides and skins during 2007 and 2006, the study indicated 77% and 79.7% reduction on value (K.Sh) and quantity (tonnes) respectively (Fig. 4). This affirmed that the country is moving towards value addition but needed to hasten its progress from semi-processed phases to finished leather products to optimize on its unexplored opportunities and earnings.

Therefore to aptly provide drivers towards sustainable value addition and spear head the growth of the leather industry, the Kenya Leather Development Council developed a five year strategic plan (2010-2015) in conjunction with the private sector through an APEX body[1]. This approach further solidified the value addition initiatives in the country as policy framework related to the development of the leather sector had an agency to propel it. The added advantage of the Kenya Leather Development Council was the participative approach which drew composition from the core stakeholders of the industry to include private (almost 70%) and public (30%) representation to the Board[9]. These measures ensured that the value addition initiatives being undertaken are truly sector based and the accrued benefits oriented towards the stakeholders lead to appropriate investment and marketing.

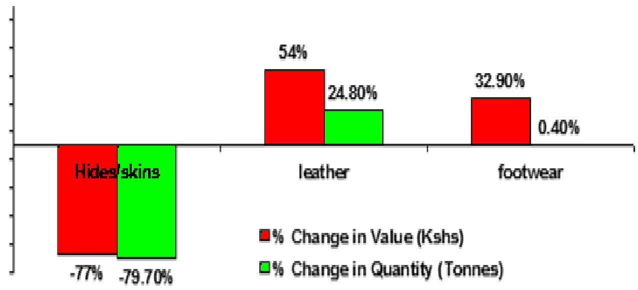

Figure 4. Change in Value (K.Sh) and Quantity (Tonnes) Between 2006 and 2007

3.2. Market Potential and Opportunities

Apparently, so far, the pathway towards value addition strongly inclines towards finishing of leather during processing, development of leather goods and footwear enterprises as fundamental in the optimization of accruals from the sector. The observation in this study is in tandem with the global observation where value addition is strategized towards production of leather footwear and leather goods rather than intermediary products (i.e. pickled pelts, wet blue etc.)[14]. Thus, earlier studies by United Nation Commodity trade (Comtrade) conducted in 2003 which centred on international trade within the leather chain clearly depict this observation (Table 3).

Table 3. International Trade within Leather sector (Original Source: Comtrade (UN Commodity trade statistics 2003)(Modified and Adapted,[14])

	Value (USD) (billions)	%
Raw hide & skins	4,5	8
Wet Blue	3,0	6
Crust & Finished leather	11,0	21
Leather shoes	25,0	46
Leather products	10,0	19
Total trade	**53,5**	**100**

USD – United States Dollar

In reference to Table 3, it was observed that 65% of the international trade represented ready made products which included shoes and leather products with earnings at this phase of the value chain estimated at USD 35billion. This is a strong indication of the most opportune stage of value addition and provides the basis of identifying the ideal strategic value addition stage suitable for Kenya as well.

However, to appreciate the potential of investment and the lucrativeness of the leather industry, a world view of the value of the trade compared to other commodities is paramount as shown in Table 4.

Table 4. Comparison of selected major commodity values in international trade (USD-Billions) (Source: Statistical review – International Commodity Trade (ICT), 2007) [Adapted[14])

	Value (USD) (billions)	% contribution of major selected commodities
Leather & Leather products	53,5	52.8
Meat	17,0	16.8
Rubber	4.0	3.9
Cotton	6,9	6.8
Tea	6,9	6.8
Rice	2,6	2.6
Sugar	10,4	10.3
Total	**53,5**	**100**

The value of international agro-based commodities as shown in Table 4 identified leather as an important commodity with higher potential and earnings when compared to others.

3.3. Investment Preview

In Kenya, it is estimated that the investment portfolio in the tanning industry (for 13 operational tanneries as the 14th is about to start operations end of December, 2013) was projected as medium sized semi-processing unit at K.Sh 25Million per unit on average) stands at K.Sh 323million (excluding land). Such an enterprise requires a working capital of K.Sh. 30million per month to sustain delivery and processing of 7-8 containers (e.g. 1 container has between 20-25 tonnes of salted materials) of hides and skins per month. This scenario therefore indicates that the industry requires a high capital investment and liquidity float to meet the demands of the sector's routine running costs. However, with good management and financial skills, the return rates are high. Access to good quality processed material (i.e. semi processed, finished and leather goods) in world markets (including national and regional markets) is a feasible venture to ensure quicker returns to investment. Markets identified at the international level, for different levels of the production chain, are diverse and are selectively indicated in Table 5.

In previous work on the leather sector by Mwinyihija[4,5], it was observed that that once the raw material is processed to the levels indicated in Table 4, the added value to finished leather (from raw material) is increased by 243% and for transformation to leather footwear an increase of 850% is potentially realizable. This aspect re-emphasizes on Kenya's desire to fast track the leather value addition initiative in the leather sector under vision 2030 and attaining her MDG goals[14]. Apart from Kenya earnings in 2013 amounting to K.Sh 13.6billion per annum, there are prospects that with 70% value addition initiative targeted at footwear production the country would have earned an estimated K.sh 73 billion in the same period. This represented 436% loss of value in the country's leather sector per annum based on the current raw material availability, processing and proportional global value of the industry as earlier indicated.

Table 5. Principal Markets for various commodities in the leather production chain

Production Chain	Potential Market
1.0 - Raw Hides and Skins 1.1. - Wet Blue	- China - Italy - Spain - Japan - Korea - Mexico - Turkey - Pakistan - India
2.0 – Crust 2.1 - Finished leather	- China - Italy - India - Korea
3.0 - Readymade shoes 3.1 - Leather goods	- USA - UK - Scandinavia - Holland - Germany - Chile

3.4. Challenges and Possible Interventions to the Roadmap

The challenges with the leather processing in Kenya, is that, the leather sector has its major stake mostly foreign owned with the exception of a few local enterprises. However, the locally owned are characterized with low operational capacity due to the high, expensive and intensive capital requirement earlier enumerated (under para 3.2). Entrepreneurial engagements such as recapitalization and investment to the sector have remained elusive to the indigenous population. As such, affordable financing and insurance, participatory policy development towards investment and capacity building are earnestly required. In addition, environmental management through adopting common tannery waste treatment plant approach could save almost 30% of operational cost to tanneries[18]. Moreover, appropriate marketing techniques through well managed auction system of hides and skins would go a long way in normalizing grading and selection of material. Currently there is an application of a system known as '*shellabela*' which is based on buying hides and skins on dictated lot systems by the buyers rather than grade them accordingly.

3.4.1. Establishing Partnership

Establishing sustainable partnership is fundamental in reducing pre-, peri- and post slaughter defects that, currently contribute an estimated total loss of K.Sh 4.52 billion (Table 6) to the country's earnings of the leather sector. The envisaged synergies of the partnership or associations could be achieved through closer cooperation in pest control (community based programmes and specialized projects), appropriate branding techniques, reduction of flay damages (using recommended skills and tools), preservation and post preservation techniques[19]. Drawn deduction from Table 6, shows that 52% of the loss is based on peri and post slaughter related defects.

Therefore developing tangible bridges with butchers, traders, exporters and tanners as primary players along the value chain is fundamental to curtail on losses of the sector as indicated[4,5]. For example, it is envisaged that working closely with farmers and producers by creating their awareness on basic aspects of handling animals and, hides and skins through extensive improvement or extension services could recover about 48% loss (valued at K.sh 2.2billion) of defects at pre-, peri- and post slaughter level.

Table 6. Defect analyses of the three main stages of pre-, peri- and post slaughter and the resultant cost in losses to the leather sector

Defects	% damages	Value loss (K.Sh) (in Billion)
i.) Pre-slaughter		
- Branding………..	21.0…………	0.95
- Tick bites……….	23.0…………	1.04
- Sores & wounds	4.0…………..	0.18
ii.) Peri & Post slaughter		
- Flay damage………..	35.0…………	1.58
- Dragged grain…..…..	12.0…………	0.54
- others (e.g. putrefaction etc)	5.0…………..	0.23
	Total Loss (K.Sh)	4.52 billion

3.4.2. Reduction of Hide Sizes

The breeding policy of the country is of paramount importance to the leather sector and the initiative of the Ministries of Agriculture, Livestock and Fisheries in developing an all-inclusive strategy, on genetic improvement of national livestock herd is a milestone to the country[20]. The emerging challenge that potentially posed great renegation to the successes attained would have been on the reducing sizes of the Kenyan hides.

This 'bottleneck' is attributed to the collapse of the subsidized artificial insemination (A.I) services that were popular especially in the ASAL (arid and semi-arid lands) areas of the country. To date the average sizes of the hides in the country are generally between 25-28 sqft down from an average of about 36-40 sqft in the late seventies and early eighties. The danger to this depreciation of sizes is that in a few years, if the sizes lower to 21sqft and below, than the hides and skins are prone to be reclassified as calfskins. In the world market, calfskins seek half of the prevailing full hide prices and their demand is very erratic. Therefore, adequate breeding policies and practice, stakeholder participation and government intervention is fundamental in addressing this dilemma.

4. Conclusions

This paper attempted to evaluate the impact experienced in the Kenyan leather sector in two phases (i.e. past and present). The diagnostic approach also included the spirit of partnership between the public and private sector and its importance as a basis of development of the sector. The results deduced from the data presented, strongly, indicated the crucial role of the public (mostly facilitative and regulatory) and the private sector (whose primary role was supportive, value creating and driving productivity) with synergies actualized along the production chain. It was apparent from the study reported in this paper, that the output derived thereof included identifying strategies related to increased revenue collection, improved quality and level of value addition, and improved export value. Moreover, it was also notable that previous policies, such as ERS and SRA, were crucial in amplifying the need of the leather sector, to be considered as one of the most important drivers of the economy[21,22]. Indeed, the launching of vision 2030 as the principle guiding policy towards Kenya's economic growth and industrialization, acted as an impetus to the leather development in the country. The prominence of this sub-sector is currently more conspicuous, particularly, when it was identified as a flagship in the vision 2030. However, the paper has also cited areas of immediate, medium and long term intervention which, require to be addressed for the potential in the leather sector to be optimized and benefit the Kenyan economy at large. The diversified focal points need to be harnessed and an organization that could do exactly that, such as the establishment of Kenya Leather Development Council, was opportune and strategic in the development of the leather sector in Kenya.

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