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Leather Value chain Study in Katsina State, Nigeria: Cost and Return Analysis

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Abstract

The research analyzed leather value chain in Katsina State, Nigeria. Profitability, value addition, consumer preference analysis and constraints along the value chain were identified. Structured questionnaires were used to collect data from hides/skin marketers, modern tanneries, traditional tanneries, small scale footwear producers and leather products (shoe) consumers using simple random and purposive samplings. Data elicited were analyzed using net farm income, marketing margin and efficiency and descriptive statistics. The findings of the study revealed that, Gross margins for traditional tanners and footwear enterprises were; ₦13, 700. and ₦52, 050 per week, with net income of ₦35, 498.7 and ₦5, 219.5 respectively. Marketing of hides has the highest efficiency followed by sheepskin and goatskins.Total marketing margin for traders was 3.6% indicating viability of the business. Consumer preference revealed that slippers were most used footwear in the study area (62.5%) and 72.5% preferred to wear homemade shoes mostly (50%) black colour. Major constraints along the value chain were; inadequate capital, high material costs, scarcity of hides and skin in the right quantity and quality, stiff competition and lack of strong cooperative societies. It was therefore recommended that, stakeholders be involved in the chain to support in the area of funding/institutional credit and capacity building, state and local government to establish state owned tanneries and enforce policies designed to remove all distortions and value chain actors should form viable and strong cooperatives societies.

Keywords: Leather, value chain, Katsina State, Nigeria.

Introduction

The raw materials for leather and leather products industry are hides and skins mainly from livestock and Nigeria is endowed with the third largest livestock population in Africa[1]. 'Northern Nigeria has been renowned for centuries for its exquisite leather and artisan craft work of Hausa –Fulani people. The red Sokoto goats yield soft leather which has no superior anywhere and for which there has long existed a worldwide demand. Even in medieval times it was exported to North Africa and from then under the name of morocco leather, much of it went to Europe[2,3].

The main centers of hides and skins production in Nigeria are the northern states of Kano, Sokoto, Katsina, Jigawa, Borno, Kaduna, Adamawa, Yobe and Bauchi[4]. The net comparative advantage enjoyed by these states in livestock production confers on them the corresponding advantage of enormous hides and skin production. The ecology of the northern states of Nigeria is very conducive for large scale animal husbandry[5]. The livestock population of Katsina state is estimated to comprise the following; cattle 1.3m heads, sheep 2.5m, goats 4.0m, camels 5000[6].

The leather industry depend on by-product of slaughter houses (meat industry) and transforms the raw materials(hides and skins) into various types of leather and manufactured end products. The leather value chain has three processing stages, each requiring different combinations of material inputs, labour and capital. The first stage is the recovery of raw materials that has direct links with animal production activities, Leather tanning and finishing is the second stage that requires a lot of capital while the third stage, which is the production of leather products is more labour intensive activity[7]

Leather production has started in Nigeria by the peasant traditional tanning industries in the northern part. Today's tanning industries exist in dualistic pattern (two types). The modern tanneries that produce leather for both domestic and export use and traditional tanneries that mainly produce leather for home consumption. The traditional tanning activity has been predominantly in the hands of local tanners using traditional tanning methods. The modern tanning technology was introduced into Nigeria in 1949 when John Holt established a tannery in Kano[3].

Leather is processed in Nigeria into; wet blue, crust and finished leather. About 60% of Nigerian skins are processed into wet blue and crust which are exported to be processed further by foreign company. Similarly about 10-15% is tanned and finished for utilization in the domestic economy. About 80-95% of the finished leather meant for utilization in the domestic

sector goes into foot wear production while the rest is used in the production of leather goods such as hand bags, boxes, purses, belt, straps etc[5].

Nigerian export of leather from sheep and goats grew at a rate of 18% and 22% per annum, which was just the same as the world growth rate of 17% and 23% respectively. This is a clear indication of high export potential from the products which export is more to Italy and Spain and constitutes 5.8% and 10.1% of the world shares[8]

Despite being next to petroleum industry in terms of export revenue[9] the sector suffers neglect even though there were some government interventions, the most recent being the banning of wet blue exports exports in1999. Many indigenous modern tanneries closed due to stiff completion and government's policy irregularities only the foreign-owned tanneries had the financial resources and technological knowhow to invest in new equipment, machinery, and technology[10]

Despite the slaughter of nearly 7 million cattle annually, the majority of Nigerian hides are used to produce 'pomo' (the local term for edible hide). Therefore most leather produced in Nigeria is from sheep and goat skins. This scenario has seriously increased the competition on the use of the animal hides and skin between man and the tanneries. The situation has therefore called for better value addition to the available raw hides and skins so that they can further fetch higher income to the nation[10-12]

Leather and leather products processing being an old trade in the study area employed many actors, the performances in terms of costs and returns, marketing and products consumption need to be examined, against the foregoing background therefore, the study aimed at addressing the following research questions :

What are the functions and value addition of the actors involves in the chain?

Which of the actors receive higher margin along the chain?

What are the technical efficiencies along the value chain?

What are the major constraints facing the actors along the value chain?

Objectives of the study: The objectives of the study include: Determine the marketing margin and efficiency of hides and skin traders in the study area. Analyze costs and returns for traditional (artisanal) tanneries and small scale footwear. Industries: Describe the factors that influence consumer preference for major leather product (foot wear) in the study area; and Describe major constraints facing actors in the value chain.

Methodology

Study area The main area of study was Daura area in Katsina state comprising of five (5) local government areas (Daura, Maiadua, Zango, Sandamu and Baure). The area occupies north-eastern part of Katsina state and is bordered in the east and south by Jigawa state and in the north by Niger Republic. The area lies within latitude $12^0 30'$ and $13^0 30'$ North and longitude $8^0 19'$ and $9^0 2'$ East, falling within the Sudan-Sahel Savannah ecological zone, which is considered as the country's livestock territorial zone[13,14].

Daura area remains one of the catchment areas for the supply of raw materials (Hides and Skin) to the tanneries in Kano and is well known for the production of good quality sheep and goatskins.

Sample size and sampling procedure: Multistage sampling technique was adopted for the study. Four local governments areas were purposively selected based on intensity of hides and skins activities, the study used sixty (60) small bulking hides and skin traders (collectors), thirty (30) large bulking traders, 15 sub-dealers (wholesalers) and two major hides and skin dealers (Tannery licensed Agents), total sample size for traders added up to one hundred and seven (107). Five traditional tanneries and five (5) leather products producers (small scale foot wear industries) were also randomly selected from Daura area and Kofar Wambai Kano respectively. Additional fourty respondents were randomly selected for preference analysis to capture different consumption pattern of major leather product (footwear) in the study area. The research has studied a total of one hundred and fifty seven (157) respondents.

Analytical Tools: Based on the stated objectives the following tools were employed;

Net Farm Income: Net farm income is one of the farm budgeting models used to measure the profitability of enterprise. It was utilized to assess the profitability of tanning hides and skin by traditional tanneries and the foot wear enterprise. The net farm income is the income generated from enterprise which can be drawn without affecting the future rate of the business[15]. Net farm income for processing traditional tanneries and footwear industries were expressed as follows:

$$NFI = GI - TC \quad (TVC + TFC) \quad (1)$$

NFI = Net farm income in Naira/week (Hides and skins tanning)
GI = Gross income (value of leather produced (₦)).
TC = Total cost of processing hides and skins (₦).
TVC = Total variable cost (₦) expressed as follows

Shoes (footwear enterprise): NFI = GI – TC
Where: NFI = Net farm income in (N) per week. GI = Total revenue (Gross income) ₦/ week (value of footwear produced). TC = Total cost of production /week (TVC + TFC).

Marketing Margin: Marketing margin refers to the difference in price paid for a commodity at different stages of the marketing system. It represents difference in price of a given commodity at different stages of time, form, place and possession as it moves from the primary producer to ultimate consumer[16].

Marketing margin is the difference between purchase price and the price of received on resale, it shows the fraction of the consumer's expenditure on a commodity that is received by the producer or marketing agents[17].

$$\text{Marketing margin} = \frac{\text{Selling price-Supply price}}{\text{Selling price}} \text{ x100} \quad (2)$$

Marketing Efficiency: Marketing efficiency is the maximization of ratio of output to input and is the most frequently used measure of market performance[16]. Technical efficiencies of hides and skin traders were determined by measuring the productivity of performing marketing services expressed as follows:-

$$ME = \frac{VA}{Cms} \times \frac{100}{1} \quad (3)$$

Where: ME=Marketing efficiency (technical), VA=Value added by marketing, Cms = Cost of marketing services, Value added by marketing = price (in Naira) received by trader less price received by preceeding trader i.e. selling value Less purchase price. The costs of marketing services in naira (N) for the traders include: Labour cost.Transportation cost, Cost of preservation. Storage costs. Communication and Taxes.

Results and Discussion

Estimation of Marketing Margin for Traders: Table-1 revealed the computed marketing margin for each category of trader and for the whole marketing system. As earlier stated marketing margin measures the share that is captured by a particular agent. It is expected that in a perfectly competitive market, the margin should on the average and in the long run be equal to the cost of marketing including capital costs with a competitive return to labour management[16]. From the result, wholesalers had the largest marketing margin (20%) in marketing of hides. This implied that the wholesalers receives greater share from what the tanneries pays, however all other traders had acceptable or normal margin (positive value and below 50%).

The analysis further showed that, the values of marketing margin for sheepskin trading was next to hides marketing. Large bulking traders had the highest marketing margin in sheepskin marketing (19.5%), Higher margin by large bulking traders was due to higher price received on resale. Marketing of goatskin had lowest marketing margin in the study area this was due to low value added in the course of the marketing, largely because goatskin price from the tanneries was almost half of the price of sheepskin.

Small bulking traders (collectors) were found to have higher marketing margin in goatskin marketing (12.8%), this was because purchase price from butchers (abattoir and slabs) or home slaughter was low and sold at higher prices to either large bulking traders or directly to wholesalers. The table further revealed that Dealers had zero marketing margin in goatskin marketing, this implied that they depended mostly on the commission fee from the tannery. Total marketing margin for traders was computed by summing up all purchase and selling prices, and was found to be 3.6%. From the result therefore, it could be inferred that hides and skins marketing in the study area was perfectly competitive.

Table-1
Computed marketing margins for traders

Variables	Collectors (small bulking traders)			Lager bulking Traders			Wholesalers (sub-dealers)			Tannery agents (Dealers)		
	Hides	Goat skin	Sheep Skin	Hides	Goat skin	Sheep Skin	Hides	Goat skin	Sheep Skin	Hides	Goat skin	Sheep skin
Selling Price (₦/Pieces)	3.504	694	1054	4340	721	1231	5000	766	1395	5000	800	1500
Purchase Cost (₦/Pieces)	2900	605	874	3643	678	991	4000	703	1214	4500	800	1450
Marketing Margin (%)	17.2	12.8	17.1	16.1	5.9	19.5	20	8.3	12.9	10	0	3.3

Source: Field Survey 2011. Author's computation

Table-2
Estimation of marketing efficiency for hides and skin traders

Market participants	Marketing Cost (N)	Purchasing Price (N)	Selling Price (N)	Value Added by Marketing (N)	Marketing Efficiency %
Hide:					
Collectors (small bulking trader)	58.02	2,900	3,504	604	1,041
Large bulking traders	33.91	3,643	4,340	697	2,055
Wholesaler (sub-dealers)	15.11	4,000	5,000	1000	6,618
Dealers	7.57	4,500	5,000	500	6,605
Goatskin:					
Collectors (small bulking trader)	58.02	605	694	89	153.39
Large bulking traders	33.91	678	721	43	126.80
Wholesaler (sub-dealers)	15.11	703	766	63	416.94
Dealers (Tannery Agent)	7.57	800	800	0	0
Sheepskin:					
Collectors (small bulking trader)	58.02	874	1,054	180	310.23
Large bulking traders	33.91	991	1,231	240	707.75
Wholesaler (sub-dealers)	15.11	1214	1,395	181	1,197.9
Dealers (Tannery Agent)	7.57	1450	1,500	50	660.50

Source: field survey 2011

Total Marketing Margin for the Traders =	$\frac{\text{Total Selling Price – Purchase Price x 100}}{\text{Total Selling Price}}$	
=	$\frac{51{,}527{,}027 - 49{,}697{,}243 \times 100}{51{,}527.02}$	= 3.6%

Marketing Efficiency For Traders: Marketing efficiency is the maximization of value added to the cost of marketing services. It measures how well the business is performing. Table- 2 depicted the marketing efficiencies of hide, sheepskin and goatskin trading respectively. From the result, marketing of hide appeared to be more efficient in the study area, followed by marketing of sheepskin and goatskin.

In marketing of hides, wholesalers and dealers (Tannery Licensed Agent) had the largest efficiencies of 6,618% and 6,605% respectively, this was connected to low cost of marketing services incurred in relation to large volume of hides handled. The overall results (hide) indicated a high ratio which implied good performance by the traders and could be linked with the industry's structure and conduct[18].

Similarly, sheepskin marketing was more efficient than goatskin. Wholesalers (sub-dealers) had the highest marketing efficiency in sheepskin and goatskin marketing (1,197.9% and 416.94%) despite higher value addition by small bulking traders (₦89/Goatskin). Dealers (Tannery Licensed Agents) had value of zero efficiency from the table-2, meaning that, purchase price of goatskin is equal to selling price, giving zero value added (monetary wise). This virtually implied that dealers depended on their commission fee (N50.00/skin) from the tannery.

Estimation of Costs and returns for Traditional Tanneries: Table-3 revealed the analysis of costs and returns for processing raw skins into local crust or finished leather. The total fixed costs constituted 38.84% of the total cost of running the business.The total variable costs per week under this study amounted to N14,300 about 62.77% of the total cost. Purchase costs of sheepskin have the largest percentage of variable cost (59.44%) followed by goatskin (27.97%). This corroborates

with the findings of GEMS1, 2012 who reported that, skins are the main costs drivers in the value chain accounting 64% in tanning.The analysis shows that total cost per week amounted to N 22,780.5, the table further showed that gross revenue per week was N 28,000. The net profit per week was N4, 620 indicating the profitability of the traditional tanning in the study area. Similarly gross margin of N13, 700 shows the viability of the business and proportion of variable cost component. Return on Naira invested was N0.23, meaning that for every Naira invested there was a return of 23 kobo.

Table-3
Costs and returns for traditional tanneries per week

Items	**Amount (₦)**	**Percentage (%)**	**% of Total Cost**
Fixed Cost Components:			
Pot "Kwatarniya"	1550	18.28	
Big gourd	2950	34.78	
Mortar	1950	22.99	
Pistil	140	1.65	
Knife "Kartaji"	1000	11.79	
Bucket	500	5.99	
Wood Stick	150	1.77	
Depreciation	240.5	2.84	
Total fixed cost (TFC)	8480.5	**100**	**37.23**
Variable cost components/wk:			
Goatskin cost/week	4000	27.97	
Sheepskin cost/week	8500	59.44	
Acacia nilotica "Bagaruwa"	600	4.19	
Water	400	2.79	
Wood ash	100	0.69	
Used carbide	100	0.69	
Colouring agent	400	2.79	
Vegetable leaves "Fatakka"	200	1.39	
Total variable cost (TVC)	14300	**100**	**62.77**
Total cost (TC) (TFC + TVC)	22,780.5		
Revenue Components:			
Price of unit of leather	700		
Qty. of leather produced/wk	40		
Gross revenue/wk	28000		
Gross Margin/wk	13,700		
Net Profit/wk (TR-TC)	5,219.50		
Return on Naira (NR/TC)	0.23		
Market margin of goatskin leather (%)	85.7		
Market margin of sheepskin leather (%)	69.6		

Source: Field Survey 2011

Costs and returns for Small Scale Footwear Factories: Table-4 showed per week costs and returns for small scale shoe manufacturers in the study area. Analysis revealed that the business was profitable. The net profit per week (TR -TC) was found to be ₦34, 524.7 while gross margin was ₦52,050 per week. The value of fixed costs components constituted only 23.2% of the total cost of production, indicating small scale operation of the business. Cost of imitator "kangi" gulped 62.7% of the total fixed cost while depreciation amounted to 3.0%. Similarly variable costs components were 77.8% of the total costs. The cost of bovine leather (hide) per square feet constituted the largest percentage of variable costs (21.6%). Accordingly rubber sole and cost of labour were 13.5% and 12.1% respectively. The gross revenue per week of the enterprise was found to be ₦110, 000: and for every naira invested in the business there was a return of 48 kobo. From the findings therefore, it could be inferred that shoe manufacturing business was profitable in the study area.

Table-4
Costs and returns per week for small scale shoe factories

Items	**Amount/Wk (₦)**	**%**	**% of Total Cost**
Fixed cost components:			
Copier/imitator "kangi"	11,000	66.46	
Size imitator	1,500	9.06	
Piston "Beat"	1000	6.04	
Hammer	500	3.02	
Scissors	150	0.91	
Sole designer	50	0.3	
Knife	150	0.91	
Needle	50	0.3	
Island nail	800	4.83	
Brush	75	0.45	
Tax (State and L.G.)	175	1.06	
Rent on shop	576	3.48	
Depreciation	525.3	3.17	
Total Fixed Costs (TFC)	16,551.3		22.2
Variable Costs Components:			
Cost of skin leather sq.ft/week	3,500	6.0	
Cost of bovine leather sq. ft/week	12,500	21.6	
Rubber sole	7,800	13.5	
Protector	5000	8,6	
Gum	6000	10.4	
Heel	3000	5.2	
Round seal "lamiya"	3000	5.2	

Items	**Amount/Wk (₦)**	**%**	**% of Total Cost**
Rubber cushion "malha"	2,500	4.3	
Shoe mat	3600	6.2	
Board	2,500	4.3	
Paint	500	0.9	
Rubber carpet	600	1.00	
Super glue	60	0.1	
Polish	360	0.6	
Biro (Pen)	30	0.05	
Labour	7000	12.1	
Total variable cost (TVC)	57,950	100	77.8
Total costs (TC +TVC)	74,501.3		
Revenue components :			
Price per pair of shoes	1,100		
No of pairs per week	100 pairs		
Gross revenue per week	110,000		
Gross margin per week	52,050		
Net profit per week	35,498.7		
Return on Naira invested	0.48		

Source: *field Survey 2011*

Costs and Returns for Modern Tanneries: Table-5 showed costs and returns for modern tanneries which were adopted from the work of Ismail 2005 titled "Designing value chain/m4p programme in Nigeria" from the study the cost of skin constituted 63% in leather tanning and finishing stages, value added were 26.1% and 38.7% respectively. The value of skin transformed into finished leather increases to 113% this value increases from 22 million Naira for salted goatskin to 34.6 million Naira tanned leather to 46.8 million naira finished leather[19].

Key Actors Value Addition: Table -6 depicted the value added by actors along the leather value chain. The value added has been calculated in monetary term at each stage of the chain. Hides and skins were by product of meat industry (slaughter houses) and their value received by butchers estimated at 6-10% of the dressed animal. Wholesalers had the largest added value in marketing of hide with N1000. In goatskin marketing, small bulking traders had the largest added value of ₦89, tannery agents had zero value addition (monetary wise) implying the same purchase and selling prices of goatskin. They depended on commission fees offered by tannery.

Similarly, large bulking traders had the largest value addition in sheepskin marketing with ₦240, showing much lower marketing and purchase costs.The table further showed that traditional tanners had added value of ₦275 in processing goatskin and ₦500 in sheepskin, this indicated varied purchase costs but having the same selling value of the finished leather. The modern tanneries purchases goatskin at ₦800 and sheepskin at ₦1500, the value addition were ₦550 and ₦450 per finished leather respectively. Similarly small scale footwear producers had added value of ₦715, having ₦385 as cost of one square feet of leather and ₦1100 price received on selling a pair of shoe.

Table-5
Estimation of costs and returns for modern tanneries

Items	**Leather tanning**		**Leather finishing**	
	Amount (N)	**% of activity**	**Amount (N)**	**% of activity**
End of value activity	34,577,071		46,810,168	
Value added	9,039449	26.1	18,129,963	38.7
Cost structure:				
Skins	22,003,605	63	34,577,071	63.3
Chemicals	3,475,022	10.1	2,770802	5.1
Utilities	2,085,013	6.0	3,475,022	6.4
Labour	3,475,022	10.1	4,075,951	7.5
Logistics	1,394,401	4.0	5,087,355	9.3
Overhead and misc exp.	2,085,013	6.0	4,640,880	8.5
Return on investment.				
Activity processing time	60 days		29 days	
Elapse time from project	60 days		89days	
Start.				

Source: www.bdsknowledge.org/dyn

Table-6
Key actors value addition along the leather value chain

Participants		**Average purchase cost (N)**	**Average Selling cost (N)**	**Value added (N)**
Small bulking traders	Hide	2900	3504	604
	Goatskin	605	697	89
	sheepskin	874	1054	180
Large bulking traders	Hide	3643	4340	697
	Goatskin	678	721	43
	Sheepskin	843	1231	240
Wholesalers	Hide	4000	5000	1000
	Goatskin	703	766	63
	Sheepskin	1214	1395	181
Tannery agents	Hide	4500	5000	500
	Goatskin	800	800	0
	Sheepskin	1450	1500	50
Traditional tanneries	Goatskin	200	700 (leather)	500
	Sheepskin	425	700 (leather)	275
Modern tanneries	Goatskin	800	1350 (leather)	550
	Sheepskin	1500	1950 (leather)	450
Footwear producers	Finished Leather per sq. feet	385	1100 (pair of shoe)	715

Source: field survey 2011

Consumer preference analysis: Preference for most frequently used leather products. Table -7 revealed the most frequently used leather product by the respondents in the study area. All the respondents (39.6%) believed that shoes were the most frequently used leather product.followed by use of wallet/bags. The findings of the study implied that respondents used wide range of leather products and prioritized them based on their needs.

Preference for type of foot wear used regularly. Majority of the respondents (62.5%) used out leg slippers followed by the use of cover shoes (27.5%). It could be inferred that probably due to higher cost and the weather condition of the study area (harsh and hot) respondents opted for the use of out leg slippers.

Preference for foreign or homemade shoes Analysis on table-7 revealed preferences for choosing foreign or homemade shoes. Majority of the respondents in the study area (72.5%) used homemade shoes, while 27.5% of the respondents used foreign shoes.

Preference for Colour of Shoes Majority of the respondents (fifty percent) showed their preference for black shoes. 37.5% voted for using brown shoes, while combined colours and white shoes had 10% and 2.5% respectively.

Preference for shoes on the type of leather used Results from table-7 revealed preferences for shoes on the type of leather used in making the shoes. Majority of the respondents (42.5%) used shoes made from a combination of hide, skin and poromerics or synthetic leather, twenty five percent (25%) were using shoes made from skin while 7.5% of the respondents uses shoes made from hides only. Respondents believed that, shoes made from hide are more qualitative while those made from skin looks more passionable. Significant proportions of the respondents (25%) do not know whether the shoes are made from skin or hide, what really influence their decision were quality, design and price.

Conclusion

The study has shown that marketing of hides and skin, modern and traditional tanning and footwear production were profitable business and were constrained by inadequate capital, insufficient hides and skin in both quantity and quality, high inputs costs and fear of facing extinction by traditional tanners. Based on the findings of the study, the following recommendations were made:

Stakeholders to be involved in the value chain to support in the area of funding/institutional credit facilities to hides and skin traders, traditional tanneries and small scale footwear enterprises. State and local government to establish state own modern tanneries and provides modern abattoir facilities in strategic places so as to facilitate reduction of loss of good quality hides and skin and also enforce policies designed to remove all distortions in the chain. Formation of strong and viable cooperative societies by actors along the chain. Tanneries should offer attractive prices on hides higher than those offered by "Pomo" sellers if processing of hides by tanneries is to be restored. Periodic advisory services and capacity building for traditional tanners and small scale footwear/leather products manufacturers.

Table-7
Consumer preference analysis

Variable	Preference	Frequency	%
Most frequently used product	Footwear	40	39.6
	Wallet/bags	21	20.8
	Belts	13	12.9
	Upholsteries	10	9.9
	Straps	17	16.8
	Total	**101***	**100**
Type of shoes used regularly	Cover shoes	11	27.5
	Out leg shoes	25	62.5
	Half shoes	4	10
	Total	**40**	**100**
Foreign or homemade shoes	Foreign	11	27.5
	Homemade	29	72.5
	Total	**40**	**100**
Reasons for preference	Availability	10	34.5
	Cheaper (less cost)	13	44.8
	Patronage	5	17.2
	Design and quality	1	3.5
	Total	**29**	**100**
Colour of shoes	Black colour	20	50
	Brown colour	15	37.5
	White colour	1	2.5
	Combined colours	4	10
	Total	**40**	**100**
Type of leather used	Hides leather	3	7.5
	Skin leather	10	25
	Combine leather	17	42.5
	I don't know	10	25
	Total	**40**	**100**

Source: field survey 2011 * multiple responses (n=40)

Table-8
Captures major constraints associated with hides and skin traders, local/modern tanneries and small scale footwear industries

Value chain Actors	Constraints	frequency	%
Hides/Skin traders	Inadequate capital	80	25.3
	Putrefaction of hides and skin	47	15
	Lack of viable and strong cooperative societies	61	19.3
	No standard selection/grading procedures at tanneries	40	12.7
	Loans advances from tanneries/traders	32	10
	Poor husbandry management during rainy season	38	12
	Poor flaying skills of butchers	18	5.7
Traditional tanners	Total	**316***	**100**
	Inadequate capital	5	29.4
	High cost of skin and unavailability of hides	3	17.7
	Labour intensive	5	29.4
	Limited market outlet	4	23.5
Small scale	**Total**	**17***	**100**
Footwear industries	Inadequate capital	5	26
	Lack of modern facilities	4	21
	High cost of raw materials	3	16
	Stiff competition in the industry	4	21
	Lack of viable cooperative association	3	16
Modern tanneries	**Total**	**19***	**100**
	Interview with personnel officers of Mario Jose Enterprise Tannery and Multitan at Chalawa Industrial Estate revealed the following problems faced by modern tanneries:-	-	
	1. Scarcity of hides and skins in the right quantity and quality.		
	2. High cost procuring chemicals.	-	
	3. High bills of electricity, liquid fuel, gas and water.		
	4. Irregularities in implementation of Export Expansion Grant (EEG) policy.	-	
	5. Stiff competition and lack of standard in the tannery industry.	-	
	6. High cost of labour.	-	

Source: *Field survey 2011* * Multiple responses

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