



THE REPUBLIC OF KENYA

**MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND
COOPERATIVES**

THE KENYA LEATHER DEVELOPMENT POLICY

DRAFT

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FORWARD

The Government has identified the leather sector as one of the flagship projects for realizing its manufacturing sector targets under Kenya Vision 2030, Medium Term Plan (MTP) III and the 'Big Four' Agenda. The sector has been prioritized due to its huge potential supported by one of the highest livestock populations in Africa capable of sustaining the demand for supply of raw hides and skins necessary for a robust leather and leather products manufacturing industry. The leather sector in Kenya has in its over 100 years of operation experienced significant growth and development but with great inconsistencies in its progression.

In post-independence Kenya, several policies and development plans have been instituted to support the industrialization agenda on a broader scale. However, there has never been a leather sector specific policy to guide and drive the growth and development of the industry. This gap has resulted in the sector not achieving its full potential primarily due to a poorly structured coordination of the various players and an unpredictable business environment which has discouraged investment in the industry. The Ministry of Agriculture, Livestock, Fisheries and Cooperatives in consultation with the Kenya Leather Development Council (KLDC) and the Kenya Institute for Public Policy Research and Analysis (KIPPRA) have developed the Kenya Leather Development Policy. The main objective of this Policy is to guide and drive the growth and development of the leather sector in order to realize its full potential and contribute significantly to national economic growth.

The Policy will provide a roadmap for the transformation of the leather sector to a sustainable and competitive sector with increased output of good and high-quality leather and leather products. The policy statements and interventions proposed are expected to spur growth in the sector so as to satisfy the demand in both the local and export market, whilst providing quality assurance and ensuring compliance with sustainable environmental and social principles. The Policy will provide a structured framework for the coordinated execution of the roles and responsibilities of all the participants across the value-chain throughout the Country. This will ensure equitable distribution of resources and opportunities to all players including marginalized clusters, micro, small and medium enterprises and unrepresented practitioners to promote fair trade and competitive practices.

I am confident that this Policy once implemented, will adequately address the myriad of challenges that affect the output, productivity and quality across the value-chain in the leather sector. Consequently, and in fulfilment of the Constitutional requirement for engagement with the citizenry and in compliance with the principles of public participation, I express my Ministry's appreciation to the public for submitting their views and comments that have been used to enrich the initial draft and pledge the Government's commitment in implementation of the policy.

Hon. Peter Gatirau Munya, MGH
Cabinet Secretary
Ministry of Agriculture, Livestock, Fisheries and Cooperatives

PREFACE AND ACKNOWLEDGEMENTS

Kenya has one of the largest livestock population in Africa. This huge population forms a stable resource base that can support a dynamic and sustainable leather industry. This population comprises of cattle, goats, sheep, pigs, camels, donkeys and other emerging livestock that provide sufficient hides and skins (raw materials) for the local leather industry. Hides and skins are by-products of the meat industry and over the years the country produces significant hides and skins driven by the growing demand for meat for the country's increasing population.

Despite producing abundant hides and skins, the sector has not realised its full potential and has stagnated at production and export of raw hides, skins and semi-processed leather.

To ensure that the country reaps maximum benefits from this resource, the State Department for Livestock, through its focal agency, the Kenya Leather Development Council (KLDC), is putting in place measures and interventions that include legal, policy framework and other supportive structures. It is in this regard that the Kenya Leather Development Policy has been developed. The policy envisages to provide a clear roadmap for the sector's growth and development by defining specific roles for all state and non-state actors involved.

In the development of this policy, I wish to acknowledge the contribution of the Cabinet Secretary for the Ministry of Agriculture, Livestock, Fisheries and Co-operatives and the Cabinet Secretary of the Ministry of Industrialization, Trade and Enterprise Development where the Policy was initially conceptualized. I also acknowledge the participation and support given by the Principal Secretaries of the State Department for Livestock and the State Department of Industrialization in this endeavour. The Board of Directors of KLDC and the KLDC staff have done commendable work in the development of this Policy in collaboration with the Kenya Institute for Public Policy Research and Analysis (KIPPRA). Finally, I acknowledge the central role of the industry and their consistent efforts and contributions to the growth of the industry and the feedback that the industry-players have given throughout the value chain and over the 100 years that the leather sector has evolved in different forums which has been central in structuring this Policy.

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ABBREVIATIONS AND ACRONYMS

ACA:	Anti-Counterfeit Authority.
AFC	Agricultural Finance Corporation.
AGOA:	African Growth and Opportunity Act.
AHITI:	Animal Health and Industry Training Institute.
ASALs:	Arid and Semi-Arid Lands.
AU:	African Union.
CBOs:	Community Based Organisations.
CETPs:	Common Effluent Treatment Plants.
DVS:	Directorate of Veterinary Services.
EAC:	East African Community.
EMCA:	Environmental Management and Coordination Act.
ENSDA:	Ewaso Ngiro South River Basin Development Authority.
EPZA:	Export Processing Zones Authority.
EPZs:	Export Processing Zones.
GDP:	Gross Domestic Product.
IPR:	Intellectual Property Rights
KAGRC:	Kenya Animal Genetic Resources Centre.
KALRO:	Kenya Agriculture and Livestock Research Organization
KEBS:	Kenya Bureau of Standards.
KenInvest:	Kenya Investment Authority.
KEPROBA:	Kenya Export Promotion and Branding Agency.
KEVEVAPI:	Kenya Veterinary Vaccines Production Institute.
KICD:	Kenya Institute of Curriculum Development.
KIE:	Kenya Industrial Estates.
KIPI:	Kenya Industrial Property Institute.

KIPPRA:	Kenya Institute for Public Policy Research and Analysis.
KIRDI:	Kenya Industrial Research and Development Institute.
KITI:	Kenya Industrial Training Institute.
KLDC:	Kenya Leather Development Council.
KMC:	Kenya Meat Commission.
Ksh:	Kenya Shilling.
KWS:	Kenya Wildlife Service.
LMD:	Livestock Marketing Division.
M&E:	Monitoring and Evaluation.
MALFC:	Ministry of Agriculture, Livestock, Fisheries and Cooperatives.
MDAs:	Ministries, Departments and Agencies.
MDACs:	Ministries, Departments, Agencies and Counties.
MOITED:	Ministry of Industrialization, Trade and Enterprise Development.
MSEA:	Micro and Small Enterprises Authority.
MTP:	Medium Term Plan.
MSEs:	Micro and Small Enterprises.
MSMEs:	Micro, Small and Medium Enterprises.
NEMA:	National Environment Management Authority.
NITA:	National Industrial Training Authority
NGOs:	Non-Governmental Organizations.
PWDs:	Persons with Disabilities.
R&D	Research and Development
RDAs:	Regional Development Authorities
SMEs:	Small and Medium Enterprises.
SEZ:	Special Economic Zones.

SWOT:	Strengths, Weaknesses, Opportunities and Threats.
TPCSI:	Training and Production Centre for the Shoe Industry.
TVET:	Technical and Vocational Education and Training Institutions.
TVETA:	Technical and Vocational Education and Training Authority.

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KEY POLICY DEFINITIONS

Leather Sector: Means the entire value chain from animal production, harvesting and preservation of raw hides and skins, tanning of hides and skins, manufacture of leather and leather products, and marketing of leather and leather products.

Legal and Regulatory Framework means laws, regulations, decrees, procedures, guidelines and codes of conduct developed and approved by either the national or county governments.

Policy Incentives include fiscal and non-fiscal extrinsic motivations to encourage private sector actors undertake activities such as investments, partnerships/linkages and trade.

Policy Actors: Means state and non-state stakeholders that have a stake in this policy at any stage of the leather sector value chain. State actors include Ministries, Departments, County Governments and Agencies at the national or county level. Non-state actors include private sector, NGOs, and Development Partners. Private sector actors include individual enterprises and associations formed by a group of enterprises for lobbying and other business interests.

Special Interest Groups: Comprise the youth, women and Persons with Disabilities (PWDs).

Support Institutions: Means public or private organisations that provide varied support services to the leather sector.

EXECUTIVE SUMMARY

Significance of the Leather Sector

The Kenya Vision 2030 underscores value addition in agriculture as an important policy agenda in establishing Kenya's competitiveness in the global markets. The leather sector provides opportunities for industrial transformation and economic inclusion due to strong linkages with economic activities in rural economies, Arid and Semi-Arid Lands (ASALs) and complementary industries that provide input to leather value addition. The demand for leather products globally is growing, thus creating an opportunity for Kenya to exploit, given the country's rich base of livestock; youthful and innovative population that provides the required labour and the opportunity to build on existing reputation of producing quality leather products. Further, the growth in blue economy, emerging livestock and wildlife resources provide opportunities that can be sustainably harnessed.

Rationale of the Policy

Despite the significance of the leather sector to Kenya's development agenda, there has been a lack of policy dedicated to its development in the past. While there have been broad-based national policies that had implications for development of the sector, lack of a comprehensive policy has contributed to its underperformance. In 2019 the leather sector in Kenya accounted for only 0.9 per cent of manufacturing Gross Domestic Product (GDP) compared to countries such as Ethiopia (8.5 per cent), Italy (3.1 per cent) and India (1 per cent). Majority of the leather manufacturing enterprises are also Micro and Small Enterprises (MSEs) operating informally with limited productivity growth. Past national broad-based policies have also not viewed the leather sector comprehensively thus resulting to policy fragmentation and implementation challenges. Additionally, the leather sector in Kenya has several actors at national and county levels along the value chain, including government ministries, departments, and agencies; private sector and development partners, requiring coordinated interventions that create synergy. Although the sector is currently underdeveloped, there exist significant opportunities to leverage on abundant raw materials and reputation for quality leather products to revitalise the sector to generate employment opportunities for innovative and a youthful population. Further, this policy is necessary to mainstream national, regional, and global developments and best practices that will deliver an internationally competitive leather and leather products. These include the Kenya Vision 2030, East African Community Vision 2050, African Union Agenda 2063, and the Sustainable Development Goals.

Vision, Mission, Guiding Principles and Values of the Policy

The Vision is to realise a sustainable and globally competitive leather sector in Kenya with the aim of positioning it as a leading source of quality leather and leather products and exports earnings. The mission of the policy is to create an integrated, efficient and sustainable leather sector value chain that promotes value addition, employment creation and equitable income generation. Implementation of this policy is premised on ten guiding principles and values; **(i)** good governance; **(ii)** environmental conservation; **(iii)** sustainable

production; **(iv)** patriotism; **(v)** Productivity and competitiveness; **(vi)** Inclusivity; **(vii)** Decent employment; **(viii)** Standards and quality; **(ix)** Collaboration and **(x)** Public Participation. These guiding principles envision promotion of inclusivity and sustainable development of the leather sector.

Challenges and Objectives of the Policy

The Sector faces multiple challenges across the value chain, which have culminated into depressed investments. At the input level there are issues related to supply of quality hides and skins owing to poor animal husbandry practices, slaughter operations, transportation, preservation, and storage practices. Value addition challenges include uncompetitive and low value-added leather and leather products, while market challenges include limited access to domestic and export markets for leather and leather products. There are also value chain cross-cutting challenges related to infrastructural support; supply of industry-relevant skills; compliance with product and environmental standards; innovation, technology acquisition and adoption; legal and regulatory environment; linkages in different stages of the value chain among the leather sector actors; low participation of special interest groups in the leather sector development; and external business risks. This Policy therefore seeks to address these challenges and promote an integrated development of the leather sector for inclusive and sustainable development of the economy through employment creation and income generation. Based on the analysis of challenges, the objectives of this Policy are to: **(i)** Promote sustainable supply of quality hides and skins; **(ii)** Promote production of competitive and quality finished leather and leather products; **(iii)** Enhance access to domestic and export markets of finished leather and leather products; **(iv)** Enhance infrastructural support at national and county levels throughout the leather sector value chain; **(v)** Develop and improve skills for the leather sector across the value chain; **(vi)** Enhance compliance with product and environmental standards along the leather sector value chain; **(vii)** Promote innovation, technology acquisition and adoption along the leather sector value chain; **(viii)** Promote linkages along the leather sector value chain among all state and non-state actors; **(ix)** Provide a conducive legal and regulatory framework to support the leather sector; **(x)** Promote participation of special interest groups in the leather sector development; and **(xi)** Mitigate external business risks in the leather sector.

Policy Statements

Promote sustainable supply of quality hides and skins: These interventions focus on promotion of sustainable supply of quality raw hides and skins for the overall competitiveness of the leather sector. The interventions include promoting an integrated approach for sustainable livestock production; promoting establishment, modernization, and categorization of slaughtering facilities; promoting use of appropriate technology in production, preservation/curing and storage of hides and skins; promoting access to quality hides and skins from traditional sources, wildlife resources and emerging livestock; and promoting aggregation centres across the counties for collection of hides and skins.

Promote production of competitive and quality finished leather and leather products: These interventions focus on efficiency in local value addition in the leather sector. The interventions include promoting establishment and facilitating modernization of tanneries to expand tanning capacity for production of quality finished leather; promoting establishment and facilitating modernization of leather products manufacturing factories; promoting production linkages between MSEs and medium and large manufacturers; and promoting quality specialty leather products leveraging on Kenya's competitive advantage.

Enhance access to domestic and export markets of finished leather and leather products: These interventions focus on access to local, regional, and international markets for leather and leather products for realization of growth and sustainability of the Sector. The interventions include developing a holistic and coordinated marketing approach for the domestic and export markets; develop appropriate marketing platforms to access local, regional, and international markets; leveraging on trade treaties, pacts, and agreements to enhance market access; promoting marketing of local leather and leather products through, packaging, branding and the acquisition of Intellectual Property Rights; promoting growth of the local market through Government procurement of leather products; and promoting market linkages between MSEs and major outlets.

Enhance infrastructural support at national and county levels throughout the leather sector value chain: These interventions focus on physical and soft infrastructure as an enabler for development of the leather sector. The interventions include mainstreaming leather sector infrastructural development in the policies and development plans at national and county governments; revamping existing infrastructure across the country with the aim of leveraging on available resources; and promoting infrastructural investment in the leather sector.

Develop and improve skills for the leather sector across the value chain: These interventions focus on enhancing supply of a mix of technical skills along the leather sector value chain. The interventions include reviewing and developing curricular that meets the dynamic needs of the leather sector; establishing an institutional framework for technical assistance in the leather sector; promoting investments in skills development in the leather sector; promoting establishment and modernization of leather sector training institutions; and establishing mechanisms that promote skills and technology transfer.

Enhance compliance with product and environmental standards along the leather sector value chain: These interventions focus on compliance with relevant product and environmental standards along the leather sector value chain. The interventions include creating awareness on relevant standards requirements throughout the leather sector value chain; ensuring compliance with local and international standards along the leather sector value chain; promoting establishment of modern waste treatment and safe disposal systems; and promoting recovery, recycling and reuse of leather sector wastes.

Promote innovation, technology acquisition and adoption along the leather sector value chain: These interventions focus on continuous innovation and technology acquisition in the leather sector. The interventions include establishing mechanisms for continuous assessments of technology gaps and technology needs of the leather sector; promoting research and development in the leather sector; and enhancing uptake of intellectual property rights to promote and protect innovation.

Promote linkages along the leather sector value chain among all state and non-state actors: These interventions focus on creating robust linkage across all actors along the leather sector value for purposes of synergies, collaboration, and seamless development of the sector. The interventions include developing a framework for coordination, implementation, and monitoring and evaluation of all leather sector policies, programmes, activities, and development plans; strengthening leather sector support institutions; promoting the establishment and strengthening of relevant sector associations and societies; and promoting linkages between local leather sector actors with regional and global actors.

Provide a conducive legal and regulatory framework to support the leather sector: These interventions focus on improving the legal and regulatory environment to be more supportive and responsive to the productivity, growth, and development of the leather sector. The interventions include developing an appropriate legal framework to support the leather sector by enacting a Kenya Leather Development Authority Act; reviewing leather sector regulatory framework to align them to the national, regional, and global developments; providing fiscal and other forms of incentives for the growth and development of the leather sector; and establishing an integrated and structured awareness creation approach on laws, regulations and incentives relevant to the leather sector.

Promote participation of special interest groups in the leather sector development: These interventions focus on economic participation of special interest groups including the youth, women and Persons with Disabilities (PWDs) in the leather sector. The interventions include promoting the participation of special interest groups in production of livestock and hides and skins; promoting the participation of special interest groups in value addition of leather and leather products; and promoting the participation of special interest groups in market access and marketing of leather and leather products.

Mitigate external business risks in the leather sector: These interventions focus on external business risks that pose threats to development of the leather sector. The interventions include developing an effective risk mitigations, adaptations and coping mechanisms against hazards posing shocks to the leather sector; and promoting policy certainty for development of the leather sector.

CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.1 Introduction

The Kenya Vision 2030 envisages a globally competitive and prosperous country that enhances social welfare in a clean and secure environment. The Vision further seeks to promote value addition in agriculture to position Kenya as an industrial hub with competitiveness in global markets. Kenya's agricultural sector, including livestock contributed 34.2 per cent of the national Gross Domestic Product (GDP) in 2019, making it the backbone of the economy. Globally however, livestock production has a higher contribution, accounting for approximately 50 per cent of gross value of agricultural production.

The 2019 Kenya Population and Housing Census reveals livestock keeping is practiced by 4.7 million households. The Census further reveals the main livestock in Kenya are cattle (15.8 million), goats and sheep (47.3 million), camels (4.6 million), and donkeys (1.2 million). It also reveals that 3.37 million households were involved in cattle rearing; 1.3 million in sheep rearing; 1.9 million in goat rearing, while donkeys, camels and pigs were reared by 500,682; 167,666 and 110,383 households, respectively. The livestock sector is a major economic activity in Kenya's Arid and Semi-Arid Lands (ASALS). About 60 per cent of livestock population in Kenya is found in ASALs that cover over 75 per cent of the Country's land area, making it a major source of livelihoods for households in these regions. Development of the leather sector therefore has the potential of enhancing economic inclusion for ASAL livestock farmers as well as other livestock producers across the country. Further, game animals are emerging source of hides and skins especially those culled by the Kenya Wildlife Service (KWS) or from licensed game ranching and farming.

The livestock production has immense potential in providing raw materials to the leather sector. While Africa owns a fifth of global livestock production, it accounts for only 10 per cent of raw hides and skin production and even less when it comes to global leather production. The leather production in Kenya currently accounts for 1% of the manufacturing GDP and employs over 7,000 persons in the formal sector, and a similar number in the informal sector. This presents an opportunity for Kenya to enhance supply of leather and leather products to meet the growing global demand. It is therefore important to shift from exports of raw hides and skins and semi-processed products to competitive value-added products.

The government in recognising this potential and opportunity has prioritized the development of Kenya's leather sector as evidenced in the Kenya Vision 2030 and more recently, the third Medium Term Plan (MTP) which calls for the development of a hides and skins, leather and leather products development strategy as well as a leather industrial park. Vision 2030 also calls for the development of industrial clusters to offer infrastructural facilities for the development of leather parks. The policy interventions proposed in the Vision 2030 aim at developing the sector within the value chain, from livestock production, slaughtering, manufacture of leather and leather products and market access. Previous policy interventions have been largely incoherent, leading to uncompetitive leather and leather products and sluggish growth of the sector. Export statistics for instance reveal in 2013, at the start of Second MTP of the Kenya Vision 2030, leather exports were 26,542 tonnes. In the period 2014 to

2019, the leather exports averaged 22,397.77 tonnes with 2019 recording the lowest exports at 15,775 tonnes. The leather sector value added also declined from Ksh 7.16 billion in 2013 to an average of Ksh 6.5 billion in the same period. The interventions proposed in the Second MTP to promote the development of the sector focused only on infrastructural needs, the establishment of disease-free zones and development of meat and leather industrial clusters. Subsequently, the Third MTP prioritises institutional framework through the review of legislations on hides and skins, development of hides and skins, leather and leather products development strategy and the leather development policy. Development of a policy on the sector however needs to precede the strategy. The Policy would also guide review of the relevant legislations. Development of the leather sector and institutional reforms is best undertaken with establishment of a sector specific comprehensive policy that addresses the challenges the sector faces across the value chain.

The leather sector's four economic activities demonstrate its potential in promoting employment opportunities and economic growth. The first relates to livestock production of which, the value of marketed livestock, according to 2020 Economic Survey was estimated at Ksh 147.8 billion. This activity is supported largely by the County Governments and Directorate of Veterinary Services (DVS). While the second activity is tanning of raw hides and skins, the third activity is manufacture of leather and leather products (footwear and other leather goods). These are supported by the Ministry of Agriculture, Livestock, Fisheries & Co-operatives (MALFC) with technical and/or infrastructural support from other government Ministries and Agencies. The fourth activity which is a critical stage in the value chain is marketing which involves domestic and export trade supported by agencies such as Fish Marketing Authority and the Kenya Export Promotion and Branding Agency (KEPROBA).

The actors involved in the leather value chain are various and include livestock farmers who are largely small-scale holders, livestock traders, hides and skins traders, abattoirs, licensed tanneries, leather goods producers (formal and informal), marketers, traders and exporters. Majority of these operate as Micro and Small Enterprises (MSEs). These various actors however operate in a fragmented manner with limited linkages amongst actors, stakeholders, and the multiple government institutions at the national and county levels. The multiple actors therefore have weak linkages and coordination in developing the leather sector.

The leather sector potential is further constrained by low quality and quantity hides and skins; low value addition rendering it uncompetitive, limited market access challenges. Other constraints in the sector are weak infrastructural support; weak skills; low compliance with relevant standards; low innovation and technology acquisition and adoption; and legal and regulatory framework constraints. The country, therefore, despite having a leather sector since pre-independence era has made limited gains in terms of production and export earnings.

1.2 Policy Development Process

The formulation of this policy was guided by an extensive review of literature, relevant surveys and critical review of the past and existing national broad-based policies with implications for development of the leather sector. This exercise enriched insights on the sector's policy evolution and the persistent challenges in policy implementation. The reviews were guided by the aspirations and provisions articulated in the Kenya

Vision 2030, the Constitution of Kenya and other regional and global development agenda. The development of this policy also benefited from written submissions of stakeholder feedback generated through extensive public participation. Inputs were received from the national government Ministries, Agencies and Departments (MDAs), county governments, universities, research institutions, private sector individuals, private sector associations and development partners.

1.3 Rationale of the Policy

The development of a national leather policy is based on four reasons. Firstly, though the leather sector has received some policy attention in various broad-based national policy documents, these policies have not viewed the leather sector comprehensively, thus contributing to policy fragmentation and implementation challenges. This situation therefore presents the need for a single comprehensive leather development policy that holistically addresses challenges of the Sector and encourages policy synergies across the value chain.

Secondly, the fact that the sector has several actors is further motivation that policy interventions should be undertaken with precision to ensure an effective balance in support granted to stakeholders. This policy will further be critical in informing the functions and role of counties as relates to livestock production and sale, county abattoirs, leather processing and county level investment that promote industrial production and sale of leather and leather products.

Thirdly, Kenya has an abundance of a wide range of raw hides and skins for value addition. The leather sector can therefore contribute to socio-economic transformation through employment opportunities and incomes for actors along the value chain. Hence, the need for a dedicated policy for the sector to reap these benefits.

Fourthly it is imperative to align leather sector activities in Kenya with relevant regional and global development agenda best practices. This include the East African Community (EAC) Vision 2050, African Union (AU) Agenda 2063, and Sustainable Development Goals. The EAC Vision 2050's industrial transformation priorities are aimed at promoting economic growth through sectors with strong forward and backward linkages with important sectors such as agriculture and services thus promoting employment and investment prospects. Sustainable inclusive growth which is people driven are aspirations 1 and 6 of AU 2063. Further the Sustainable Development Goal 8 seeks to promote decent work and economic growth.

1.4 Policy Goal

This policy seeks to promote an integrated development of the leather sector in Kenya for inclusive and sustainable development of the economy through employment creation and income generation.

1.5 Policy Objectives

To realise the overall goal, the objectives of this policy are to;

- i. Promote sustainable supply of quality hides and skins.

- ii.** Promote production of competitive and quality finished leather and leather products.
- iii.** Enhance access to domestic and export markets of finished leather and leather products.
- iv.** Enhance infrastructural support at national and county levels throughout the leather sector value chain.
- v.** Develop and improve skills for the leather sector across the value chain.
- vi.** Enhance compliance with product and environmental standards along the leather sector value chain.
- vii.** Promote innovation, technology acquisition and adoption along the leather sector value chain.
- viii.** Promote linkages along the leather sector value chain among all state and non-state actors.
- ix.** Provide a conducive legal and regulatory framework to support the leather sector.
- x.** Promote participation of special interest groups in the leather sector development.
- xi.** Mitigate external business risks in the leather sector.

1.6 Vision

A sustainable and globally competitive leather sector in Kenya and a leading source of quality leather and leather products and exports earnings.

1.7 Mission

To create an integrated, efficient and sustainable leather sector value chain that promotes value addition, employment creation and equitable income generation.

1.8 Guiding Principles and Values

The guiding principles and values of this policy are anchored on the Constitution of Kenya (2010) and general principles of sustainable development that inform the achievement of the policy vision and mission.

- i.** *Good governance:* Transparency and accountability are critical to the development of the leather sector.
- ii.** *Environmental conservation:* Protection of the environment and ecosystem through efficient waste management and compliance with relevant environmental conservation rules and regulations are imperative for sustainable development.
- iii.** *Sustainable production:* This policy encourages efficiency in the production and supply throughout the leather sector value chain leveraging on best practises.

- iv.** *Patriotism:* This policy promotes the consumption of locally manufactured leather and leather products.
- v.** *Productivity and competitiveness:* This policy aims to increase productivity and competitiveness in the leather sector.
- vi.** *Inclusivity:* This policy promotes inclusion of all enterprises and members of the society in the entire leather sector value chain to promote equitable incomes.
- vii.** *Decent employment:* This policy envisions viable, decent, and productive employment opportunities across the leather sector value chain.
- viii.** *Standards and quality:* This policy promotes standards and quality at all levels of the leather sector value chain.
- ix.** *Collaboration:* The government is cognisant of the role of all stakeholders, state and non-state actors working together to ensure effective implementation of this policy.
- x.** *Public participation:* This policy builds on engagements with all stakeholders to facilitate exchange of views and decision-making process.

1.9 Scope of the Policy

This policy applies to the National and County Governments, the private sector, especially the players within the leather sector value chain, development partners and other non-state actors. Besides the traditional sources of hides and skins from domestic livestock, this policy recognises emerging opportunities from the blue economy and wildlife resources subject to user rights (i.e. game farming, game ranching, live capture, offtakes, cropping and culling). Therefore, hides and skins of aquatic or terrestrial game animals will be harnessed in strict compliance with national policy framework on wildlife conservation and management.

CHAPTER TWO: SITUATIONAL ANALYSIS

This Section analyses the relevant actors, policy evolution, challenges, and Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis of the leather sector.

2.1 Policy Actors in the Leather Sector

There are multiple state and non-state policy actors vital to development of the leather sector. These actors can broadly be clustered into three thematic groups along the value chain: Input level actors; value addition level actors and the market level actors. The role of the state actors is policy formulation, implementation, and facilitation. Non state actors include the private sector actors who are directly involved in the economic activities in the leather sector. Some private sector actors organize themselves into sustainable industry associations or cooperatives with common purposes of lobbying for markets and policies and create linkages across the various segments of the value chain. Other non-state actors are development partners and NGOs that support the development of the sector in various ways.

At the input level, the actors are involved in animal production, harvesting, preservation and trading of raw hides and skins. At the value addition level, the actors are involved in processing raw hides and skins into leather and leather products using chemicals, utilities, machinery, technology processes and application of appropriate know-how (human skills). The actors in market level are involved in the trading of semi-processed leather, finished leather and leather products in the local, regional, and international markets.

2.1.1 Input Level Actors

The state actors include the Ministry of Agriculture, Livestock, Fisheries and Cooperatives (MALFC) which formulates and implements policies on agriculture and livestock. The State Department for Livestock is particularly critical for development of the leather sector. Key functions of this State Department include livestock policy management, veterinary services and disease control, rangeland development and management, livestock marketing, livestock insurance policy, livestock branding and leather sector development and promotion of value chain. It is imperative to note that agriculture is a devolved function under the Fourth Schedule of the Constitution of Kenya (2010). The county governments have the mandate of developing agriculture through animal husbandry, livestock sale yards, county abattoirs, livestock disease control and fisheries. Some counties also have designated leather officers whose key responsibilities are to champion leather sector development activities. The two levels of government therefore closely work together with the State Department for Livestock, the Directorate of Veterinary Services (DVS) and other state agencies such as the Kenya Leather Development Council (KLDC), the Kenya Animal Genetic Resources Centre (KAGRC), Kenya Agriculture and Livestock Research Organization (KALRO), Kenya Tsetse and Trypanosomiasis Eradication Council, Kenya Veterinary Board, Animal Technicians Council and Kenya Veterinary Vaccines Production Institute (KEVEVAPI), Kenya Meat Commission (KMC), Agricultural Development Corporation, Agricultural Finance Corporation (AFC), Kenya Marine and Fisheries Research Institute, and the Regional Development Authorities (RDAs). There also exists wildlife resources in which the Kenya Wildlife Service (KWS) play a vital role in conservation and management.

KLDC is the principal state agency under the MALFC mandated to drive transformation throughout the leather value chain from raw materials to the finished manufactured products. It is established under the State Corporations Act (Cap) 446 of the Laws of Kenya, (Legal Notice No. 114 of 9th September 2011) by the Kenya Leather Development Council Order. At the input level, its mandate includes advisory services on matters relating to production of hides and skins; promotion and coordination of input level activities; oversee licensing of hides and skins activities; undertake research and development activities on hides and skins for leather sector including collection, storage, analysis and dissemination of relevant data.

KAGRC operates under Legal Notice No. 110 of September 2011 with a mandate to produce, preserve, conserve and distribute animal genetic materials. KALRO established under the Kenya Agricultural and Livestock Research Act No. 17 of 2013 promotes, coordinates and regulates agricultural research, including animal diseases, application of research findings and technology in agriculture and advisory services. Kenya Tsetse and Trypanosomiasis Eradication Council established through Legal Notice No 77 of July 2012 has a mandate to coordinate eradication of tsetse in the country, set standards and mitigate the social economic constraints resulting from tsetse infestation. Kenya Veterinary Board operates under the Veterinary Surgeons' and Veterinary Paraprofessionals Act No. 29 of 2011, with the mandate of providing advisory services, relevant training approvals, registration, licensing and controls of veterinary practise and veterinary laboratories.

Animal Technicians Council operating under Animal Technicians Act No. 11 of 2010, undertakes the registration, licensing, regulation, and training of animal technicians. KEVEVAPI is established under legal Notice No. 223 of June 1990 with the mandate to coordinate veterinary vaccine research, production, and distribution. KMC established under Kenya Meat Commission Act Cap 363 has a role in the supply of hides and skins as by-products. Agricultural Development Corporation operates under Cap 444 to support production of pedigree livestock. AFC operating under Cap 323 supports livestock production through credit provision. Kenya Marine and Fisheries Research Institute established under the Science Technology and Innovation Act No 28 of 2013 has role in undertaking research on fisheries. Finally, RDAs have a multisectoral development mandates as established under their respective laws and therefore support leather sector related activities such as technology transfer and animal husbandry.

The KWS operating under the Wildlife Conservation and Management Act, 2013 issues licenses for consumptive wildlife utilisation. Further, KWS in consultation with the county wildlife conservation area committees, advises all national and county government departments, agencies, as well as communities. These for instance include matters related to culling of game animals. KWS also keeps records of game trophies from culling operations to mitigate against poaching and illegal trade.

At the input level the non-state actors include the private sector, development partners and Non-Governmental Organisations (NGOs). The private sector comprises of livestock keepers; livestock traders; abattoirs and slaughterhouse operators; hides and skins traders and aggregators. These actors supply input and their practices determine the quality of the raw hides and skins. They face various constraints related to production and supply of raw hides and skins due to weak institutional support and inadequately organized structures to effectively lobby for their interests. Development

partners undertake different activities including provision of financing and building institutional capacity for support institutions and private sector actors. NGOs support the private sector actors in financing of projects, capacity building, networking, and access to market opportunities. The multiplicity of stakeholders at national and county levels coupled with a weak coordination framework pose challenges for development partners and NGOs in effectively providing this support.

2.1.2 Value Addition Level Actors

At this level, MALFC spearheads the leather sector development and promotion of leather value chain in collaboration with the Ministry of Industrialization, Trade and Enterprise Development (MOITED). MOITED supports industrial development in general by focusing on Micro, Small and Medium Enterprises (MSMEs) policies, development of cottage industry, industrial training and capacity development, innovation and intellectual property rights (IPR), standardisation in industry and quality control and promotion of domestic and foreign investments.

The mandate of KLDC include advisory services on processing of hides and skins and trading in leather and leather goods; promotion and coordination of activities in leather processing, to oversee licensing in value addition activities and to undertake research and development activities on leather value addition including collection, storage, analysis and dissemination of relevant data.

The Kenya Investment Authority (KenInvest) established in 2004 through the Investment Promotion Act No. 6 of 2004 promotes domestic and foreign investments in the country. The Export Processing Zones Authority (EPZA) established through the Export Processing Zones Act Cap 517 in 1990 serves the role of attracting and facilitating export-oriented investments. Companies established within Export Processing Zones (EPZs) benefit from fiscal and procedural incentives. The leather sector is one of the target beneficiaries under the EPZ Small and Medium Enterprises (SMEs) Development Programme, with additional incentives that include reduced rent and service charges, business development services and purpose-built infrastructure. The Special Economic Zones (SEZ) Authority established under the SEZ Act No 16 of 2015 promotes investments within designated areas. Within livestock SEZ, various activities that can improve quality of hides and skins can be undertaken including livestock feeding and fattening, abattoir and refrigeration, value addition and manufacture of veterinary products.

The Kenya Industrial Research and Development Institute (KIRDI) established in 1979 currently operating under the Science, Technology & Innovation Act No. 28 of 2013 undertakes multidisciplinary Research and Development (R&D) in industrial and allied technologies, including leather technologies. It promotes development of MSEs through provision of common manufacturing facilities, business incubation services, product development and capacity building. Through its Leather Division, KIRDI undertakes R&D and disseminates findings on leather technology including tanning processes, machinery for leather, quality control and effluent treatment. The leather physical and chemical testing laboratory facilitates support these activities. The Micro and Small Enterprises Authority (MSEA) established under the Micro and Small Enterprises Act No. 55 of 2012 coordinates policies and programmes for development of MSEs which includes capacity building, innovation, research, business development services, market access, provision of worksites and common user

facilities including centres of excellence. Majority of the enterprises in leather manufacturing are MSEs, making policy support for this segment of the enterprises critical. Additionally, the Kenya Industrial Estate (KIE), which was established in 1967, facilitates development and incubation of MSMEs through access to credit and business development services.

The state actors that undertake skills and technology development especially to MSMEs include Animal Health and Industry Training Institute (AHITI), Universities and Technical and Vocational Education and Training (TVET) institutions. AHITI which was established in 1965 provides training in livestock production and leather technology. Universities supply highly specialised skills and research critical for development of the private sector, while TVET institutions support supply of middle level technical skills. The Technical and Vocational Education and Training Authority (TVETA) established under the TVET Act No. 29 of 2013 regulates and coordinates TVET trainings. The National Industrial Training Authority (NITA) established under the Industrial Training Act Cap 237 regulates workplace-based training, competence assessments and certification, and accreditation of institutions engaged in skills training for the industrial sector. The government recognises the role of TVET institutions in improving the quality and supply of middle level workforce in meeting industry needs and entrepreneurship. The Kenya Institute of Curriculum Development (KICD) established by the KICD Act No. 4 of 2013, develops, reviews, and approves learning programmes, curricula, and curriculum support materials for basic up to tertiary education including TVET training.

DVS inspect and certify tannery premises for compliance with standards. The Kenya Bureau of Standards (KEBS) established in 1974 operates under the Standards Act Cap. 496 to promote standardisation. At this level, KEBS enforces quality assurance for inputs required for processing activities especially given that tanning industry is chemical intensive. The National Environment Management Authority (NEMA) established in 2002 under the Environmental Management and Coordination Act (EMCA) 1999 has a mandate of sustainable management of the environment. Leather value addition generates significant effluent that requires adherence to national and international environmental standards. The county governments also undertake devolved functions related to environment and health as outlined in the Fourth Schedule of the Constitution of Kenya (2010). These include veterinary services; refuse and solid waste disposal; control of pollution; water and sanitation services. The Kenya National Cleaner Production Centre, established in 2000, plays a key role in promoting resource efficient and clean production practises in enterprises to improve competitiveness and environmental management through material, water and energy efficiency and effective waste management. The RDAs through their multisectoral development mandate support value addition activities in the leather sector. For instance, the Ewaso Ngiro South River Basin Development Authority (ENSDA) established under Cap 447 has established a tannery and leather factory for value addition to hides and skins.

The non-state actors include the private sector, development partners and NGOs. The main private sector actors at this level include tanneries, manufacturers of leather and manufacturing of leather products. There are about 20 tanneries in the country, largely located around Nairobi. Most of these tanneries focus on wet blue processing, with a few undertaking crusts and finished leather. Also, some tanneries are engaged in subcontract tanning in which small scale tanneries supply wet blue to large scale

tanneries. Some tanneries are however experiencing financial difficulties or reducing their output, attributable to low supply of hides and skins. There are about 25 formal footwear and leather goods manufacturers. However, there are also informal footwear manufacturers mainly MSEs which account for about 50% of the local footwear production. They also produce belts and leather handcrafts. Other private sector actors include wholesale leather suppliers who buy in bulk and sell to leather manufactures and component suppliers who provide accessories including buckles, soles, thread, and glue. The manufacturers face high cost of doing business coupled with infrastructure, skills, technology, and finance constraints. The development partners and NGOs provide support in alleviating these constraints.

2.1.3 Market Level Actors

MALFC is mandated to promote marketing within the leather value chain development and in collaboration with other ministries and agencies facilitate access to domestic and international markets. Further, marketing activities are supported by IPR, product standardisation and quality control, trade development and exports promotion. These activities are undertaken by state agencies which include: DVS which issues export permits after inspection of each consignment of leather and leather products for export, the Fish Marketing Authority operating under the Fisheries Management and Development Act 2016 whose overall mandate is to market fish products from Kenya, and the KEPROBA which promotes branding and exports of locally produced products. KEBS is responsible for enforcing standardisation and quality control to promote product compliance with domestic and international markets while the Anticounterfeit Authority (ACA), established by the Anti-Counterfeit Act No. 13 of 2008 is responsible for combating trade in counterfeit goods to protect local products from unfair competition. The Kenya Industrial Property Institute (KIPI) established by the Industrial Property Act, 2001 promotes the protection of IPR, thus strengthening market access for local brands.

The private sector is a key non-state actor at the marketing level. The actors include traders of semi-processed leather; finished leather and leather products, and in some instances the manufacturers also have some level of participation as they are involved in delivery of finished products to local, regional, and international markets. The sale and marketing of finished leather products locally, is largely undertaken by MSEs who operate informally and serve small localized markets. The formal traders and manufacturers participate in the regional and international markets. At the regional level, EAC accounts for a large share of the exports. The export of manufactured leather products is limited because most of the exports are wet blue leather. The development partners and NGOs are also key non-state actors mainly supporting MSEs in expanding market opportunities.

2.2 Socio-Economic Contributions to the Economy

The socio-economic contributions of the leather sector can be assessed in terms of employment, exports, and GDP contributions.

2.2.1 GDP Contributions

The contribution of the manufacturing sector to GDP in Kenya declined from about 12 per cent in 2005 to 7.5 per cent in 2019. Over this period the contribution of leather

and leather products to the overall manufacturing GDP declined from 1.6 per cent to a paltry 0.9 per cent. This translates to Ksh 6.6 billion of the Ksh 735 billion manufacturing GDP in 2019. The leather sector GDP contributions unfavourably compares to performance of competitor countries. For instance, over the same period the share of leather manufacturing in overall manufacturing GDP for Ethiopia increased from 3.9 per cent to 8.5 per cent; for Italy it increased from 2.6 per cent to 3.1 per cent while for India it increased from 0.6 per cent to one per cent.

2.2.2 Employment Contributions

The leather sector is important in provision of formal and informal employment. Within the formal sector, the Census of Industrial Production and Construction Report 2018 shows that the leather sector employs 7,016 persons: an increase from 4,000 persons in 2013. Among those formally employed, the proportion of permanent and contract employees accounted for 47.4 per cent, while casual employees constituted 52.1 per cent. Apprentice, interns, and family workers account for the remaining 0.5 per cent. It further reveals that the employment in the manufacture of leather and leather products is dominated by males at 76.5 per cent, compared to females at 23.5 per cent. However, the leather sector value chain operates largely informally and therefore these statistics within the formal sector are only a partial representation. For instance, the 2015 Kenya Leather Industry Study undertaken by the World Bank estimates informal employment within the sector as 10,000 persons. With exploitation of opportunities and development of the leather sector, there is potential to generate more employment opportunities.

2.2.3 Exports Contributions

Kenya exports unprocessed/semi-processed leather and finished leather products. The unprocessed and semi-processed products include raw hides and skins and unfinished leather. The value of exports in this category has been declining over time. For instance, the value exported in 2015 was Ksh 6.8 billion compared to Ksh 3.2 billion in 2019. Growth in exported value for raw hides skins and unfinished leather declined by 15% between 2015 and 2019. Four countries, China, Italy, India, and Pakistan have been the major export destinations. In 2015 their share of export value accounted for 55% which increased to 72% in 2019. In East Africa, Uganda continues to be the major export destination of unprocessed and semi-processed leather products. These statistics reveal that exports of unprocessed and semi-processed leather have been declining in recent years and further concentrated in few export destinations.

The finished leather products exported from Kenya include saddlery and harness; travel goods (suitcases, briefcases, rucksacks, wallets) and handbags. There has been no major increase in the exports of finished leather products. For example, the growth in exported value increased by 3% from Ksh 206 million in 2015 to Ksh 232 million in 2019. Italy, United States of America, and Australia form the major export market for these products, accounting for 49% of total export of finished leather products in 2019. In East Africa, Tanzania is the major importer in the same period. There is therefore the opportunity to expand the export market for finished leather products which has stagnated over the years.

2.3 Policy Review/Evolution

This is the first policy specifically dedicated to development of the leather sector. However, in the past there have been broad-based national policies that had implications for development of the sector. These broad-based national policies can be looked at from the perspectives of agricultural, industrialisation and trade policies that span across the leather value chain.

Immediately after independence, Kenya adopted import substitution policy for industrial products from 1963 towards the end of 1970s. The main policy documents during this period were the Sessional Paper No. 10 of 1965 on African Socialism and its Application to Planning in Kenya, and the five-year Development Plans. This period was characterised by direct support and protection of selected manufacturing subsectors through trade policies (subsidies, import tariffs and quotas), financing arrangements and skills development. These policy interventions were aimed at lessening import pressure and promote growth of local indigenous enterprises for employment creation. Leather was among the subsectors targeted to benefit; others being textile and garments, food processing and manufacture of paper products. The Development Plan of 1964-1970 sought to promote rural tanning, which was gaining prominence as a cottage industry. This was aimed at creating employment and incomes to areas where larger industrial projects could not be planned. Further, it was recognized as a means of utilizing low quality hides and skins which could not be exported profitably.

Several institutions were established during this period to promote local entrepreneurship and indigenous ownership of enterprises. Key among these institutions include KIE, with a mandate to promote entrepreneurship and financing of indigenous enterprises. For instance, footwear and other leather products were among the products developed in KIE factories in the 1970s. KIE also provided training and skill development, a mandate also performed by Kenya Industrial Training Institute (KITI), which had a leather and tannery department established in 1965. Further, promotion of leather manufacturing benefited from training offered at AHITI in Kabete. KIRDI was also established during this period to undertake industrial and applied research and establish a leather development division.

Though the policy focus during the 1960s and 1970s supported growth of the leather sector, it had three shortcomings. Firstly, the 1964-1970 Development Plan focus was on export of high-quality hides and skins. Thus, emphasis was laid on the standards of preparation of the primary products, the skill of flaying the slaughtered animal and the speed with which the processes were carried out. This left the local industries to process low-quality hides and skins which could not be profitably exported. Further the policy interventions focused only on the input level of the value chain overlooking the value addition. This contributed to weak development of the sector due to uncompetitive products. The weak competitive nature of the local industries further exposed them in later years when the economy was liberalised. The result was low survival of the local industries. Secondly, policy interventions allocated resources to high potential areas with regards to rainfall abundance and soil fertility overlooking the ASALs that serve as the hub for livestock. Production of hides and skins therefore received limited policy attention and resource allocations. Private sector investments like abattoirs and tanneries also remained depressed in the livestock rich ASALs. Thirdly, this phase of the development policy was characterised by growth of informal

sector, partly due to restrictions in the formal sector and selective support for the prioritised industrial subsectors. Weak linkages across sectors and between formal and informal sectors was a further limitation.

The 1980 National Livestock Development Policy of Kenya was formulated to minimise households' poverty, promote sustainable use of environment, and enhance supply of raw materials to the manufacturing industry. Livestock development was also a key agenda in the *Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth* which was developed to address some of the adverse consequences of policy interventions of the 1960s-1970s. The policy interventions prioritised support services activities, including agricultural and livestock extension services and trade development services. Part of the extension services included livestock breeding policy aimed at improving incomes for livestock keepers. Livestock sector policy interventions included control of diseases and pests and provision of cattle dipping and immunisation services under the Department of Veterinary Services. Further, the policy sought to improve livestock marketing through the Livestock Marketing Division (LMD) under the Department of Livestock Production then and the KMC.

Further, this Sessional Paper also placed emphasis on rural development, particularly through agriculture and small-scale industries. With regards to the small-scale industries, the policy priorities were anchored on employment-intensive and export-oriented manufacturing; a criterion which the leather sector meets. This policy thus consequently established several policy interventions aimed at increasing productivity, access to financial capital, expanded market opportunities, training opportunities and lessening restrictions on informal sector activities. The lessening of restrictions on the informal sector, however, increased informality in the leather sector and further weakened linkages with formal sector. The policy further viewed livestock production largely from meat and live livestock trade perspective ignoring the issue of hides and skins development in a holistic manner. Development of small-scale industries prioritised in the 1986 Sessional Paper was further anchored in the Small Industries Development Programme initiated in the 1984-1988 Development Plan. The Programme identified certain areas of industrial production for reservation for the development of the small industries sector including leather products such as suitcases, bags, belts, straps, garments, and sports goods. Despite this policy preference, the investment incentives supporting development of these leather products remained deficient.

The Hide, Skin and Leather Trade Act (CAP 359) was introduced in 1948 and reviewed in 1987 to support the objective of the 1980 National Livestock Development Policy of Kenya. The law further consolidates legislative interventions relevant to trade in hides, skins, and leather; provide for the control of the trade of hides and skins and promote the development of the leather sector. The enactment of this legislation contributed to the increase in production and export of leather products. Despite being amended severally, this law is silent on environmental management against the stringent requirements of export destination countries, thus limiting market access.

Despite the policy interventions of 1980s, some challenges that emerged in the 1960s and 1970s persisted including depressed investment in ASALs, informality and weak value addition to hides and skins.

The Kenyan economy was liberalised in early 1990s, opening it to the international competition. As part of the market liberalization, the abolishment of the export compensation scheme contributed to the closure of some manufacturing industries. Indeed, commencing in 1993 Kenya's leather and footwear industry recorded significant declines in production. The market liberalisation also marked a phase for more gradual shift towards push for manufacturing for exports and accelerated role of the private sector.

The 1994-1996 Development Plan, recognized the need to encourage the industry to produce for exports by increasing level of processing the hides and skins through offering differential incentives to exporters of wet blue leather, crust leather, finished leather and leather goods. Due to favourable world market prices, exports of raw hides and skins had increased, causing shortage of hides and skins for the local tanneries some of which were operating below capacity. Consequently, deteriorating performance of the leather sector in mid 1990s led to a short-lived ban of export of raw hides and skins. By the end of the 1990s, with market liberalization, livestock marketing was undertaken by the private sector following the collapse of KMC and closure of LMD. During this period, livestock production declined as liberalization meant some government services were unavailable or provided by private sector at costs that was not affordable to most farmers. Further, closure of major manufacturing enterprises led to emergence of many informal MSEs operating across urban and rural areas.

As part of the industrialization strategy, the government in 1997-2001 Development Plan encouraged private sector investors to invest in processing plants. Part of the policy initiatives to encourage private sector investment was anchored on export initiatives. For example, the Export Promotion Council (currently KEPROBA) was established in 1992 to promote and coordinate export promotion activities which included the Kenya Export Development Support Programme and Kenya Export Assistance Scheme. The Export Processing Zones Act of 1990 provided for establishment of the EPZs and a regulatory authority, the EPZA.

Unlike in the past, the policy interventions in 1990s sought to promote private sector investments and exports through incentives. The gains from these interventions were however dampened by increased competition caused by imports owing to market liberalisation. Market liberalisation resulted to cutting of import tariffs on leather products which led to an increase in the importation of footwear including second-hand shoes which depressed demand and consequently production of locally manufactured footwear. Thus, the 1990s experienced further growth of informality in the leather sector partly contributed to by the decreased production in the formal sector.

Post 2000, the policy focus has largely been on enhanced value addition, improved business environment and continued exports push. The initiatives to promote value addition and market access through exports have been advanced through three key policy documents developed during this period: The Economic Recovery Strategy for Wealth and Employment Creation 2003-2007; Sessional Paper No 2 of 2008 on National Livestock Policy and the Kenya Vision 2030. The 2008 National Livestock Policy however viewed leather sector as a by-product of livestock and called for the establishment of mechanisms to promote the use of livestock by-products through support to facilitate hides and skins management.

The central focus of the Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 was on job creation through an enabling environment for private sector, improved governance, and public service delivery. All these factors were largely aimed at reduced costs of doing business. With regards to the leather sector development, this policy recognised the problem created by past policies in providing little development attention to ASALs. It thus sought to integrate ASALs in the overall development strategy of the country through support for animal production and marketing, range management, increased water provision through bore holes, research on livestock breeds and animal health services. It underscored the importance of establishing livestock-based industries in pastoralist areas and provide investment incentives for private sector targeting these areas. Priorities identified were livestock feed processing plants, leather tanning industries and small to medium-scale abattoirs. While there have been improvements in infrastructure particularly roads and rural electrification, development of manufacturing in ASAL regions however largely remained unimplemented. To promote value addition the government increased export duty on local hides and skins to 20 per cent, followed by a further increase in 2007 to 40 per cent and 80 per cent through the Finance Act, 2012. By 2010, the leather and footwear registered significant increase in terms of production. This policy intervention was in line with the Kenya Vision 2030 priority to develop the leather sector through value addition.

The Kenya Vision 2030 is largely anchored on the industrialisation agenda and inclusive development across the country including ASALs. The prioritisation of livestock under the economic pillar has significant implications and promise for development of the livestock sector through development of the value chain. The Vision underscores commitments to develop the livestock sector through value addition of livestock products, establishment of disease-free zones and establishment of abattoirs, storage facilities and tanneries within the disease-free zones. In the First MTP for instance, the government acknowledged institutional challenges within value chains in sectors such as leather processing attributable to institutional weaknesses and functional overlaps under respective Ministries. KLDC was established through Legal Notice No. 114 of 9th September 2011 to coordinate, license, promote, market the leather sector, and provide advisory services and research and development activities. The Second MTP for implementing the Kenya Vision 2030 sought to advance the Vision 2030 flagship priorities for establishment of disease-free zones and leather SME parks. The introduction of the Special Economic Zones Act No. 16 of 2015 provides opportunities for leather sector development through establishment of livestock special economic zones.

The Constitution of Kenya (2010) has significant implications for development of the leather sector. First, through equitable sharing of national and local resources by virtue of the principle of devolution which promotes opportunities for balanced development across the country, including ASALs that are hubs for livestock. Second, decentralisation of power and resources facilitates provision of proximate, easily accessible services including investments in priority infrastructure such as abattoirs where they are needed. Third, functions such as animal husbandry, livestock sale yards, county abattoirs, animal disease control, fisheries, veterinary services, markets development and county transport are devolved. Livestock-rich counties can therefore allocate resources based on local needs to develop the sector.

The Big Four Agenda that has been mainstreamed into the Third MTP for 2018-2022 has further prioritised development of the leather sector as a driver for job creation. This include establishment of the Kenya Leather Industrial Park in Kenanie, Machakos County and the development of the Institute of Leather Science. The Third MTP has also prioritised review of legislations on hides and skins as well as development of hides and skins, leather, and leather products development strategy. However, development of a policy on the sector needs to precede the strategy. The Policy would also guide review of the relevant legislations such as the Kenya Leather Development Authority Bill; the Hides, Skins and Leather Trade Act Cap. 359. Indeed, the development of the Kenya Leather Development Policy has been prioritised under the Manufacturing Sector of Third MTP.

The three focus areas of post 2000 policy interventions focussing business environment, value addition and export promotion, have only been partly achieved and therefore remain government priorities. First, the multiplicity of institutions that support the development of leather sector coupled with weak coordination have slowed realization of the intended outcomes. Though there have been some institutional interventions to address these coordination challenges, including the establishment of KLDC, they have been inadequate. Second, leather sector players along the value chain face high cost of doing business due to uncoordinated and weak infrastructure. Weak coordination along the leather value chain and inadequate infrastructural development have contributed to limited investments for value addition and high costs of doing business to competitively operate in a liberalized market.

Currently there are other sector specific policies, as discussed below, that have implications for development of the leather sector, and there is need to create synergy in the development of a comprehensive leather sector specific policy.

The **Sessional Paper No. 9 of 2012 on the National Industrialisation Policy Framework 2012-2030** has made the following priorities for development of the leather sector: - Strengthen the Leather Development Council; revive and mainstream the Training and Production Centre for the Shoe Industry (TPCSI) in order to promote technical capacity in processing of leather products; strengthen the leather training and incubation programmes in KIRDI and KITI; and ban importation of used leather products and exportation of raw hides and skins. Further, this policy proposes the establishment of an Industrial Development Fund with a minimum of Ksh 10 billion for long term financing of manufacturing enterprises to facilitate growth and graduation for industrial expansion. It further provides for mechanisms for supply of private sector financing to strategic industries for sustainable industrial development. The policy recognises that creation of an enabling environment is critical to the promotion of a globally competitive and a private led diversified industrial sector in Kenya. The Sessional paper therefore calls for the creation of a business environment capable of attracting local and foreign investments for the sector growth and development.

The **Sessional Paper No. 8 of 2012 on National Policy for the Sustainable Development of Northern Kenya and other Arid Lands** acknowledge that ASALs account for 70% of the national livestock. ASALS however have the highest incidence of poverty and inequality, due to being under-resourced with limited value addition, infrastructural and financial constraints.. Among the objectives of the

policies therefore is to improve the enabling environment for development in Northern Kenya and other arid lands. The measures proposed include development of fiscal and other incentives to attract private sector investment particularly livestock; investments in disease control and surveillance; livestock marketing infrastructure; research and extension services; and interventions for access to affordable financial services by livestock producers and traders, particularly women.

The **Kenya Industrial Transformation Programme 2015** identifies a five-point strategy for industrialisation including launching of sector-specific flagship programmes that include leather. Other priorities include development of SMEs, creation of an enabling environment (technical skills, industrial parks/zones and supporting infrastructure), establishment of an industrial fund and establishment of a Ministerial Delivery Unit to drive the industrialisation agenda.

The **National Trade Policy, 2017** seeks to achieve three objectives: competitive and export-oriented trade policies; creation of an enabling environment for trade and investment; and promotion of counties as centres of trade and investment. This policy recognises the resource endowment and competencies of different counties that those in livestock-rich areas can exploit.

The **Buy Kenya - Build Kenya Strategy 2017** provides a framework for stimulating Kenya's economy. It encourages public and private sector consumption of locally produced goods and services. Further, the strategy is anchored on the national values and principles of governance particularly patriotism in consumption of locally products and services.

The **National Wildlife Strategy 2030** that was launched in 2018 outlines the principles, procedures and incentives for the protection, conservation, management, sustainable utilisation, and control of wildlife resources. As such it seeks to develop and implement a comprehensive incentives package to encourage voluntary conservation through wildlife conservancies, sanctuaries, game farms, game ranches, and other green spaces. The Strategy also outlines the need for a market survey to review and inform efforts related to sustainability of consumptive wildlife utilisation including game farming and game ranching.

The **Integrated National Export Development and Promotion Strategy 2018** aims to transform the economy through export-led industrial development. Development of handcraft industry and exports of leather and leather products is one of the priorities under this policy. This Strategy seeks to transform the leather sector from one dominated by semi-processed products to finished leather products such as shoes, belts and bags for local and export markets.

The **Kenya Investment Policy 2019** seeks to promote conducive environment and incentives for private sector investments. The policy outlines the criteria for awarding investment incentives to private sector investors to enhance domestic value addition. The criteria include consistency with the government's sustainable development priorities and the priority sectors, potential for benefiting the citizens through job creation, skills development, technology transfer and productivity improvements. The leather sector being labour intensive in nature can therefore meet these criteria and attract investments, including Foreign Direct Investment.

The **Agricultural Policy 2019** recognises the need to promote agribusiness and value addition in the livestock and fisheries sector through, supporting development of industries, developing capacity of producers, developing capacity of technical officers, promoting research in development and local assembly of machinery and equipment and promoting Public-Private partnerships. Other measures include promoting bilateral, regional, and international trade, and establishing a regulatory framework for contract farming.

The **Agricultural Sector Transformation and Growth Strategy 2019-2029** prioritise three anchors to drive the 10-year transformation: Increase small-scale farmer, pastoralist and fisherfolk incomes; enhanced agro-processing activities; and increased household food resilience. The realisation of these transformations is anchored on modernisation of on-farm production and input markets, and value chain development.

The **Sessional Paper No. 1 of 2019 on a Policy Framework for Reforming Education and Training for Sustainable Development in Kenya** has a relevance in terms of developing skills for national development. These include promotion of technological and industrial skills for the country's development. These skills are essential for entrepreneurial development to support growth of industries. This Policy seeks to strengthen the TVET that is intended to meet the needs of industry as well as self-employment. It also seeks to strengthen the partnerships and linkages between the private sector and national and county governments. The development and relevance of technical skills is key to national development agenda. Besides TVET, university education is key to deepening of research and dissemination of knowledge for value chain development of priority sectors.

The **Sessional Paper No. 05 of 2020 on the Kenya Micro and Small Enterprises Policy** seeks to provide an integrated enabling business environment for the growth and development of productive MSEs who account for majority of enterprises in the leather sector. This policy therefore seeks to promote access to resources, market access, skills and capacity development, linkages with medium and large enterprises, mitigation of external business risks and integration of MSEs into the global value chains. It further provides for measures to facilitate access to affordable finance. These include strengthening self-sustaining funds dedicated and easily accessible to MSEs; including start-ups with tailor-made financial products at National and County levels of government; creating effective and structured awareness campaigns on availability and accessibility of available government financing opportunities; promoting and enhancing tailor-made financial literacy programmes for MSEs; promoting use of non-traditional forms of collaterals such as IPR assets, movable assets, social security contributions and credit guarantee schemes amongst others; establishing a framework for micro-leasing for the MSEs; promoting innovative financial products to suit MSEs; and encouraging partnership in provision of alternative sources of financing for the MSEs.

The **Sessional Paper No. 1 of 2020 on Wildlife Policy** provides for development of a framework for sustainable utilization of wildlife and wildlife resources. This includes placing responsibilities on wildlife user right holders to support wildlife conservation.

The **Sessional Paper No. 2 of 2020 on the Veterinary Policy** seeks to promote the development of veterinary services in line with the devolved governance structure and the Constitution of Kenya 2010. It recognises assignment of functions between the national and county governments as provided for in the fourth Schedule of the Constitution of Kenya 2010. The importance to the economy of manufacture and export of various leather products from hides and skins is also recognised in the policy.

The **Sessional Paper No. 3 of 2020 on the Livestock Policy** articulates the need to achieve a competitive leather industry by addressing challenges along the value chain including farm level, slaughter and curing operations, tanning, manufacturing, and marketing. This Policy underscores investments in value addition stage, that include tanning and manufacturing, so as maximises returns in the sector. Besides the traditional livestock, this policy recognises the need to harness emerging livestock (e.g. ostriches, crocodiles, quails, guinea fowls, snail etc.) through alternative farming activities in compliance with the Kenya wildlife policy and legal frameworks. Further, this policy emphasises allocation of adequate and sustainable financial resources for research in the livestock sector to facilitate production of innovative and adaptive livestock research.

2.4 Challenges Facing the Sector¹

The leather sector faces myriad of challenges across the value chain. Under the input level the challenges include low supply of quality hides and skins. At the value addition level, the challenges include uncompetitive and low value-added leather and leather products, while at the market level the challenges include limited access to domestic and export markets for leather and leather products. There are also several cross-cutting challenges across the value chain. These include weak infrastructural support; weak skills; low compliance with product standards and environmental standards; low innovation, technology acquisition and adoption; legal and regulatory environment constraints; weak linkages in different stages of the value chain among the leather sector actors; low participation of special interest groups in the leather sector development; and external business risks. These challenges have culminated into depressed investments in the leather sector.

A. Input Level Challenges

2.4.1 Low Supply of Quality Hides and Skins

The challenges here relate to livestock production and husbandry practices and poor slaughtering, preservation, and storage techniques. Poor livestock production and husbandry practices result from low public investments in livestock production, including extension services and livestock breeding practices. Further, livestock production is largely semi-commercial and therefore not quality driven. This has also contributed to declining average size of hides and skins. Currently, average size of skins ranges approximately 4.5 to 7.5 square feet while hides ranges approximately 21

¹ Onyango, C., Musyoka, P., Shibia, A. and Laibuni, N. (2019), "Towards Revitalising Kenya's Skins, Hides and Leather products Industry", KIPPRA Discussion Paper DP/221/2019; and World Bank (2015), "Kenya Leather Industry: Diagnosis, Strategy and Action Plan", World Bank, Washington D.C

to 40 square feet. Under the Fourth Schedule of the Constitution of Kenya (2010), agriculture (including animal husbandry, animal disease control, livestock sale yards, county abattoirs and fisheries) is a devolved function and there are variations in terms of public investments across the counties. The extension services have further weakened due to inadequate capacity in the counties. There is also increasing incidences of emerging diseases, pests, and shocks such as climate change induced hazards that affect the quality of hides and skins. Other challenges relate to practices such as animal branding and flaying practices that damage hides and skins. Such defects emanating from low awareness on hides and skins management discount their value. Illegal exports of raw hides and skins also limit the supply to local tanneries.

With regards to slaughtering of livestock, aggregation and preservation of hides and skins the primary challenge is that most livestock keepers, especially among pastoral communities have low awareness on the value and access to markets for hides and skins compared to other products such as milk and meat. This is largely due to poor structures to access markets and exploitation by middlemen, thus contributing to low returns for households. These challenges also mean that some hides and skins are disposed of or diverted for traditional uses such as decoration and beddings with little value additions for wealth creation. There are also challenges related to flaying practices, which results from low awareness on grading of hides and skins, as well as lack of special flaying knives. This challenge particularly applies to rural slaughterhouses and home slaughters where significant proportion of hides and skins are generated. The flaying cuts, and gorges on hides and skins reduce quality. About 30-50 per cent of skins and hides defects occur within slaughterhouses and abattoirs. The fact that the primary goal of slaughterhouses and abattoirs is on meat products, and not hides and skins is a contributing factor to these defects. There are currently 1,498 slaughter points spread across the country accounting for over 90% of hides and skins production while the balance 10% is from domestic /home slaughter.

Other challenges relate to poor storage, transport, and preservation. The small-scale aggregators have limited skills in proper use of preservation methods such as drying and curing with salt. Further, the use of modern preservation methods is limited due to inadequate access to information, finance and capacity to identify and access modern technologies and innovation. These practices expose hides and skins to damages, thus affecting quality. These challenges culminate to low supply of quality hides and skins to local tanneries.

B. Value Addition Level

2.4.2 Uncompetitive and Low Value-Added Leather and Leather Products

The value addition activities include tanning of raw hides and skins and manufacture of leather and leather products. Tanning is the chemical process of treating raw hides and skins to avoid decomposition and putrefaction.

The tanning challenges include high fixed and variable costs and inconsistent supply of hides and skins. Technology and land accounts for about 74 per cent of fixed costs of tanneries. Variable cost is largely driven by chemicals such as liming, soaking and bating enzymes and sulphuric acids, which are mostly imported, accounting for 30-50 per cent of all variable costs. Further, the tanning process requires adequate supply of water and electricity. Moreover, the inconsistent supply of hides and skins lowers

economies of scale that would spread fixed costs over many units of production. On average, tanneries in the country operate at 75 per cent capacity. This is due to low and variable livestock off-take patterns in the country. Investment in tanneries is prohibitive due to requirements for tanning processes and environmental concerns with regards to treatment of effluents.

Use of obsolete technology further exacerbates tanning costs. Technology for processing leather to finished stage is expensive as it requires skilled labour. As a result, most tanneries process hides and skins only up to wet blue stage (i.e. semi-processed) which is exported for further value addition. The leather sector exports in the country consists of wet blue (89 per cent), raw hides and skins (5 per cent), finished leather at 2 per cent and manufactured leather products at 4 per cent.

The challenges in the manufacturing of leather products include limited local supply of accessories and other components such as buckles, lasts, molds, soles, shanks, cutting dies, thread, glue and packaging materials most of which are imported. Further, there is limited diversification of the leather product range. Currently, the manufacturing of leather products is largely by MSEs whose products are concentrated in low value-added footwear and accessories such as wallets and belts with limited diversification into specialty products designed for unique consumer needs such as in sports, health, upholstery, and automotive industry.

C. Market Level Challenges

2.4.3 Limited Access to Domestic and Export Markets for Leather and Leather Products

Intense competition resulting from cheap imports including second-hand and new leather products and synthetic products stifle demand in the local market, thus creating disincentives for manufacturers. The export markets are also constrained by high cost of production resulting from energy, imported chemicals, financing costs, low economies of scale and use of obsolete technology. To avert these disadvantages, most leather and leather products are exported in wet blue form.

Other market level related challenges that limit access to domestic and export markets include weak market linkages and information access channels particularly for MSEs, low public confidence in local products, poor product packaging and branding, and low conformity to product standards. Access to market is further constrained by limited understanding and ability to produce high-end finished leather products tailored to users' specifications.

D. Value Chain Cross Cutting Challenges

2.4.4 Weak Infrastructural Support

Weak infrastructure makes the sector uncompetitive and constraints its development. The infrastructure challenges at the input level relate to availability and access to demonstration farms for livestock keepers, disease management and surveillance

facilities, road networks, inadequate specialised tools and machines (e.g. flaying knives) at slaughterhouses to reduce high prevalence of slaughter-based defects. The defects include flaying gorges, scores, cuts, poor pattern, and abrasion. Other challenges include inadequate preservation and storage facilities for raw hides and skins. Hides and skins, if not properly cured/preserved and stored, are easily perishable and will have little economic value. Delayed curing of hides and skins makes them susceptible to deterioration, due to putrefaction and therefore timely preservation is critical immediately after slaughtering. Defects associated with preservation and storage include putrefaction, hair slip, red heat, horny, casehardening and damage by rodents and vermin. Further, lack of easily accessible aggregation centers for raw hides and skins in rural areas contribute to non-collections and delays in timely curing, thus resulting to losses.

Currently, there are 20 tanneries with an installed capacity of tanning 3.3 million hides and 10.3 million skins annually. Capacity utilization varies from 30 to 90 per cent depending on the availability of raw materials and market dynamics. The tanning process is affected by use of old/obsolete production equipment, high cost of spare parts and outdated and costly waste management techniques. Tanning requires specialized machinery, most of which are currently imported at high costs. While machinery imports do not attract import duty, some critical parts, splitting, shaving, and fleshing knives attract duty, which increase production costs that make the sector less competitive. Tanning is chemical intensive and therefore requires adequate warehousing facilities for storage and effluent treatment and disposal infrastructure.

Constraints faced by leather manufacturers include inadequate and/or obsolete equipment and inefficiencies in access to water, electricity. There are also inadequate worksites with operational common manufacturing facilities. This increases costs of doing business for private sector enterprises due to high costs of utilities and waste management and disposal. The MSEs leather manufacturers are disproportionately affected by these challenges owing to limited resources.

At the market level there are challenges of transport logistics, limited marketing channels and information accessibility platforms for accessing local and international markets.

2.4.5 Skills Constraints

Across the leather sector value chain there is insufficient capacity building related to livestock production, disease control and branding that contribute to increased farm-based defects on hides and skins. These include skin diseases, branding marks, tick bites, transportation bruises and scratches. Further, there are skills gap related to flaying, storage and preservation of raw hides and skins. Moreover, the sector faces inadequacies in technical, production, and management skills. The sector therefore faces deficiencies of quality, diversity and products specialization. This is despite the country having sufficient human resource who remain unemployed.

While there are universities and TVET training institutions that offer various levels of training there are weaknesses in supply of industry relevant skills in the country. The industry is dynamic and requires highly specialized skills to keep pace with modern trends and changing customer preferences. The existing training institutions also concentrate more on long term training for different levels of certification and there

exists gaps in provision of short term (modular) shop-floor skills requirements that address the prevailing sector's needs. Most of the training institutions lack adequate funding, modern facilities, and human capacity to offer practical training in leather production and product design. Moreover, there are inadequate technical training facilities dedicated to the leather sector. Consequently, the sector is starved of the required skills at different levels of the leather sector value chain. While a key function of the county governments is provision of extension services, only few counties have dedicated leather development officers. Even where they are available these leather development officers face knowledge and skills gaps.

2.4.6 Low Compliance with Product and Environmental Standards

Low compliance with standards mainly occurs due to limited capacity in the application of relevant standards, poor product packaging and branding. At the input level hides and skins trading is carried out without proper adherence to grading and selection standards resulting from low awareness, limited capacity, and other required resources. At the value addition level, majority of the leather manufacturing enterprises are MSEs that operate informally. They therefore have limited production capacities, inadequate access to quality control facilities leading to low conformity to standards of product quality and lack of consistency with product standards. At the market level, poor quality of leather and leather products impair local consumers preferences. Further, access to international markets including linkages with global supply chains is undermined due to low compliance with standards.

On environment, there is low compliance with environmental requirements, inconsistent enforcement of the regulations on waste management, low capacity to reuse/recycle, low capacity to add value to by-products and decentralized location of tanneries make it difficult to provide for private Common Effluent Treatment Plants (CETPs). Generally, leather sector value chain activities produce various solids, liquids and gaseous wastes that are costly to adequately treat and manage. These waste if not well managed pose threats to health, safety, and environment. The treatment of the effluent is guided by mandatory requirements to comply with relevant county, national and international environmental laws and regulations. At the input level for example, wet salting, a method used for curing hides and skins has negative environmental effects. Further, tanneries produce significant wastes and currently most of them have individual effluent treatment plants that are inadequately equipped. Generally effluent treatment is expensive, and its cost is factored in the final price of the products, thus making local products uncompetitive. The current industry situation does not favor the establishment and use of the private CETPs as tanneries are located at different sites. This makes it a challenge to co-share the effluent treatment costs and lower the cost of production to improve the competitiveness of the industry.

2.4.7 Low Innovation, Technology Acquisition and Adoption

Competitive leather sector depends on the availability of appropriate production technologies. The productivity and competitiveness of the sector is however constrained by use of non-mechanization, obsolete and inappropriate production technologies that increase production costs and lower quality of leather and leather products. Advances in technology is also required to harness opportunities resulting from growth in blue economy and wildlife resources. Technology challenges result from inadequate capacities to undertake R&D, high costs of technology acquisition

and access, limited industry-academia linkages and limited aptitude to use technology. The tanning and manufacture of leather is capital intensive and requires innovation and appropriate technologies to lower costs of production and embrace environmentally friendly business practices. Environmental-friendly production practices are capital intensive and currently not easily accessible to majority of the enterprises particularly MSEs. Minimal industry-centric funding and high costs of long-term finance dampen investments. Hence, over the years, leather processing has been limited to semi processing. The dynamic nature of international competition and changing consumer preferences require continuous improvements in production technologies along the value chain.

2.4.8 Weak Linkages in Different Stages of the Value Chain Among the Actors

The leather sector has various state and non-state actors who operate in a fragmented manner with limited linkages. Firstly, there are various government institutions that provide support services to the private sector with limited coordination due to absence of a coordination framework. Secondly, most of the leather goods manufacturers are MSEs in the informal sector. These informal MSEs have weak and unbalanced linkages with the formal enterprises. Thirdly, the private sector associations are not strong enough because they do not have a substantive representation of industry players. Since some private sector enterprises are not represented in these associations they do not benefit. The associations also have weak linkages with other actors such as universities and TVET institutions that are critical for skills and technology transfer. These factors contribute to underdevelopment of the sector and challenges in accessing markets.

2.4.9 Legal and Regulatory Framework Constraints

The multiple institutions that support leather sector development are spread across various government ministries, departments and agencies, each operating within different mandates, policies, legal and institutional frameworks. This contributes to low performance of the leather sector due to limited collaborations in program implementation and sharing of data. Further, the devolved system of governance provided in the Constitution of Kenya (2010) reorganized the sector structure with industrial infrastructure and policy development assigned to the National Government, while the functions that supports production of hides and skins was devolved to the County Governments. This has increased licensing requirements especially with respect to the trade of raw materials and finished leather products across the counties. Although KLDC has a coordination mandate through the Legal Notice No. 114 of 9th September 2011, lack of a coordination framework hinder realization of this mandate.

There are gaps in the legal framework for development of the leather sector. While the Hides, Skins and Leather Trade Act (Cap) 359, provide for the consolidation of the laws relating to the trade in hides, skins, and leather, as well as the components of disease control it lacks a comprehensive coverage of value addition activities. Also, the KLDC established through the Legal Notice No. 114 of 9th September 2011 as the leather sector regulator has no residual powers of enforcement to holistically serve the intended roles in development of the sector. The weak incentives contribute to low investments to modernize the sector along the value chain. Moreover, while the national legal framework is yet to be fully aligned to the regional and global

developments there is a weak incentive framework along the value chain to promote investment and efficiency.

The sector faces disincentives to undertake investments due to challenges emanating from illicit trade and other unfair business practices. Illicit trade pose unfair competition to locally manufactured products depriving local manufacturers of market access. Illicit trade includes inflow of cheap and sometimes new and second-hand leather and non-leather products, undervaluation of leather imports, tax evasion and imitation of genuine leather products. Further, illegal exports of raw hides and skins constrain supply of input to local tanneries. Other legal and regulatory framework related challenges include occupational health and safety requirements. These challenges partly result from weak coordination in enforcement of the relevant laws.

2.4.10 Low participation of special interest groups in the leather sector development

The youth, women and Persons living with Disabilities (PWDs) are disproportionately underrepresented in the economic activities, including the leather sector. The Census of Industrial Production and Construction Report 2018 shows that the employment in the manufacture of leather and leather products is dominated by males at 76.5 per cent, compared to females at 23.5 per cent. Further, the 2019 Kenya Population and Housing Census reveals that youth and women represents 36% and 50.5% of the population, respectively. These segments of the population are however disproportionately affected by unemployment. The Census further reveals that among the economically active labour force seeking work, 63 per cent and 44 per cent are youth and women, respectively. Additionally, 2% of the population live with disabilities of various forms including visual, hearing, communication, cognition and mobility. Among PWDs, majority, 55% reported facing difficulties in engaging in economic activities; thus, including activities that relate to leather sector.

These challenges faced by special interest groups are also mirrored in the leather sector. Women and youth particularly within ASALs face cultural barriers in land ownership, livestock ownership and related activities, which lowers their participation in leather sector development. Other challenges they face include skills constraints and limited access to finance and technology. The involvement of PWDs is constrained by inadequate technologies and infrastructure to facilitate their participation in the leather sector value chain.

2.4.11 External Business Risks

Due to the inherent nature of the leather sector, it is prone to external risks, shocks and hazards that disrupt business continuity and growth. These risks, shocks and hazards include droughts and floods, animal pests and disease outbreaks, global supply chain disruptions (e.g. geopolitical trade wars, disease pandemics) and fire outbreaks. The impacts of these risks and hazards are disproportionately high for MSEs due low capability, exposure and ineffective risk mitigation strategies. Further, the capital-intensive nature of leather sector particularly at value addition level requires policy certainty and consistency to undertake the required investments to support production over a long-term horizon. Volatility in political goodwill can therefore adversely impact on long-term investment plans if not mitigated.

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2.5 Strengths, Weaknesses, Opportunities and Threats Analysis

The SWOT analysis of the leather sector was undertaken to guide the policy with regards to leveraging on the strengths, intervention areas to address the weaknesses, exploitation of opportunities and management of risks posed by external threats. Strengths and weaknesses are internal factors to the leather sector, while opportunities and threats are external to the leather sector. The state actors directly involved in development of the leather sector include the Ministries, Departments, Agencies and Counties (MDACs) whose mandates entail undertaking policy formulation and/or implementation on matters of livestock production, raw hides and skins production and trade, development of tanneries, manufacture and trade of leather and leather products. County governments undertake devolved functions such as animal husbandry, development of livestock sale yards and county abattoirs, animal disease control, fisheries, veterinary services (excluding regulation of the profession), solid waste management, control of pollution, trade development and regulation. The national government Ministries, Departments and Agencies (MDAs) are directly responsible for matters of livestock, industrialisation and trade. Besides the state actors, the private sector including sector associations constitute actors within the leather sector value chain. The SWOT analysis provided in Table 2.2. is undertaken using the value chain approach. However, there are cross cutting issues across the value chain that are clustered together.

Table 2.2: SWOT Analysis of the Leather Sector

STRENGTHS	WEAKNESSES
Input Level	
<ul style="list-style-type: none"> • Large and diversified livestock base with potential for supply of hides and skins. • Existence of slaughterhouses across the counties. • Network of traders of hides and skins across the counties. 	<ul style="list-style-type: none"> • Low quality hides and skins due to poor animal husbandry/breeding practices, poor flaying techniques, poor preservation and storage and low awareness on grading of hides and skins. • Weak infrastructure in counties including abattoirs, curing and storage facilities for hides and skins. • Weak human resource base for livestock production, disease control and branding that contribute to increased farm-based defects on hides and skins. • Weak and inadequate extension services for livestock farmers across counties. • Non-collections and delays in aggregation of hides and skins. • Smuggling of raw hides and skins for exports. • Low compliance with the standards for grading hides and skins.

	<ul style="list-style-type: none"> • Unfair competition and exploitation of hides and skins producers.
Value addition Level	
<ul style="list-style-type: none"> • Availability of support institutions (AHITI, TPCSI, KEBS, KIRDI, KITI, KIE, MSEA). • Stock of experiences in tanning and manufacture of leather and leather products with potential for diversification of product range. • Ancient tradition of making handicrafts from leather products. • Growing and dynamic private sector participation particularly small & medium manufacturing enterprises and clusters. • Good networking among footwear and leather goods manufacturers. • Existence of environmental code of practice. • Existing and new infrastructure (Kenanie Leather Park, ENSDA tanning and leather factory, Garissa Mini Tannery). • Existence of standards for the sector. • Existing quality control facilities (e.g. KEBS). • Well established manufacturers for developing superior local brands. • Development of leather industrial parks across the counties. • Existing substantial installed tanning capacity. 	<ul style="list-style-type: none"> • Low innovation and adoption of new technologies • Limited research and development. • High cost of imported inputs (Tanning chemicals, machinery, parts and accessories) • Limited product range (limited diversification into specialty leather products). • Inadequate technical and production skills. • Inadequate specialized training facilities. • Limited awareness on existing standards and low compliance. • Inadequate facilities for leather quality control. • High cost of waste management. • Low compliance with environmental requirements. • Inconsistent enforcement of the regulations on waste management. • Low capacity to reuse/recycle. • Low capacity to add value to by-products. • Decentralized location of tanneries making it difficult to provide for CETPs. • Skewed distribution of tanneries across the country.
Market Level	
<ul style="list-style-type: none"> • Adoption of digital platforms in market development. • Well-developed and dynamic retail chain for leather products. • Existing government institutions to support exports of leather and leather products (e.g. KEPROBA). • Vibrant private sector associations for market promotion. 	<ul style="list-style-type: none"> • Large number of informal enterprises, limiting opportunities for accessing markets. • Poor product packaging and branding. • Weak subcontracting linkages of MSEs with medium and large enterprises for market access. • Limited marketing channels and information accessibility in both local and international markets.

	<ul style="list-style-type: none"> • Limited linkages amongst finished goods producers, thus finding a market is challenging as high end finished goods are tailored to users' specifications. • Illicit trade and unfair trade practices that dampen uptake of locally manufactured products.
Crosscutting Across the Value Chain	
<ul style="list-style-type: none"> • Availability of existing infrastructure and programmes (EPZs, SEZs). • Existence of KLDC to champion development of the sector. • Existence of private sector associations across the value chain for linkages, lobbying policies and accessing markets. • Existing legal and institutional frameworks supporting development of the sector. • Availability of basic leather data. • Existence of MSEs leather clusters. • Existing research in various leather fields. • Availability of a large of pool of trainable human resources. • Availability of research institutions to support development of the sector (e.g. KIRDI, KLDC, AHITI, KAGRC, KALRO). • Devolved governance structure with counties providing opportunities for proximate services and mainstreaming development of leather through County Integrated Development Plans. 	<ul style="list-style-type: none"> • Poor infrastructure across country (e.g. Transport logistics, electricity, aggregation centres, tanneries, common user facilities). • Low conformity to leather sector standards. • Limited access to affordable and appropriate financing opportunities. • Weak linkages among actors along the value chain • Limited collaboration with upstream and downstream value chain players. • Existence of many informal players. • Uncoordinated data sources not regularly updated. • Inadequate manpower in leather training institutions. • Overconcentration on long term courses with little attention to shop-floor short term courses. • Inconsistency in policy formulation and implementation. • New dynamics in the leather industry not captured in existing laws. • Limited platforms to access relevant information along the leather value chain. • Multiplicity of licenses and licensing agencies that increase costs of doing business.
OPPORTUNITIES	THREATS
Input Level	
<ul style="list-style-type: none"> • Growing demand for meat, increasing the slaughter rates. • Growth of blue economy and wildlife resources. 	<ul style="list-style-type: none"> • Illegal exports of raw hides and skins • Animal diseases. • Alternative use of hides and skins as human food and animal feed production.

Value Addition Level	
<ul style="list-style-type: none"> • Growing number of leather technologists. • Government support through fiscal incentives (tax exemptions) for machinery and chemicals. • Contract manufacturing. • Available capacity for local manufacturing of chemicals, machinery, spare parts, and accessories. • Availability of cleaner production technologies to promote recovery, recycle and reuse of wastes. 	<ul style="list-style-type: none"> • Poor quality imports of accessories and chemicals. • Rapidly changing technology for quality products. • High cost of production (Tanning chemicals, utilities, finance, land).
Market Level	
<ul style="list-style-type: none"> • Deepening of e-commerce for product marketing. • Growing middle class in the country that would increase demand for manufactured products. Regional trading blocs and ratified treaties for access to untapped market opportunities (e.g. EAC, Common Market for Eastern and Southern Africa, African Continental Free Trade Area and African Growth and Opportunity Act (AGOA)). • Existing government support for local content (Buy Kenya Build Kenya Strategy; Public Procurement and Asset Disposal Act, 2015). • Growing local and international demand for leather products. 	<ul style="list-style-type: none"> • Negative public perceptions in local products. • Competition from low-cost producers such as China, India, and Ethiopia. • Competition from second-hand leather and synthetic products. • Inflow of counterfeits and cheap substandard products. • Rapidly changing consumer preferences to keep abreast with competition in a globalised market. • Restrictions arising from implementation of international treaties, protocols, and agreements e.g. AGOA & EAC- European Union Economic Partnership Agreement
Crosscutting Across the Value Chain	
<ul style="list-style-type: none"> • Government commitment to support the sector. • Political goodwill for development of the sector. • Political stability. • Available investment opportunities across the value chain. • Government support to develop enabling economy-wide infrastructure. 	<ul style="list-style-type: none"> • Unpopularity and negative perceptions towards leather training programmes. • Emerging risks attributed to disruption of supply chains and demand (e.g. shocks resulting from disease pandemics, geopolitical global trade wars and climate change hazards).

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| <ul style="list-style-type: none">• Government commitment to institutional reforms and review of legal frameworks.• Private sector engagement Framework with the Government (Presidential Round Table).• Existing national and sectoral policies for synergy in development of the sector.• Existing TVET institutions and robust universities for R&D, innovation, skills, and technology transfer.• Productive, trainable, and innovative youthful population.• Stable political and macroeconomic environment for investments.• Robust local professional associations and regional bodies for collaborations.• Existing structures to support formalization of MSEs.• Technology advancements for data collection, management, and information sharing. | |
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CHAPTER THREE: POLICY STATEMENTS

These policy interventions are envisaged to address the challenges that cut across the leather sector value chain with an aim of achieving an integrated developed sector for inclusive and sustainable development of the economy through employment creation and income generation. The policy interventions are anchored on the eleven (11) policy objectives stated in section 1.4.

3.1 Promote Sustainable Supply of Quality Hides and Skins

Sustainable supply of quality raw hides and skins is essential for the overall competitiveness of the leather sector. The following interventions will be employed to promote sustainable supply of quality hides and skins;

- a) Promote an integrated approach for sustainable livestock production.
- b) Promote establishment, modernization, and categorization of slaughtering facilities.
- c) Promote use of appropriate technology in production, preservation/curing and storage of hides and skins.
- d) Promote access to quality hides and skins from traditional sources, wildlife resources and emerging livestock.
- e) Promote aggregation centres across the counties for collection of hides and skins.

3.2 Promote Production of Competitive and Quality Finished Leather and Leather Products

The efficiency of local value addition in the leather sector is essential for wealth and employment creation. Competitiveness will require a conducive business environment that attracts private sector investment. The following interventions will be employed to promote competitive quality finished leather and leather products;

- a) Promote establishment and facilitate modernization of tanneries to expand tanning capacity for production of quality finished leather.
- b) Promote establishment and facilitate modernization of leather products manufacturing factories.
- c) Promote production linkages between MSEs and medium and large manufacturers.
- d) Promote quality specialty leather products leveraging on Kenya's competitive advantage.

3.3 Enhance Access to Domestic and Export Markets for Finished Leather and Leather Products

Access to local, regional, and international markets is critical for the growth of the leather sector and sustainability. The following interventions will be employed to enhance access to domestic and export markets of finished leather and leather products;

- a) Develop a holistic and coordinated marketing approach for the domestic and export markets.
- b) Develop appropriate marketing platforms to access local, regional, and international markets.
- c) Leverage on trade treaties, pacts, and agreements to enhance market access.
- d) Promote marketing of local leather and leather products through, packaging, branding and the acquisition of Intellectual Property Rights
- e) Promote growth of the local market through Government procurement of leather products.
- f) Promote market linkages between MSEs and major outlets.

3.4 Enhance Infrastructural Support at National and County Levels throughout the Leather Sector Value Chain

Physical and soft infrastructure is necessary across the leather sector value chain as an enabler. The following interventions will be used to enhance infrastructure support at the national and county levels;

- a) Mainstream leather sector infrastructural development in the policies and development plans at national and county governments.
- b) Revamp existing infrastructure across the country with the aim of leveraging on available resources.
- c) Promote infrastructural investment in the leather sector.

3.5 Develop and Improve Skills for the Leather Sector across the Value Chain

A competitive leather sector requires a mix of technical skills along the value chain. The following interventions will be employed to develop and/or improve skills for the sector;

- a) Review and develop curricular that meets the dynamic needs of the leather sector.
- b) Establish an institutional framework for technical assistance in the leather sector.
- c) Promote investments in skills development in the leather sector.
- d) Promote establishment and modernization of leather sector training institutions.

- e) Establish mechanisms that promote skills and technology transfer.

3.6 Enhance Compliance with Product and Environmental Standards Along the Leather Sector Value Chain

A sustainable leather sector is premised on compliance with relevant product and environmental standards. The following interventions will be employed to enhance compliance with products and environmental standards along the value chain.

- a) Create awareness on relevant standards requirements throughout the leather sector value chain.
- b) Ensure compliance with local and international standards along the leather sector value chain.
- c) Promote establishment of modern waste treatment and safe disposal systems.
- d) Promote recovery, recycling and reuse of leather sector wastes.

3.7 Promote Innovation, Technology Acquisition and Adoption Along the Leather Sector Value Chain

Continuous innovation and technology acquisition are critical given the dynamism in consumer preferences and the need to remain competitive. The following interventions will be employed to promote innovation, technology acquisition and adoption for productivity within the leather sector for competitiveness of the leather and leather products;

- a) Establish mechanisms for continuous assessments of technology gaps and technology needs of the leather sector.
- b) Promote research and development in the leather sector.
- c) Enhance uptake of intellectual property rights to promote and protect innovation.

3.8 Promote Linkages Along the Leather Sector Value Chain Among All State and Non-state Actors

A robust linkage across all actors along the leather sector value chain is essential for synergies, collaboration, and seamless development of the sector. The following interventions will be employed to enhance linkages in the leather sector.

- a) Develop a framework for coordination, implementation, and monitoring and evaluation of all leather sector policies, programmes, activities, and development plans.
- b) Strengthen leather sector support institutions.
- c) Promote the establishment and strengthening of relevant sector associations and societies.
- d) Promote linkages between local leather sector actors with regional and global actors.

3.9 Provide a conducive Legal and Regulatory Framework to Support the Leather Sector

The legal and regulatory environment has significant implications for costs of doing business in the leather sector. The legal and regulatory framework provides mechanisms through which private sector actors can be incentivized to invest along the leather sector value chain. The following interventions will be used to provide a conducive legal and regulatory framework for the leather sector.

- a) Develop an appropriate legal framework to support the leather sector by enacting a Kenya Leather Development Authority Act.
- b) Review leather sector regulatory framework to align them to the national, regional, and global developments.
- c) Provide fiscal and other forms of incentives for the growth and development of the leather sector.
- d) Establish an integrated and structured awareness creation approach on laws, regulations and incentives relevant to the leather sector.

3.10 Promote participation of special interest groups in the leather sector development

The special interest groups including youth, women and PWDs are underrepresented in economic activities, including the leather sector. The labour-intensive nature of the leather sector will provide employment and income opportunities for these segments of the population through inclusive interventions. The following interventions will be used to promote inclusivity of these special interest groups.

- a) Promote the participation of special interest groups in production of livestock and hides and skins.
- b) Promote the participation of special interest groups in value addition of leather and leather products.
- c) Promote the participation of special interest groups in market access and marketing of leather and leather products.

3.11 Mitigate External Business Risks in the Leather Sector

The leather sector faces external business risks due to its nature of value chain which poses a threat to its development. The following interventions are geared towards addressing external business risks in the leather sector.

- a) Develop effective risk mitigations, adaptations and coping mechanisms against hazards posing shocks to the leather sector.
- b) Promote policy certainty for development of the leather sector.

CHAPTER FOUR: POLICY COORDINATION & IMPLEMENTATION

4.1 Policy Coordination and Implementation Framework

The leather sector has several stakeholders at the national and county levels who are state and non-state actors. The coordination and harmonisation of all activities in the leather sector is a key mandate of KLDC as established in the Legal Notice 114, State Corporations Act, dated 9th September 2011. To streamline the leather sector into an integrated and efficient value chain to be globally competitive, KLDC will be transformed into an Authority with strong synergies at the national and county levels. This transformation is anchored within the Policy objective of providing a conducive legal and regulatory framework to support development of the leather sector.

The Council/Authority in meeting this mandate, will, together with the Ministry responsible for the leather sector development undertake the following coordination and implementation activities:

- 1.** Establish and implement a coordination framework that promotes an integrated approach in planning, implementation, monitoring and evaluation of policy and actors across the leather sector value chain.
- 2.** Enact a specific leather sector legislation that is aligned to this policy with the aim of enhancing coordination and implementation of other related leather sector policies and programmes.
- 3.** Ensure efficiency and effectiveness in the implementation and coordination of policies and programmes of the leather sector value chain. This will address sector specific policies that promote livestock development, industrial development, environmental protection and trade using an established coordination framework.
- 4.** Establish an effective institutional framework for identifying and mapping all actors that are involved within the leather sector value chain to be maintained in a leather sector database.
- 5.** Undertake regular research and consultative dissemination forums to inform policy decisions.
- 6.** Undertake a national leather sector baseline survey and subsequent surveys every five years aimed to inform policy decisions.
- 7.** Adopt effective M&E mechanism as presented in Chapter 5 of this policy to review, analyse, and assess implementation of the leather sector policies and programmes continuously and systematically.

4.2 Role of Stakeholders

Various different stakeholders, state and non-state have a role to play in informing implementation of this policy.

4.2.1 State Actors

The state actors that will play a central role include the Ministry responsible for leather sector development, KLDC, county governments and MDAs at the national and county levels.

The **Ministry responsible for the leather sector development** provides leadership in the formulation of relevant policies, their implementation, and Monitoring and Evaluation (M&E) to assess whether the intended policy goals are realised cost-effectively.

KLDC plan, promote and develop the leather sector by implementing various policies and programmes including capacity building and infrastructure development. It also serves as a central point for interaction of policy actors along the leather sector value chain. Further, KLDC facilitates access to domestic and export markets. To realise these roles, KLDC will maintain up to date database of all stakeholders, activities, programmes and relevant information on the leather sector. This will enhance streamlining of programmes and synergies in the sector. Further, KLDC will monitor and evaluate implementation of the leather sector policies and programmes.

The County Governments formulates and implement policies and programmes on devolved functions as provided for in the Fourth Schedule of the Constitution of Kenya (2010), some of which have direct relevance for development of the leather sector. Hides and skins production is a devolved function. This include animal husbandry; development of livestock sale yards and county abattoirs; animal disease control; and fisheries. Other county roles include trade development and regulation, including markets, trade licences and cooperative societies. In undertaking planning and development, the county governments will integrate leather activities in their County Integrated Development Plans to support implementation of this policy.

Other **MDAs** will also play important roles in the leather sector development through provision of intervention support across the value chain including financing, technology, infrastructure and market linkages. The leather value chain has various segments cutting across the mandates of different MDAs. This policy is cognisant that there are other sectoral policies implemented by these MDAs which support leather sector development.

4.2.2 Non-State Actors

The non-state actors include the private sector, development partners, NGOs and Community Based Organisations (CBOs), who play various roles. The private sector actors include individual enterprises and associations formed by a group of enterprises who come together under a common objective.

The **private sector** play an important role in provision of products and services that support development of the leather sector. This is through provision of financial services and the supply of technology and equipment. Financial institutions play a role in the design and provision of appropriate financial products to meet the sector financing needs. Financial institutions will partner with the government and development partners in designing and rolling out of affordable financial instruments for leather sector investors.

The **individual private sector enterprises** play a critical role in development of the sector by exploiting investment opportunities along the value chain that include livestock production, slaughterhouses, hides and skins aggregation centres, curing facilities, tanneries and manufacturing facilities. The private sector enterprises also invest in production/supply of chemicals, parts, accessories and components for use in the development of leather and leather products. They are also critical in promoting competitiveness and productivity of the leather sector through skills development, innovation and technology adoption.

The **Leather sector associations** nurture collaborations among members through their collective approach, provide industry linkages, and act as an intermediary between members and other actors including the national and county governments. Associations therefore play a critical role in the public policy process through identification of policy priorities and service delivery to members, as well as monitoring implementation of the policy. The associations also facilitate development of the sector by exploiting investment opportunities along the value chain and by leveraging on economies of scale with regards to sourcing of inputs and access to local and export markets in support of their members.

The **development partners** support the leather sector through provision of finance, technical expertise infrastructure, technology and skills transfer.

The NGOs and CBOs support development of the leather sector through organisation of the community members into groups, associations and cooperatives, capacity building, community engagement in the public policy process, monitoring policy implementation, advocacy and access to inputs and product markets.

CHAPTER FIVE: MONITORING AND EVALUATION

Monitoring and Evaluation (M&E) will strengthen the links between the policy interventions and their outcomes, enhance accountability and transparency and identify deviations from plans for informed corrective measures. The National Monitoring and Evaluation Policy 2012 informs the establishment of this M&E framework.

5.1 M&E Framework

The M&E framework will establish a mechanism to continuously collect, track, analyse and report on resources utilised, outcomes and impacts achieved informing implementation of this policy. Timely dissemination and sound feedback mechanisms for M&E report findings will aid in implementation of this policy. This will ensure the intended objectives, outcomes and impacts are relevant, efficient, effective, impactful, and sustainable.

The proposed Kenya Leather Development Authority, to be established under an act of parliament, will be mandated to monitor and evaluate implementation of the leather sector policies and programmes.

5.2 M&E Activities and Plan

The Council/Authority in meeting this mandate, will, together with the Ministry responsible for leather sector development undertake the following M&E activities:

- 1.** Build human and institutional capacity within the Authority, County Governments, and relevant MDAs to undertake M&E effectively and efficiently.
- 2.** Establish an integrated M&E framework along the leather value chain which outlines the objectives, inputs and outcomes of policies and programs.
- 3.** Establish the M&E Plan to outline the human, financial and operational resources necessary for the M&E function.
- 4.** Undertake monitoring through continuous data and information collection during implementation of this policy. To achieve this, the following activities will be undertaken:
 - i.** Strengthen and streamline institutional capacity among implementing agencies at national and county government levels to undertake M&E.
 - ii.** Strengthen integrated reporting of performance in implementation of policies and programmes across the leather sector value chain. The reporting will include interventions at various levels including livestock development, industrial development, environmental protection and trade undertaken at national and county government levels.
 - iii.** Establish a participatory monitoring mechanism involving relevant stakeholders.

- iv. Establish reporting mechanisms from all stakeholders from sub-county level building on County Integrated Monitoring and Evaluation System and National Integrated Monitoring and Evaluation System.
- v. Establish M&E reporting tools with SMART (Specific, Measurable, Achievable, Relevant and Time-bound) indicators, targets, outputs (results) and, outcomes.

5.3 M&E Reporting

As guided by the National Monitoring and Evaluation Policy 2012, data and information will inform M&E quarterly and annual reports which will be amalgamated at the Ministerial level and presented to the Principal Secretary responsible for Planning to inform policy decisions. Data and information will be presented in annual reports and other relevant reports which will be made accessible to all actors.

5.4 Evaluations and Assessments

The assessment of the policy will be undertaken annually to gauge the implementation progress. The impact evaluation of the policy will be undertaken every five years to analyse the extent to which the objectives have been achieved.

IMPLEMENTATION MATRIX

Policy Objective	Interventions	Activities	Indicators	Responsibilities	
Promote sustainable supply of quality hides and skins	Promote an integrated approach for sustainable livestock production	Identify & map livestock genetic resources across the country	<ul style="list-style-type: none"> Livestock genetic resources mapped 	SDL (DVS, DLP); KLDC; KAGRC; County governments	
		Undertake a national livestock census	<ul style="list-style-type: none"> Census undertaken 	SDL (DVS, DLP); KNBS; County governments; Development partners	
		Establish & implement a comprehensive framework for livestock production & extension services	<ul style="list-style-type: none"> Framework established No. of livestock production & extension officers Budgetary allocations to livestock production & extension services No. of livestock farmers benefiting 	SDL (DVS, DLP); County governments; Private sector; NGOs; CBOs	
		Organize regular national & county knowledge exchange forums	<ul style="list-style-type: none"> No. of forums 	SDL (DVS, DLP); County governments; KALRO; KAGRC; Private sector; NGOs; CBOs	
	Promote establishment, modernization, and categorization of slaughtering facilities		Map & establish an inventory of slaughtering facilities across the country	<ul style="list-style-type: none"> Slaughtering facilities mapped Inventory of slaughtering facilities established 	SDL (DVS, DLP); County governments; KLDC
			Revamp existing & establish new slaughtering facilities	<ul style="list-style-type: none"> No. of slaughtering facilities revamped/established 	SDL/DVS; County governments; KLDC; Private sector; Development partners
			Facilitate acquisition of modern technologies in slaughtering facilities	<ul style="list-style-type: none"> No. of slaughtering facilities with modern technologies 	SDL/DVS; County governments; KLDC; Private sector; Development partners
			Train slaughtering facilities' operators (owners & flayers)	<ul style="list-style-type: none"> No. of operators trained 	SDL/DVS; County governments; KLDC; Private sector; Development partners
			Review the code of practice for slaughtering to accommodate technological developments	<ul style="list-style-type: none"> Reviewed code of practice 	SDL/DVS; County governments; KLDC; Private sector
			Ensure compliance with code of practice for slaughtering.	<ul style="list-style-type: none"> No. of compliant slaughtering facilities 	SDL/DVS; County governments

Policy Objective	Interventions	Activities	Indicators	Responsibilities
	Promote use of appropriate technology in production, preservation/curing and storage of hides and skins	Facilitate awareness & use of appropriate preservation/curing technology	<ul style="list-style-type: none"> No. of awareness programmes No. of hides of skins traders/aggregators & tanneries using appropriate technology 	SDL/DVS; County governments; KLDC; NGOs; CBOs
		Establish modern preservation/curing & storage facilities for the hides & skins	<ul style="list-style-type: none"> No. of modern preservation/curing & storage facilities 	SDL/DVS; County governments; KLDC; Private sector; Development partners
		Develop guidelines for transportation of cured hides & skins	<ul style="list-style-type: none"> Guidelines established 	SDL/DVS; KLDC; County governments
	Promote access to quality hides and skins from traditional sources, wildlife resources and emerging livestock	Establish & promote use of a comprehensive hides & skins grading system	<ul style="list-style-type: none"> Comprehensive hides & skins grading system established No. of awareness programmes 	SDL/DVS; KLDC; KWS; County governments
		Establish & promote use of a hides & skins auction platform	<ul style="list-style-type: none"> Auction platform established No. of auction platform users 	SDL/DVS; KLDC; County governments
		Provide market information on hides & skins	<ul style="list-style-type: none"> No. of information platforms established 	SDL/DVS; KLDC; County governments
		Establish a framework to promote sustainable utilization of wildlife and wildlife resources	<ul style="list-style-type: none"> Framework established and implemented 	State Dept. for Wildlife; KWS; DVS; KLDC; County governments; Private sector
	Promote aggregation centres across the counties for collection of hides and skins	Establish strategic collection centres for hides & skins	<ul style="list-style-type: none"> No. of collection centres established 	SDL/DVS; KLDC; County governments; Private sector; NGOs; CBOs
		Sensitize hides & skins producers & traders on use of aggregation centres	<ul style="list-style-type: none"> No. of sensitization forums No. of users of aggregation centres 	SDL/DVS; KLDC; County governments; Private sector; NGOs; CBOs

Policy Objective	Interventions	Activities	Indicators	Responsibilities
Promote production of competitive and quality finished leather and leather products	Promote establishment and facilitate modernization of tanneries to expand tanning capacity for production of quality finished leather	Map, profile & establish an inventory of existing tanneries across the country	<ul style="list-style-type: none"> • Mapped & profiled tanneries. • Inventory of tanneries established 	SDL/DVS; KLDC; County governments; SDI
		Facilitate establishment of new & modernization of existing tanneries to process finished leather	<ul style="list-style-type: none"> • Number of established/modernised tanneries 	SDL/DVS; SDI; KLDC; KWS; KenInvest; County governments; Development partners
	Promote establishment and facilitate modernization of leather products manufacturing factories	Map, profile & establish inventory of existing leather manufacturing factories across the country	<ul style="list-style-type: none"> • Mapped & profiled leather manufacturing factories • Inventory of leather manufacturing factories established 	SDL/DVS; SDI; KLDC; County governments; Development partners
		Map, profile & establish inventory of existing common manufacturing facilities for use by MSEs across the country	<ul style="list-style-type: none"> • Mapped & profiled common manufacturing facilities. • Inventory of common manufacturing facilities established 	SDL/DVS; SDI; KLDC; County governments Development partners
		Establish new & modernize existing leather manufacturing factories	<ul style="list-style-type: none"> • Number of established/modernised leather manufacturing factories 	SDL/DVS; SDI; KLDC; KenInvest; County governments; Development partners; Private sector
		Establish & modernize common manufacturing facilities for MSEs	<ul style="list-style-type: none"> • Number of established/modernized common manufacturing facilities 	SDL/DVS; SDI; KLDC; KenInvest; KIRDI; NMC; MSEA; KIE; County governments; MSE associations; Private sector; Development partners
		Provide information sharing platforms on quality finished leather	<ul style="list-style-type: none"> • No. of information platforms established 	SDL/DVS; SDI; KLDC; County governments; Private sector
		Promote production linkages between MSEs and medium and large manufacturers	Create awareness on contract manufacturing opportunities	<ul style="list-style-type: none"> • No. of awareness forums
	Create a framework for MSEs contract manufacturing		<ul style="list-style-type: none"> • Framework created 	SDL/DVS; SDI; KLDC; KenInvest; Private sector

Policy Objective	Interventions	Activities	Indicators	Responsibilities
			<ul style="list-style-type: none"> No. of contracts manufacturing 	
	Promote quality specialty leather products leveraging on Kenya's competitive advantage	Identify & promote manufacture of high value leather products for niche markets	<ul style="list-style-type: none"> List of specialty products & their manufacturers 	SDL/DVS; SDI; KLDC; KenInvest KEPROBA; KWS; Private sector
Enhance access to domestic and export markets of finished leather and leather products	Develop a holistic and coordinated marketing approach for the domestic and export markets	Develop & implement a marketing strategy to exploit opportunities in the local, regional & international markets	<ul style="list-style-type: none"> Marketing strategy developed New markets accessed 	SDT; KEPROBA; KLDC; County governments; Private sector
	Develop appropriate marketing platforms to access local, regional, and international markets	Undertake regular market intelligence surveys to understand local, regional & international market preferences	<ul style="list-style-type: none"> Number of market intelligence surveys undertaken 	SDT; KEPROBA; KLDC; Private sector
		Publish & regularly update a catalogue of Kenyan leather & leather products	<ul style="list-style-type: none"> Leather products catalogue published & regularly updated 	SDT; KEPROBA; Kenya Yearbook Editorial Board; KLDC; Private sector
		Organise local leather & leather products trade fairs/exhibitions	<ul style="list-style-type: none"> No. of trade fairs/exhibitions organized 	SDT; KEPROBA; KLDC; MSEA Private sector
		Facilitate participation of local leather & leather products manufactures in regional & international trade fairs & exhibitions	<ul style="list-style-type: none"> No. of trade fairs & exhibitions facilitated No. of participants in trade fairs & exhibitions 	MFA; Ministry of EAC & Regional Development; SDT KLDC; KEPROBA; MSEA; Private sector
		Establish platforms for promoting market networks & partnerships with global brands	<ul style="list-style-type: none"> No. of marketing platforms established No. of global partnerships established 	MFA; Ministry of EAC & Regional Development; SDT; KLDC; KEPROBA EPZA; Private sector
		Leverage on trade treaties, pacts, and agreements to enhance market access	Create awareness & linkages on trade treaties, pacts & agreements	<ul style="list-style-type: none"> No. of awareness forums conducted No. of linkages established
		Promote integration of leather & leather products in trade pacts, treaties & agreements.	<ul style="list-style-type: none"> No. of leather products integrated in trade pacts, treaties & agreements. 	SDL; Ministry of Foreign Affairs; Office of Attorney General; SDT; KLDC; KEPROBA; MSEA; MSE associations.

Policy Objective	Interventions	Activities	Indicators	Responsibilities
	Promote marketing of local leather and leather products through, packaging, branding and the acquisition of Intellectual Property Rights.	Organise regular forums for awareness creation on branding, packaging & acquisition of IPR for leather products	• No. of forums organized	SDT; KEPROBA; KEBS; KIPI; KLDC; KeNIA; MSEA; Private sector
		Promote product packaging & branding for niche markets	• No. of branded products	SDT; KEPROBA; KEBS; KIPI; KLDC; KeNIA; MSEA; Private sector
		Facilitate acquisition of IPRs	• No. of IPRs acquired	SDT; KEPROBA; KEBS; KIPI; KLDC; KeNIA; MSEA; Private sector
		Promote certification of leather & leather products	• No. of leather products certified	SDT; KEPROBA; KEBS; KIPI; KLDC; KeNIA; MSEA; Private sector
	Promote growth of the local market through Government procurement of leather products	Create a reservation of leather products in government procurement	• Proportion of leather products in government procurement	National Treasury; SDL; PPRA; KEBROBA; KLDC; SDI; MDAs; County governments
	Promote market linkages between MSEs and major outlets	Establish a framework for promoting local market linkages	• Framework established	SDL; SDT; KLDC; KEPROBA; MSEA; Private sector
		Build capacity to leather MSEs on access & use of digital portals	• No. of leather MSEs linked to digital portals	SDL; SDT; KLDC; KEPROBA; MSEA; Private sector
Enhance infrastructural support at national and county levels throughout the leather sector value chain	Mainstream leather sector infrastructural development in the policies and development plans at national and county governments	Identify infrastructural needs & gaps for the leather sector	• Infrastructural needs & gaps report	SDL; SDI; KLDC; KenInvest; County governments; MSEA; Private sector
		Map & plan the infrastructural needs of the leather sector	• Infrastructural mapping & planning	SDL; SDI; KLDC; County governments; MSEA; Private sector
		Identify roles for national & county governments	• Roles identified	SDL; SDI; KLDC; KenInvest; County governments; MSEA; Private sector
		Establish partnerships between the national & county governments; & among county governments for infrastructure development	• No. of partnerships established	SDL; SDI; KLDC; KenInvest; County governments; MSEA; Private sector
	Revamp existing infrastructure across the country with the aim of leveraging on available resources.	Identify & profile existing infrastructure	• Infrastructure profile report	SDL; SDI; KLDC; KenInvest; County governments; MSEA; Private sector; Development partners
		Revamp & modernize existing infrastructure	• No. of revamped & modernized infrastructure	National Treasury; SDL; SDI; KLDC; KenInvest; County governments; KIRDI;

Policy Objective	Interventions	Activities	Indicators	Responsibilities
				EPZA; SEZA; MSEA; Private sector; Development partners
	Promote infrastructural investment in the leather sector.	Facilitate partnerships between the national & county governments in infrastructure development along the leather sector value chain	<ul style="list-style-type: none"> No. of partnerships facilitated 	National Treasury; SDI; KLDC; KenInvest; County governments
		Provision of information on infrastructure gaps	<ul style="list-style-type: none"> Investment gap report 	SDL; SDI; KLDC; KenInvest; County governments; EPZA; SEZA; MSEA; Private sector
		Identify investment opportunities for private sector in infrastructure development	<ul style="list-style-type: none"> No. of investment opportunities identified 	SDL; SDI; KLDC; KenInvest; County governments; EPZA; SEZA; MSEA; Private sector; Development partners
		Facilitate PPPs	<ul style="list-style-type: none"> No. of PPPs established 	National Treasury; SDI; SDI; KLDC; KenInvest; County governments; EPZA; SEZA; MSEA; Private sector; Development partners
Develop and improve skills for the leather sector across the value chain	Review and develop curricular that meets the dynamic needs of the leather sector	Establish a multi-stakeholder committee to review & develop an integrated curricular	<ul style="list-style-type: none"> Multi-stakeholder committee established Curricular reviews undertaken Integrated curricular developed 	SDL; SDI; KLDC; KWS; CUE; KICD; TVETA; AHITI; KIRDI; Universities; TVETI; Private sector
		Undertake regular capacity needs assessment	<ul style="list-style-type: none"> Capacity needs assessment reports 	KLDC; KIRDI; Private Sector
		Develop appropriate training & certification programmes	<ul style="list-style-type: none"> Number of training & certification programs 	KLDC; TVETA; CUE; KICD; AHITI; Animal Technicians Council; KIRDI; Private Sector
	Establish an institutional framework for technical assistance in the leather sector	Develop a framework for technical assistance programmes, including livestock extension services	<ul style="list-style-type: none"> Framework established 	SDL; KLDC; AHITI; Animal Technicians Council; County Government; KIRDI; Development partners
		Assess capacity gaps in the leather sector	<ul style="list-style-type: none"> Capacity gaps assessments undertaken 	SDL (DVS, DLP); SDI; KLDC; County governments; Private sector
		Identify strategic actors for technical assistance	<ul style="list-style-type: none"> Strategic actors identified 	SDL (DVS, DLP); SDI; KLDC; County governments

Policy Objective	Interventions	Activities	Indicators	Responsibilities
		Strengthen capacity of leather sector actors across the value chain	<ul style="list-style-type: none"> No. of capacity building programmes undertaken No. of actors capacity built along the value chain 	SDL (DVS, DLP); SDI; KLDC; County governments
	Promote investments in skills development in the leather sector	Map priority areas for skills development	<ul style="list-style-type: none"> Priority areas in skills development mapped 	SDL (DVS, DLP); SDI; KLDC; County governments
		Share information with potential investors in priority areas for skills development	<ul style="list-style-type: none"> No. of forums/platforms for sharing information 	SDL (DVS, DLP); SDI; KLDC; County governments
		Establish centres of excellence for leather technology	<ul style="list-style-type: none"> Centres of excellence established 	SDL (DVS, DLP); SDI; KLDC; KIRDI; MSEA; County governments; Development partners
		Establish apprenticeship programmes	<ul style="list-style-type: none"> No. of apprenticeship programmes 	KLDC (DVS, DLP); Universities; TVETI MSEA; Private sector; State Dept. for Youth
	Promote establishment and modernization of leather sector training institutions	Facilitate the establishment/modernization of leather training institutions	<ul style="list-style-type: none"> No. of established/modernized leather training institutions 	SDL (DVS, DLP); SDI; KLDC; Development partners; Private sector
	Establish mechanisms that promote skills and technology transfer	Establish a framework for internship programmes	<ul style="list-style-type: none"> Framework established 	State Dept. for Youth; KLDC; Universities; TVETI; AHITI; Private sector
		Identify suitable actors for offering internships	<ul style="list-style-type: none"> Actors identified 	State Dept. for Youth; KLDC; Universities; TVETI; AHITI; Private sector
		Share information on internship opportunities with various actors	<ul style="list-style-type: none"> No. of information sharing platforms/programmes 	State Dept. for Youth; KLDC
		Facilitate incubation programmes	<ul style="list-style-type: none"> No. of incubation programmes 	KLDC; Universities; KIRDI; KIE; Private sector
		Establish a framework for technology transfer	<ul style="list-style-type: none"> Framework established 	Ministry of ICT; SDL; KLDC; Universities; KIRDI; Private sector
		Establish leather sector technology hubs	<ul style="list-style-type: none"> No. of technology hubs established 	Ministry of ICT; SDL; KLDC; Universities; KIRDI; Private sector
Enhance compliance with	Create awareness on relevant standards	Establish a repository of leather sector standards	<ul style="list-style-type: none"> Repository established 	SDL (DVS, DLP); KLDC

Policy Objective	Interventions	Activities	Indicators	Responsibilities	
product and environmental standards along the leather sector value chain	requirements throughout the leather sector value chain	Establish awareness programmes on relevant standards requirements	<ul style="list-style-type: none"> No. of awareness programmes established 	SDL/DVS; NEMA; KEBS; KLDC; Private Sector	
	Ensure compliance with local and international standards along the leather sector value chain	Develop a monitoring framework on compliance	<ul style="list-style-type: none"> Framework established 	SDL/DVS; KLDC; NEMA; KEBS	
	Promote establishment of modern waste treatment and safe disposal systems	Develop guidelines for safe waste disposal	<ul style="list-style-type: none"> Guidelines established 	SDL; SDI; KLDC; NEMA; County governments Private Sector	
		Promote establishment of individual & common modern waste treatment facilities	<ul style="list-style-type: none"> No. of modern waste treatment facilities established 	SDL; SDI; KLDC; NEMA; County governments Private Sector Development partners	
	Promote recovery, recycling and reuse of leather sector wastes.	Identify leather sector wastes for recovery, recycle & reuse	<ul style="list-style-type: none"> List of sector wastes identified for recovery, recycle & reuse 	SDL; SDI; KLDC; Private sector	
		Establish leather sector waste recovery, recycle & reuse programmes	<ul style="list-style-type: none"> No. of programmes 	SDL; SDI; KLDC; Private sector; Development partners	
		Create awareness on recovery, recycling & reuse of leather sector wastes	<ul style="list-style-type: none"> No. of awareness programmes 	SDL; SDI; KLDC; Private sector	
	Promote innovation, technology acquisition and adoption along the leather sector value chain	Establish mechanisms for continuous assessments of technology gaps and technology needs of the leather sector	Identify relevant technology need & gaps in the leather sector	<ul style="list-style-type: none"> Needs & gaps assessment reports 	SDL; KLDC; KWS; KIRDI; KeNIA; Universities; Private Sector
			Monitor technology trends & maintain a database of relevant technology	<ul style="list-style-type: none"> Technology monitoring system established Technology database established No. of technologies adopted 	SDL; KLDC; KIRDI; KeNIA; Universities; Private Sector
Establish technology information sharing platforms for leather sector uptake			<ul style="list-style-type: none"> No. of information sharing platforms 	KLDC; KIRDI; KeNIA; Universities; Private Sector	

Policy Objective	Interventions	Activities	Indicators	Responsibilities	
	Promote research and development in the leather sector	Establish a framework for the identification of priority R&D areas	<ul style="list-style-type: none"> Framework established 	SDL; KLDC; NRF; KIRDI; KeNIA; Universities; KIPPRA; Private Sector	
		Develop & implement R&D strategy	<ul style="list-style-type: none"> R&D strategy developed 	SDL; KLDC; NRF; KIRDI; KeNIA; Universities; KIPPRA; Private Sector; Development Partners	
		Establish linkages between the leather industry and the academia	<ul style="list-style-type: none"> No. of linkages established No. of innovative products 	Ministry of Education; KLDC; Universities; TVETI; NACOSTI; KeNIA; Private sector	
		Undertake continuous R&D along the leather sector value chain	<ul style="list-style-type: none"> Number of R&D programmes 	SDL; KLDC; NRF; KIRDI; KeNIA; Universities; AHITI; KIPPRA; Private Sector; Development Partners	
		Establish knowledge sharing & transfer platforms	<ul style="list-style-type: none"> No. of knowledge sharing platforms established 	KLDC; KIRDI; KeNIA; Universities; Private Sector	
		Establish new & modernize existing leather research institutions	<ul style="list-style-type: none"> No. of new & modernized leather research institutions 	SDL; KLDC; NRF; Private Sector; Development Partners	
	Enhance uptake of intellectual property rights to promote and protect innovation	Establish & implement programmes for creating awareness on IPRs	<ul style="list-style-type: none"> No. of IPR awareness programmes established & implemented 	KLDC; KIPI; KeNIA; Private sector	
		Facilitate uptake of IPR	<ul style="list-style-type: none"> No. of IPRs registered 	KLDC; KIPI; KeNIA; Private sector	
	Promote linkages along the leather sector value chain among all state and non-state actors	Develop a framework for coordination, implementation, and monitoring and evaluation of all leather sector policies, programmes, activities, and development plans	Undertake a comprehensive leather sector actors' mapping for identification & their roles	<ul style="list-style-type: none"> Actors & their roles mapped 	SDL; KLDC; KIPPRA; Private sector
			Establish a comprehensive database for the leather sector actors	<ul style="list-style-type: none"> Database established 	KLDC
Establish a mechanism for periodic update of the database			<ul style="list-style-type: none"> Database review mechanism established 	KLDC	
Establish a coordination framework for all actors			<ul style="list-style-type: none"> Coordination framework established 	KLDC	

Policy Objective	Interventions	Activities	Indicators	Responsibilities	
		Establish knowledge sharing platforms among all leather sector actors	<ul style="list-style-type: none"> No. of knowledge sharing platforms established 	KLDC	
	Strengthen leather sector support institutions	Identify leather sector institutions & areas requiring support	<ul style="list-style-type: none"> Institutions & their requirements identified 	SDL; SDI; SDT; KLDC	
		Develop & implement a framework for institutional support	<ul style="list-style-type: none"> Framework established No. of institutions strengthened 	National Treasury; KLDC; Private sector; Development partners	
	Promote the establishment and strengthening of relevant sector associations and societies	Identify & map all leather sector association/societies & their activities & capacity gaps	<ul style="list-style-type: none"> Associations/societies mapped Capacity gaps identified 	SDL; KLDC; MSEA; Private sector; Registrar of Societies	
		Establish/strengthen sector associations/societies	<ul style="list-style-type: none"> No. of associations/societies established/strengthened 	KLDC; MSEA; Private sector; Registrar of Societies	
		Develop information sharing platforms for associations/societies	<ul style="list-style-type: none"> No. of information sharing platforms developed 	SDL; SDI; KLDC; State Dept. for Cooperatives; Registrar of Societies; County governments; Private sector; Development partners	
	Promote linkages between local leather sector actors with regional and global actors	Identify strategic regional & global actors & their activities	<ul style="list-style-type: none"> Strategic regional & global actors & their activities identified 	SDL; SDI; SDT; KLDC; KenInvest	
		Establish a collaboration framework with strategic regional & global actors	<ul style="list-style-type: none"> Collaboration framework established 	SDL; SDI; SDT; KLDC; KenInvest	
	Provide a conducive legal and regulatory framework to support the leather sector	Develop an appropriate legal framework to support the leather sector by enacting a Kenya Leather Development Authority Act	Develop a Kenya Leather Development Authority (KLDA) Bill	<ul style="list-style-type: none"> KLDA Bill developed 	SDL; KLDC; Office of the AG; Kenya Law Reform Commission
			Enact the KLDA Bill	<ul style="list-style-type: none"> KLDA Act 	Office of the AG; Parliament
Review leather sector regulatory framework to align them to the national, regional, and global developments		Identify & review all national, regional & global laws & regulations on leather sector	<ul style="list-style-type: none"> National, regional & global laws & regulations on leather sector identified & reviewed 	SDL; SDI; SDT; KLDC	
		Align leather sector legal & regulatory framework to the	<ul style="list-style-type: none"> Leather sector legal & regulatory framework aligned 	National Treasury; Parliament; Office of the AG	

Policy Objective	Interventions	Activities	Indicators	Responsibilities
		national, regional, & global laws & regulations.		
		Establish a framework for regular review of national laws & regulations for alignment to global developments	<ul style="list-style-type: none"> • A framework for regular review established 	SDL; SDI; SDT; KLDC
	Provide fiscal and other forms of incentives for the growth and development of the leather sector	Identify & review all existing fiscal & other forms of incentives relevant to development of the leather sector (Including R&D, skills & technology, parts, accessories, components, chemicals & other inputs)	<ul style="list-style-type: none"> • Identification & review of incentives 	National Treasury; SDL; SDI; SDT; KLDC; County governments KenInvest; Private sector
		Identify incentive gaps in the leather sector	<ul style="list-style-type: none"> • Incentive gaps identified 	National Treasury; SDL; SDI; SDT; KLDC; County governments; KenInvest; Private sector
		Streamline required leather sector incentives into the fiscal & other forms of incentive framework	<ul style="list-style-type: none"> • Incentive framework streamlined 	National Treasury; Parliament; County governments
		Implement fiscal & other forms of incentives in the leather sector	<ul style="list-style-type: none"> • Fiscal & other forms of incentives implemented 	National Treasury; SDL; SDI; SDT; KRA; County governments
		Establish a framework for regular review of fiscal & other forms of incentives in the leather sector (Including R&D, skills & technology, parts, accessories, components, chemicals & other inputs)	<ul style="list-style-type: none"> • Framework for regular review established 	National Treasury; SDL; SDI; SDT; KLDC; County governments; KenInvest
	Establish an integrated and structured awareness creation approach on laws, regulations and	Establish & implement programmes for creating awareness on laws, regulations & incentives	<ul style="list-style-type: none"> • No. of awareness creation programmes on laws & regulations 	SDL; SDI; SDT; KLDC; Private sector

Policy Objective	Interventions	Activities	Indicators	Responsibilities
	incentives relevant to the leather sector	Facilitate compliance of laws, regulations & uptake of incentives	<ul style="list-style-type: none"> Level of compliance with laws & regulations No. of businesses benefiting from incentives 	SDL; SDI; SDT; KLDC; Private sector
Promote participation of special interest groups in the leather sector development	Promote the participation of special interest groups in production of livestock and hides and skins		•	
		Map special interest groups involved in production of hides and skins	• Mapping undertaken	Ministry of Public Service, Youth & Gender Affairs; Ministry of ICT; SDL; SDI; SDT; KLDC; NCPWD;
		Undertake regular assessments to identify the needs of special interest groups in production of livestock and hides and skins	• Assessments undertaken	Ministry of Public Service, Youth & Gender Affairs; Ministry of ICT; SDL; SDI; SDT; KLDC; NCPWD; MSEA; County governments; Development partners; Private sector
		Establish support programmes to facilitate and incentivize participation of special interest groups in production of quality hides & skins	<ul style="list-style-type: none"> No. of programmes established No. of special interest groups facilitated 	Ministry of Public Service, Youth & Gender Affairs; Ministry of ICT; SDL; SDI; SDT; KLDC; NCPWD; MSEA; County governments; Development partners Private sector
	Promote the participation of special interest groups in value addition of leather and leather products	Map special interest groups involved in leather production and their policy needs	• Mapping undertaken	Ministry of Public Service, Youth & Gender Affairs; Ministry of ICT; SDL; SDI; SDT; KLDC; NCPWD;
		Undertake regular assessments to identify the needs of special interest groups in the production of leather and leather products	• Assessments undertaken	Ministry of Public Service, Youth & Gender Affairs; Ministry of ICT; SDL; SDI; SDT; KLDC; NCPWD; MSEA; County governments; Development partners; Private sector
		Establish support programmes to facilitate and incentivize special interest groups in processing and manufacture of leather and leather products	<ul style="list-style-type: none"> No. of programmes established No. of special interest groups facilitated 	Ministry of Public Service, Youth & Gender Affairs; Ministry of ICT; SDL; SDI; SDT; KLDC; NCPWD; MSEA; County governments; Development partners; Private sector
	Promote the participation of special interest groups in market access and	Undertake mapping of the special interest groups involved in trade and marketing of leather and leather products	• Mapping undertaken	Ministry of Public Service, Youth & Gender Affairs; Ministry of ICT; SDL; SDI; SDT; KLDC; NCPWD;

Policy Objective	Interventions	Activities	Indicators	Responsibilities
	marketing of leather and leather products	Undertake regular assessments to identify the needs of special interest groups in the trade and marketing of leather and leather products	<ul style="list-style-type: none"> Assessments undertaken 	Ministry of Public Service, Youth & Gender Affairs; Ministry of ICT; SDL; SDI; SDT; KLDC; NCPWD; MSEA; County governments; Development partners; Private sector
		Establish support programmes to facilitate and incentivize special interest groups in market access and marketing of leather & leather products	<ul style="list-style-type: none"> No. of programmes established No. of special interest groups facilitated 	Ministry of Public Service, Youth & Gender Affairs; Ministry of ICT; SDL; SDI; SDT; KEPROBA; KLDC; NCPWD; MSEA; County governments; Development partners; Private sector
Mitigate external business risks in the leather sector	Develop effective risk mitigations, adaptations and coping mechanisms against hazards posing shocks to the leather sector	Identify external business hazards & risks in the leather sector	<ul style="list-style-type: none"> Hazards & risks identified 	SDL; SDI; SDT; KLDC; County governments; Disaster risk management institutions; Private sector
		Undertake external business risk analysis & evaluation	<ul style="list-style-type: none"> Risks analysis & evaluation report 	SDL; SDI; SDT; KLDC; County governments; Disaster risk management institutions; Private sector
		Develop a multi-sectoral external business risk mitigation plan	<ul style="list-style-type: none"> Risk mitigation plan developed 	SDL; SDI; SDT; KLDC; County governments; Disaster risk management institutions; Private sector
		Establish mechanisms to support leather sector enterprises cope with & recover from external business risks occurrences	<ul style="list-style-type: none"> No. of coping mechanisms developed 	National Treasury; SDI; SDT; KLDC; County governments; Disaster risk management institutions; Private sector
		Develop & roll-out capacity building programmes on external business risks management & disaster preparedness	<ul style="list-style-type: none"> No. of capacity building programmes developed No. of capacity building programmes conducted 	National Treasury; SDI; SDT; KLDC; County governments; Disaster risk management institutions; Private sector
		Develop a framework for reviewing external business risks in the leather sector	<ul style="list-style-type: none"> Review framework developed 	SDL; SDT; KLDC; County governments; Disaster risk management institutions; Private sector
		Promote policy certainty for development of the leather sector	Mainstream leather sector policies in national development agenda	<ul style="list-style-type: none"> Leather sector policies mainstreamed in national development agenda
	Conduct regular review & mainstream leather development	No. of reviews done	National Treasury; SDL; SDP; SDI; SDT; KLDC; County governments; VDS	

Policy Objective	Interventions	Activities	Indicators	Responsibilities
		policies in national development agenda		

Key: List of acronyms used in the Implementation Matrix: -

AG: Attorney General; **AHITI:** Animal Health and Industry Training Institute; **CBOs:** Community Based Organisations; **CUE:** Commission for University Education; **DLP:** Directorate of Livestock Production; **DVS:** Directorate of Veterinary Services; **EAC:** East African Community; **EPZA:** Export Processing Zones Authority; **ICT:** Information, Communication and Technology; **KAGRC:** Kenya Animal Genetic Resources Centre; **KALRO:** Kenya Agriculture and Livestock Research Organization; **KEBS:** Kenya Bureau of Standards; **KEBS:** Kenya National Bureau of Standards; **KeNIA:** Kenya National Innovation Agency; **KenInvest:** Kenya Investment Authority; **KEPROBA:** Kenya Export Promotion and Branding Agency; **KICD:** Kenya Institute of Curriculum Development; **KIE:** Kenya Industrial Estates; **KIPI:** Kenya Industrial Property Institute; **KIPPRA:** Kenya Institute for Public Policy Research and Analysis; **KIRDI:** Kenya Industrial Research and Development Institute; **KLDC:** Kenya Leather Development Council; **KNBS:** Kenya National Bureau of Statistics; **KRA:** Kenya Revenue Authority; **KWS:** Kenya Wildlife Service; **MFA:** Ministry of Foreign Affairs; **MSEA:** Micro and Small Enterprises Authority; **MSEs:** Micro and Small Enterprises; **NACOSTI:** National Commission for Science, Technology and Innovation; **NCPWD:** National Council for Persons with Disabilities; **NEMA:** National Environment Management Authority; **NGOs:** Non-Governmental Organisations; **NRF:** National Research Fund; **SDI:** State Department for Industrialisation; **SDL:** State Department for Livestock; **SDP:** State Department for Planning; **SDT:** State Department for Trade; **SEZA:** Special Economic Zones Authority; **TVETI:** Technical and Vocational Education and Training Institutions; **TVETA:** Technical and Vocational Education and Training Authority; **VDS:** Vision 2030 Delivery Secretariat.