

MIDTERM REVIEW



East African Community Leather Strategy 2020–2030

STRATEGIC OPTIONS FOR UNLOCKING
INDUSTRIAL POTENTIAL



© International Trade Centre

The International Trade Centre (ITC) is the joint agency
of the World Trade Organization and the United Nations.

Street address: International Trade Centre
54-56, rue de Montbrillant
1202 Geneva, Switzerland

Postal address: International Trade Centre
Palais des Nations
1211 Geneva 10, Switzerland

Telephone: +41 22 730 0111

E-mail: itcreg@intracen.org

Internet: www.intracen.org/publications

Midterm Review

East African Community Leather Strategy 2020–2030

Strategic Options for Unlocking
Industrial Potential

ABSTRACT

International Trade Centre (ITC)

Public-private collaboration for export success: Case studies from Barbados, Ghana, India, Thailand and Malaysia
Geneva: ITC, 2016. ix, 102 p.

Lorem ipsum dolor sit amet, consetetur sadipscing elitr, sed diam nonumy eirmod tempor invidunt ut labore et dolore magna aliquyam erat, sed diam voluptua. At vero eos et accusam et justo duo dolores et ea rebum. Stet clita kasd gubergren, no sea takimata sanctus est Lorem ipsum dolor sit amet.

Descriptors: **Partnership, Public Sector, Private Sector, Case Studies, Barbados, Ghana, India, Malaysia, Thailand.**

ITC, Palais des Nations, 1211 Geneva 10, Switzerland (www.intracen.org)

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the International Trade Centre concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Digital image on the cover: © Photo

© International Trade Centre 2026

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, electrostatic, magnetic tape, mechanical, photocopying or otherwise, without prior permission in writing from the International Trade Centre.

Foreword

The East African Community (EAC) Leather and Leather Products Strategy 2020–2030 (LLPS) was adopted by the EAC Council of Ministers as a transformative framework to reposition the region's leather sector from a predominantly raw material exporter into an integrated industrial ecosystem anchored in value addition, employment creation and long-term competitiveness. At its core, the Strategy reflects a shared regional ambition: to harness the EAC's considerable livestock endowment in service of industrialization, and to ensure that the wealth generated by hides, skins and leather stays within the region.

Now at the midpoint of its implementation, the EAC Secretariat presents this Midterm Review (MTR) as both a candid assessment and a call to action. Mandated by the 40th Extraordinary Session of the Sectoral Council on Trade, Industry, Finance and Investment in May 2025, the MTR was conducted by the International Trade Centre (ITC) under the European Union–EAC Market Access Upgrade II Programme, drawing on national consultations across all eight Partner States, extensive trade data analysis, and direct engagement with private sector actors, tanneries, footwear manufacturers and national focal points. Somalia and the Democratic Republic of Congo, though not covered under the original Strategy, participated in the review process, a testament to the growing recognition across the region that the leather value chain is a shared opportunity, not a national one alone.

The findings of this review are frank. Progress has been made, in particular in upstream livestock traceability, slaughterhouse classification, digital licensing, and the integration of leather skills into technical and vocational education and training (TVET) institutions. The EAC Leather and Leather Products Platform, established in 2025, has created a structured mechanism for coordination that did not previously exist, and regional environmental standards for tannery effluent have been gazetted by all Partner States. These are meaningful foundations.

Yet the review also confirms what many in the sector have long observed: the transition from Strategy design to industrial delivery has been slower and more uneven than anticipated. Tannery parks, dedicated financing instruments and downstream manufacturing zones remain largely at the planning or early construction stage. The region continues to export raw or semi-processed leather while importing substantial volumes of finished goods and footwear. The seven strategic objectives of the Strategy remain valid but their realization requires a decisive shift in pace.

The EAC Secretariat is committed to translating the recommendations of this review into concrete regional action. The Secretariat will work with Partner States to operationalize Leather Development Funds, fast-track the development of bankable industrial parks with shared compliance infrastructure, and establish a regionally coordinated approach to export levy reform, one that is calibrated to actual domestic processing capacity rather than applied in advance of it. We will champion public procurement policies that create predictable demand for locally manufactured footwear, and we will advocate for the skills development investments necessary to build a competitive workforce along the full length of the value chain.

The EAC Secretariat wishes to express its sincere appreciation to the European Union and ITC for their continued partnership under the Market Access Upgrade II Programme, and to the national focal points, private-sector associations, tanneries, footwear producers and government officials across all eight Partner States who contributed their time, expertise and candour to the national consultations underpinning this review. The quality and credibility of this MTR reflects their engagement.

The remaining years of the Strategy represent a critical window. Global demand for finished leather goods is resilient; domestic demand across the EAC is growing rapidly; and the region possesses the raw material base, the institutional architecture and the policy frameworks to compete. What is now required is to adopt the agreed leather interventions into national fiscal priorities and coordinated investment to close the gap between ambition and execution. The EAC Secretariat is confident that, with the sustained commitment of Partner States, development partners and the private sector, the EAC leather sector can yet fulfil the transformative potential envisioned in 2020.

XXX
EAC Secretariat



Acknowledgements

This MTR was produced under the European Union–EAC Market Access Upgrade II Programme, a partnership aimed at supporting regional trade competitiveness and leather sector industrialization. The review was conducted by ITC at the request of the EAC Secretariat, following the mandate of the 40th Extraordinary Session of the Sectoral Council on Trade, Industry, Finance and Investment of May 2025. The findings, analysis and recommendations presented in this report reflect the collective inputs of a wide range of stakeholders across all eight EAC Partner States, whose time and expertise were indispensable to the quality and credibility of this review.

The EAC Secretariat provided essential institutional guidance and coordination throughout the review process. Within the Secretariat, particular thanks are due to Flavia Busingye, Director of Customs and Acting Director of Trade; and Charles Omusana, Principal Economist (Investment and Private Sector Promotion), who oversaw and steered the MTR process.

Nicholas Mudungwe, Executive Director; and Dr. Abdel Rahim Ahmed, Leather Sector Expert at the Africa Leather and Leather Products Institute (ALLPI) made a substantial contribution to this review, providing data, sector intelligence and technical inputs that significantly enriched the analytical work underpinning this report. The review also benefited from the technical inputs of Eng. Jennifer Gache, Regional Expert at GFA Consulting Group.

National consultations

National stakeholder consultations were conducted in all eight Partner States between October and December 2025. The review team is grateful to the government officials, private-sector representatives, tannery operators, footwear manufacturers, industry associations and development partners who participated in these consultations and shared their perspectives on progress, constraints and priorities for the remainder of the Strategy period.

This review was prepared with the technical support of ITC and under the overall guidance of Charles Roberge, Senior Adviser, Trade Strategy and Competitiveness; Angela Becaty, Regional Coordinator; and Kevin Taurai Musa, Senior Programme Officer. Technical assistance was provided by Hudhaifa Gasasira, Olga Khomula, Aishwarya Nahata, Victoria Tuomisto, Augustin Baret and Giles Chappell, all from ITC.

The authors are solely responsible for the content of this report and for any errors or omissions. The contents of this document can in no way be taken to reflect the views of the European Union. The views expressed herein do not reflect the official opinion of ITC. Mention of firms, products and product brands does not imply the endorsement of ITC or the European Union. This document has not been formally edited by ITC or the European Union.

Contents

Foreword.....	iii	Key recommendations for value addition.....	30
Acknowledgements.....	v	Why footwear manufacturing matters for the EAC	35
Acronyms and abbreviations.....	ix	Missed industrialization opportunities and urgent need for transformation.....	35
Definitions of key terms and glossary.....	x	Export levies and competitiveness in the EAC leather sector	39
Background.....	1	Key recommendations.....	45
Progress of EAC Leather Strategy implementation.....	2	Sector financing and leather parks to stimulate industrialization	47
Burundi.....	4	Review of leather and industrial development funds	47
Country-level priority recommendations.....	5	Leather industrial parks, clusters and shared compliance infrastructure.....	48
Kenya	5	Financial instruments for the leather sector	51
Country-level priority recommendations.....	7	Other financial solutions.....	51
Rwanda	8	Key recommendations for improved financing and industrialization.....	52
Country-level priority recommendations.....	8	Intraregional trade facilitation and regional value chains	55
South Sudan.....	10	Review of existing EAC measures and processes for free movement of hides, skins and leather	55
Country-level priority recommendations.....	11	Comparative analysis of procedures and administrative burden in EAC countries.....	55
United Republic of Tanzania	11	Procedural complexity and corridor variation for exports of H&S	55
Country-level priority recommendations.....	12	Procedural requirements for leather products.....	56
Uganda.....	14	Description of selected export/import procedures and cross-border issues.....	57
Country-level priority recommendations.....	14	Key recommendations.....	59
Democratic Republic of Congo	16	Strategic priorities and recommendations.....	61
Country-level priority recommendations.....	17	Fast-tracking EAC LLPS activities.....	61
Somalia.....	17		
Country-level priority recommendations.....	17		
Regional implementation.....	18		
Challenges faced during implementation.....	19		
Regional-level priority recommendations.....	19		
EAC trade performance and implications for the Strategy	21		
Opportunity for value addition from raw hides to leather goods.....	27		
The challenge of regional value chain integration....	30		

1. Deploy dedicated financial instruments / fiscal measures for the leather and footwear sector	61
2. Harmonize grading standards for H&S across Partner States	62
3. Develop integrated abattoirs with H&S collection and distribution centres	62
4. Update the EAC TC064 standard for footwear and leather goods, and strengthen import surveillance for second-hand footwear	63
5. Streamline cross-border procedures for H&S and leather consignments across EAC border points	63
6. Operationalize dedicated leather industrial parks	63
7. Review export levies on intra-EAC trade and gradually harmonize extra-EAC export levies, with a capacity-based and differentiated approach to H&S, while closing exemptions	64
8. Use public procurement to stimulate EAC-origin leather and footwear manufacturing through time-bound, performance-based preference measures in national procurement policy	64
9. Build technical skills across the value chain	65
10. Promote domestic production of leather inputs (soles and accessories)	65
11. Strengthen public-private and private-private collaboration across the leather value chain	65
12. Prioritize the national-level actions of the EAC LLPS, ensuring that each Partner State focuses on the actions and interventions most relevant to its specific sector maturity and developmental priorities	66
References	69
Technical annex	71
Model	71
Data	72

TABLES

Table 1: EAC Leather Strategy strategic objectives (2020–2030)	2	Table 8: Cross-country snapshot of LDFs and industrial financing windows	48
Table 2: Value addition across the leather value chain	21	Table 9: Cross-country snapshot of park initiatives	48
Table 3: EAC leather and footwear sector status (2024 estimates), by country	28	Table 10: Export procedures for hides and skins across selected borders for first-time traders (December 2025).....	56
Table 4: Illustrative ex-factory footwear prices under Kenyan industrial conditions (\$/pair)	29	Table 11: Export procedures for leather/leather products across selected borders for first-time traders (December 2025)....	57
Table 5: Quantitative evidence on leather costs in EAC footwear production	29	Table 12: Updated key recommendations within the existing EAC Strategy strategic objectives	67
Table 6: Material efficiency and leather cost per pair of different types of shoes	29	Table A1: Specific export taxes, leather sector, EAC member states (\$ per kg)	72
Table 7: Distribution of footwear production and consumption by continent, 2024 (%)	36	Table A2: Specific import levies, leather sector, EAC member states (\$ per kg)	73

FIGURES

Figure 1: Country-level average implementation (left panel) Strategic objective average (right panel) and implementation by strategic objective and country (bottom panel)	3	Figure 14: Top raw hides exporters (left) and importers (right), 2024 ..	22
Figure 2: Burundi average implementation progress by strategic objective (%)	4	Figure 15: Exports of semi-processed H&S, Global and EAC, 2005–2024 (value)	23
Figure 3: Kenya's leather trade by processing stage, 2005–2024 (\$ millions)	6	Figure 16: Exports of finished leather goods (HS 42 and 64), Global and EAC, 2005–2024 (value)	24
Figure 4: Kenya average implementation progress by strategic objective (%)	7	Figure 17: EAC exports and imports of finished leather goods (HS 42 and 64), 2005–2024 (\$ millions)	25
Figure 5: Rwanda's leather trade by processing stage, 2005–2024 (\$ millions)	9	Figure 18: EAC leather footwear trade, 2013–2024 (\$ millions)	25
Figure 6: Rwanda average implementation progress by strategic objective	9	Figure 19: EAC leather and leather products value chain, 2018	31
Figure 7: South Sudan average implementation progress by strategic objective (%)	11	Figure 20: Current value chain of leather and leather products in the EAC, 2024	32
Figure 8: United Republic of Tanzania's leather trade by processing stage, 2005–2024 (\$ millions)	13	Figure 21: Proposed Future value chain, 2026–2030	33
Figure 9: United Republic of Tanzania average implementation progress by strategic objective	13	Figure 22: EAC footwear demand trajectory, 2017 baseline and projections to 2080 (millions of pairs)	36
Figure 10: Uganda's leather trade by processing stage, 2005–2024 (\$ millions)	15	Figure 23: Baseline trade values and proportions, by exporter and importer, leather and footwear, 2019, \$ millions (upper panel) and per cent (lower panel)	40
Figure 11: Uganda average implementation progress by strategic objective	15	Figure 24: Baseline trade policies, EAC countries, leather and footwear, latest available year (2019), ad valorem (%)	41
Figure 12: EAC regional average implementation progress by strategic objective	18	Figure 25: EAC export values by sector, index (year 2000 = 100), 2000–2019, by destination	42
Figure 13: Exports of raw hides and skins, Global and EAC, 2005–2024 (value)	22	Figure 26: Exports of raw (HS Chapter 41) and processed leather goods (HS Chapter 42), EAC countries and the rest of the world, 2002–2024 (\$ millions)	43
		Figure 27: Counterfactual changes in exports (left panel) and production (right panel) of leather following the removal of export levies, percentage change relative to 2019 baseline (%)	44

BOXES

Box 1: Global experiences with export taxes	40
Box 2: Provision of remedies regarding the exemption of 'glue stock' and the circumvention of levies	44

Acronyms and abbreviations

Unless otherwise specified, all references to dollars (\$) are to United States of America dollars, and all references to tons are to metric tons.

The following abbreviations are used.

ALLPI	Africa Leather and Leather Products Institute	LDF	Leather Development Fund
BACI		MTR	Midterm Review
database	<i>Base pour l'Analyse du Commerce International</i> database	OSBP	one-stop border post
CAGR	compound annual growth rate	PPP	public-private partnership
CETP	common effluent treatment plant	RWF	Rwandan franc
DRC	Democratic Republic of Congo	SCTIFI	Sectoral Council on Trade, Industry, Finance and Investment
EAC	East African Community	SEZ	Special Economic Zone
EAS	East African Standard	SIMT	Strategy Implementation Management Tool
H&S	hides and skins	SME	small and medium-sized enterprise
HS	Harmonized System	TVET	technical and vocational education and training
ITC	International Trade Centre	TZS	Tanzanian shilling
ITPD-S	International Trade and Production Database for Simulation	URT	United Republic of Tanzania
		WTO	World Trade Organization

Definitions of key terms and glossary

The following definitions are provided to assist readers in understanding the technical, policy and trade terms used throughout this Midterm Review of the EAC LLPS.

Term	Definition
Administrative burden cost	A framework used to quantify the costs imposed on traders by administrative and procedural requirements in trade and regulatory processes, including costs associated with documentation, inspections and institutional interactions.
African Continental Free Trade Area	A continent-wide free trade agreement aiming to create a single market for goods and services across Africa, reduce tariffs, and boost intra-African trade and industrialization.
Capacity utilization rate	The proportion of a factory's or tannery's installed productive capacity that is actually being used at a given time, expressed as a percentage. Low-capacity utilization (e.g. 20–40%) signals inefficiency, insufficient demand or supply chain constraints.
Common effluent treatment plant (CETP)	A shared wastewater treatment facility serving multiple tanneries or industrial operators within a leather park or cluster. CETPs are a prerequisite for environmentally compliant leather processing and are critical for attracting investment and accessing regulated export markets.
Compound annual growth rate (CAGR)	A measure of the mean annual growth rate of a value (such as trade volumes or export revenues) over a specified time period, assuming growth occurs at a steady rate. Used in this report to track long-term trends in leather and footwear trade.
Crust leather	An intermediate stage in leather processing between wet-blue and finished leather. Crust leather has been dried and re-wetted but has not yet received final surface finishing treatments such as dyeing, fat-liquoring or coating. It represents a higher value-add stage than wet-blue.
East African Community (EAC)	A regional intergovernmental organization comprising eight Partner States: Burundi, the Democratic Republic of Congo (DRC), Kenya, Rwanda, Somalia, South Sudan, the United Republic of Tanzania (URT) and Uganda. The EAC provides the institutional framework for the LLPS.
Export levy	A tax or duty applied to goods when they are exported from a country. In the EAC leather sector, export levies on raw hides and skins are used as a policy instrument to retain raw materials domestically and incentivize local value addition. Rates vary across Partner States and have historically ranged from 10% to over 90% ad valorem.
Finished leather	Leather that has completed all tanning, re-tanning and surface finishing stages, and is ready for use in the manufacture of footwear, leather goods or apparel. Finished leather commands significantly higher prices than raw hides or wet-blue leather, and its production is the primary objective of downstream value addition in the EAC Strategy.
Flaying	The process of removing the hide or skin from a slaughtered animal. Proper flaying techniques, including the use of appropriate tools such as curved knives, are critical to preventing physical damage (cuts, holes and grain defects) that reduce the quality and value of H&S for tanning.
Glue stock	H&S classified under Harmonized System (HS) code 0511.99 as unsuitable for tanning, intended for use in the production of glue, gelatine or other collagen-based products. In the EAC context, the glue stock exemption from export levies has been subject to misuse, with tannable hides deliberately fragmented or misclassified to avoid levy payments.
Hides and skins (H&S)	The raw animal skins obtained from slaughtered livestock. 'Hides' typically refers to the skins of large animals such as cattle, while 'skins' refers to those of smaller animals such as sheep and goats. H&S are the primary raw material input for tanneries and form the foundation of the leather value chain.

Term	Definition
Leather Development Fund (LDF)	A sector-specific financing mechanism intended to fund investment in leather processing, tannery modernization, small and medium-sized enterprise (SME) upgrading, skills development and shared compliance infrastructure. LDFs are referenced in the EAC LLPS but remain largely non-operational or undercapitalized across most Partner States.
Leather industrial park / cluster	A designated industrial zone designed to concentrate tanneries and leather goods manufacturers in a single location with shared infrastructure, including CETPs, utilities and logistics facilities. Parks enable economies of scale, compliance with environmental standards, and a more attractive investment environment. Examples include the Kenya Leather Industrial Park (Kenanie) and the Bugesera Green Tannery Park (Rwanda).
Material efficiency	The degree to which raw material inputs (particularly leather) are used without waste during manufacturing. Higher material efficiency means more usable product is obtained per unit of input. SMEs typically exhibit lower material efficiency than large factories due to manual cutting methods and limited nesting optimization, leading to higher production costs per pair of footwear.
Midterm review (MTR)	A formal assessment conducted at the midpoint of a strategy implementation period to evaluate progress, identify constraints, assess the continued relevance of objectives and recommend corrective actions.
One-stop border post (OSBP)	A border crossing facility where Customs, immigration and other regulatory agencies of two neighbouring countries operate in a single location, allowing traders to complete all necessary clearance formalities in one place without crossing the border twice. OSBPs are intended to reduce both transit times and administrative burdens on intraregional trade.
Public-private partnership (PPP)	A collaborative arrangement between government and private-sector entities to jointly develop, finance or operate infrastructure and services. In the EAC leather sector, PPPs are proposed for abattoir modernization, leather industrial park development and CETPs.
Raw H&S	Unprocessed animal skins at the first stage of the leather value chain, classified under HS Chapter 41. They are typically preserved with salt (wet-salted) or by air-drying. Exporting raw H&S represents the lowest value-add stage; the EAC Strategy aims to reduce such exports in favour of domestic tanning and processing.
Single Customs Territory	An EAC integration framework under which goods in transit through Member States are treated as if within a single Customs zone, reducing the need for repeated Customs declarations and inspections at internal borders. The Single Customs Territory is intended to reduce trade costs and clearance times for intraregional consignments.
Tanning	The industrial process of converting raw H&S into leather through chemical treatment (typically using chromium salts or vegetable tannins) to prevent decomposition, impart durability and render the material suitable for use in manufacturing. Tanneries are the core midstream processing facilities in the leather value chain.
Technical and vocational education and training (TVET)	Institutions and programmes that provide practical, skills-based education for specific trades and industries. In the leather sector context, TVET institutions are expected to train workers in hide grading, tanning, footwear design and manufacturing.
Value addition / value chain upgrading	The process of increasing the economic worth of a product by processing it further along the production chain. In the leather context, this refers to moving from raw hide exports towards semi-processed leather (wet-blue), then to finished leather, and ultimately to manufactured goods such as footwear. Each step retains more economic value within the producing country.
Wet-blue leather	Semi-processed leather that has been chrome-tanned but not yet dried or finished. It takes its name from the characteristic blue-grey colour imparted by chromium salts. Wet-blue is traded internationally as an intermediate input and represents a higher-value stage than raw hides but a lower value stage than crust or finished leather. The EAC continues to export most of its processed leather in this semi-finished form.



Background



The EAC Leather and Leather Products Strategy 2020–2030 (LLPS) builds on a decade of policy directives, studies and stakeholder engagement to transform the region's leather sector. Developed in response to EAC Heads of State directives in 2015–2016, the Strategy aims to promote local leather industries, reduce reliance on imported used footwear, and increase value addition along the value chain.

The EAC in 2019 adopted the EAC LLPS as a long-term framework to transform the regional leather sector. It aims to develop the sector from a predominantly raw material exporter into an integrated industrial ecosystem centred on value retention and industrialization. The LLPS seeks to create jobs, strengthen the livestock industry and address the growing domestic and regional demand for footwear, leather accessories and apparel.

Implementation of the Strategy began in 2021, guided by a regional coordination platform and an implementation roadmap. However, progress has been varied due to

structural challenges, including limited access to finance, institutional capacity gaps and policy bottlenecks. Key value chain development issues have been identified through national consultations and EAC regional statutory meetings such as Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) deliberations.

In response, the SCTIFI (EAC/ExSCTIFI 40/Directive 11)¹ mandated an MTR to assess progress, identify key constraints and recommend corrective actions for the remainder of the LLPS. In line with this SCTIFI Directive, the terms of reference prepared by the EAC Secretariat and validated by Partner States at the EAC Leather and Leather Products Platform meeting (30 September 2025) define the core analytical areas of this MTR. It also aims to evaluate achievements to date, challenges and lessons learned, drawing on national consultations across all eight EAC Partner States.² Findings from these consultations feed into a regional validation process to consolidate priorities and refine recommendations for sector development.³

1.1. Meeting of the 40th Extraordinary SCTIFI dedicated to industrialization, May 2025. REF: EAC /SCTIFI/040/2025.

1.2. Somalia and DRC were not originally covered under the EAC LLPS. They were involved in the national consultations of the MTR to enhance regional leather value chain integration.

1.3. The review is being conducted by ITC under the European Union-EAC Market Access Upgrade II Programme based on a request by the EAC Secretariat and agreed terms of reference. The review used a comprehensive methodology that included collecting data from relevant documents, surveys, interviews and consultations with regional and national stakeholders. National consultations were conducted in EAC Partner States to collect quantitative and qualitative data on target achievement levels and stakeholder perceptions.

Progress of EAC Leather Strategy implementation

By the midpoint of its implementation, the EAC LLPS has achieved initial gains in upstream quality improvement and institutional strengthening. Improvements have been identified in livestock traceability and genetics, upgraded slaughter infrastructure, digital licensing

systems and the integration of leather skills into universities and TVET institutions. These actions reflect a shared regional objective to retain raw materials, improve H&S quality, and shift away from unprocessed exports. Table 1 summarizes the strategic objectives of the EAC LLPS.

Table 1: EAC Leather Strategy strategic objectives (2020–2030)

Strategic objective	Focus	What it aims to achieve
1. Improve and modernize livestock husbandry practices for sustainable supply of renewable resources for downstream industries.	Upstream production	Improve animal husbandry, health and breeding practices to reduce defects and increase the quality and consistency of H&S
2. Improve / modernize processing infrastructure to guarantee the provision of a sufficient quantity of high-quality H&S, and preserve the critical raw materials for domestic value addition.	Primary processing	Upgrade abattoirs, slaughter slabs and collection systems to reduce flaying damage and post-slaughter losses
3. Facilitate increased investment in integrated tanneries and management of tannery wastes and by-products.	Tanning and environment	Expand and modernize tannery capacity, promote cleaner tanning technologies, and improve waste and by-product management
4. Develop footwear manufacturing capacities to increase production for domestic and export markets.	Downstream industrialization	Build large-scale and clustered footwear manufacturing facilities to serve domestic, regional and international export markets
5. Enhance the productivity of small-scale producers (SMEs) of footwear and other leather goods to raise their export capabilities, and contribution to employment and poverty reduction.	Inclusive industrial growth	Support SME clusters, shared facilities, access to finance, and formalization to raise productivity and employment
6. Develop skills, technology, and research and development capabilities to improve competitiveness and innovation in the sector.	Human capital and innovation	Upgrade training institutions; address skills gaps; and improve design, technology and innovation capacity along the value chain
7. Strengthen governance, policy, regulatory systems, and institutional coordination mechanisms and support services for a conducive business environment.	Enabling environment	Strengthen regulatory frameworks, quality standards, public procurement and regional coordination to support private investment

Source: EAC (2021).

Figure 1 shows the overall implementation of the EAC LLPS on the left panel, and the level of implementation by country on the right panel.

Figure 1: Country-level average implementation (left panel) Strategic objective average (right panel) and implementation by strategic objective and country (bottom panel)⁴



Source: ITC compilation based on the inputs from Partner State focal points.

Data collected and extracted from <https://simt.tradestrategy.org/>.

These upstream initiatives are important because raw material quality and traceability are fundamental pre-conditions for downstream value addition. Improvements in slaughter practices, preservation and grading help reduce defects in H&S, and increase the proportion of material suitable for tanning and manufacturing. Institutional measures such as training programmes and digital licensing systems also contribute to better coordination across the value chain and create a foundation for further industrial development.

Progress beyond the upstream stage, however, has been slower and uneven. Tannery and footwear manufacturing zones, as well as dedicated financial instruments to support industry development and private investment, remain largely at the design stage. Similarly, the Strategy's goals for quality and standards enforcement, certification capacity and environmental infrastructure have not yet been met. As a result, the region continues to export raw or semi-processed leather while importing large volumes of finished leather goods and footwear.

1.4. Disclaimer: Information on the progress of implementation of the EAC LLPS is based on self-reported inputs from EAC national consultations and has not been independently verified by ITC. National focal points are in the process of providing supporting evidence to substantiate reported progress. Somalia and DRC were not covered under the original EAC-led LLPS.

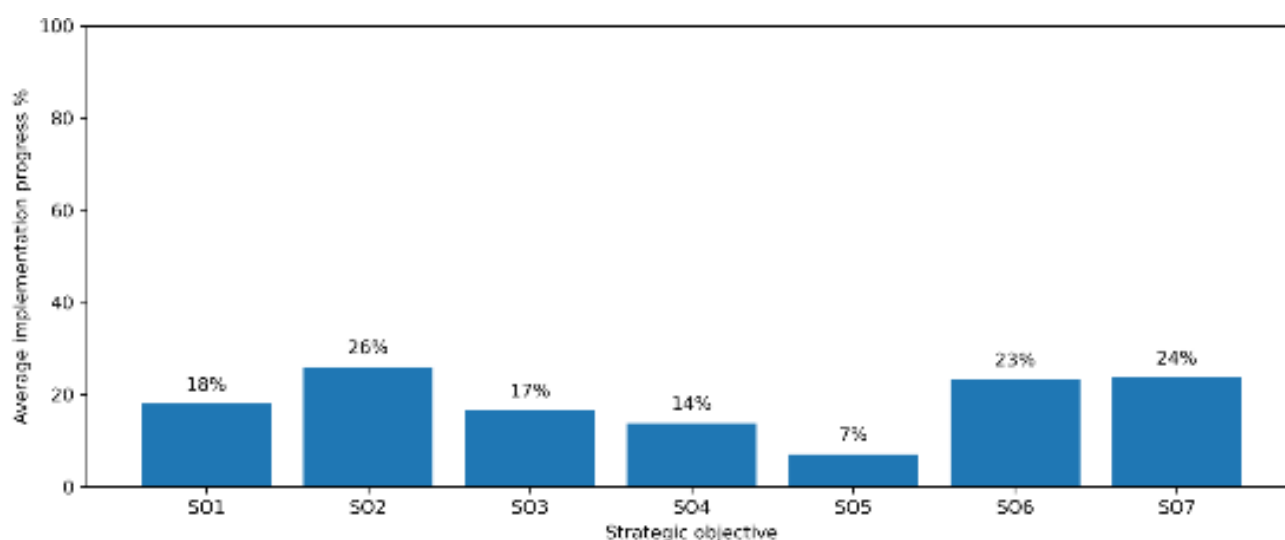
Closing this gap will require a shift from Strategy design to execution, with stronger focus on financing, industrial infrastructure, public procurement and enforcement at both national and regional levels.

The following section assesses the current state of the leather sector in each EAC country, drawing on available trade data, findings from the MTR of the EAC LLPS, and information reported by national focal points. It highlights areas of progress as well as gaps in implementation and industrial outcomes, and identifies the key policy implications emerging from the assessment.

Burundi

Burundi has abundant livestock resources, a large rural population engaged in livestock keeping, and proximity to EAC markets. In principle, these conditions provide a strong potential supply of H&S. In practice, however, the volume and quality reaching formal markets both remain modest. As a result, the leather value chain remains at an early stage of development, with low productivity and limited value addition. At the midpoint of implementation, progress under the EAC LLPS in Burundi can be observed across the different strategic objectives, as illustrated in Figure 2.

Figure 2: Burundi average implementation progress by strategic objective (%)



Sources: ITC calculations derived from Strategy Implementation Management Tool (SIMT) results and added following the midterm assessment. Data collected and extracted from <https://simt.tradestrategy.org/>.

Upstream supply and raw material quality remain the main constraint. Around 80% of animals are slaughtered at household level using traditional methods, which frequently leads to flaying damage and poor preservation. Although some slaughter slabs exist, many lack adequate equipment and supervision. Shortages of preservation inputs such as salt, together with slow collection from rural areas, further reduce raw material quality. Grading standards exist but enforcement is uneven and quality-based pricing is rarely applied, limiting incentives for producers to improve practices. Livestock improvement is also constrained by limited breeding facilities.

Processing capacity exists but is underutilized. Burundi has two industrial tanneries. The first is Afritan, which faces significant operational challenges. The second

tannery, Burundi Prosperity Tannery, opened on 1 March 2024. H&S quality depends on proper handling throughout the value chain, from livestock management at farm level to slaughter and flaying practices in abattoirs. Around 40% of H&S do not meet processing standards due to defects caused by pests, ticks, injuries and poor preservation, while delays in collection and delivery further reduce processing yields. Informal exports of raw H&S also remain a concern, diverting raw materials away from domestic processing and limiting opportunities for value addition within the country. As a result, many H&S are exported in raw or semi-processed form, mainly to URT and Kenya, where further value addition takes place.

Downstream manufacturing is small and largely informal. According to the Africa Leather and Leather

Products Institute (ALLPI), Burundi has three footwear enterprises, while production of both footwear and leather goods is largely carried out by small-scale producers serving the domestic market. These firms face limited access to finance, lack collateral for loans, rely on outdated equipment and operate under high costs, all of which constrain investment. Production volumes remain low and inconsistent, preventing firms from participating in institutional procurement markets such as school footwear and protective boots. Limited access to export markets further constrains growth. As a result, Burundi imports significantly more footwear and leather products than it exports.

Skills development and sector coordination remain limited. Burundi currently prioritizes A2-level technical training through TVET institutions, with plans to expand to degree programmes. However, the sector faces a shortage of qualified instructors. Establishing a dedicated leather training centre and clearer training pathways aligned with industry needs would help strengthen workforce development. Leather is not yet part of the TVET curriculum but training modules are being developed. At the start of the 2026/27 school year, leatherworking instruction will begin in one TVET centre.

Institutional coordination and regulatory systems are still evolving. Quality inspection at border entry points is not yet fully operational, though plans exist to expand inspection capacity. Strengthening standards enforcement and aligning the national leather strategy with the EAC LLPS would improve coordination between public and private stakeholders, and support the development of domestic leather manufacturing. Nationally, enforcing quality controls on imported footwear –especially low-quality products from China and Türkiye –and requiring certified products could reduce unfair competition. The goal of reducing footwear imports by 20% over five years through targeted training for youth and women shows the potential for more jobs and industrial growth from coordinated skills and market programmes.⁵

Country-level priority recommendations

Improve raw material quality and collection systems

- Train slaughterers in standardized flaying techniques, subsidize curved knives and introduce systems to track tool distribution in order to reduce damage during hide removal.
- Expand slaughter infrastructure, improve access to preservation inputs such as salt, and strengthen rural

collection networks to increase both the volume and quality of raw materials reaching formal markets.

- Strengthen enforcement of H&S Trade Acts and grading systems to improve quality control and incentivize better handling practices across the value chain.

Retain raw materials for domestic processing

- Strengthen traceability, monitoring and enforcement mechanisms to reduce informal exports of raw H&S.

Support investment and upgrading in leather processing and manufacturing

- Facilitate access to finance, technology upgrades and business support services to strengthen processing capacity and improve productivity among small-scale footwear and leather goods producers.
- Expand the product basket under public procurement (school shoes, safety boots).

Strengthen skills development and specialized training

- Expand leather sector-specific entrepreneurial and technical training programmes through TVET institutions and establish dedicated leather training facilities aligned with industry needs.

Strengthen standards enforcement and market regulation

- Develop and expand quality inspection capacity at border entry points and enforce standards for imported footwear and leather products.
- Stronger market surveillance and certification requirements would support fair competition and create better conditions for domestic producers.

Kenya

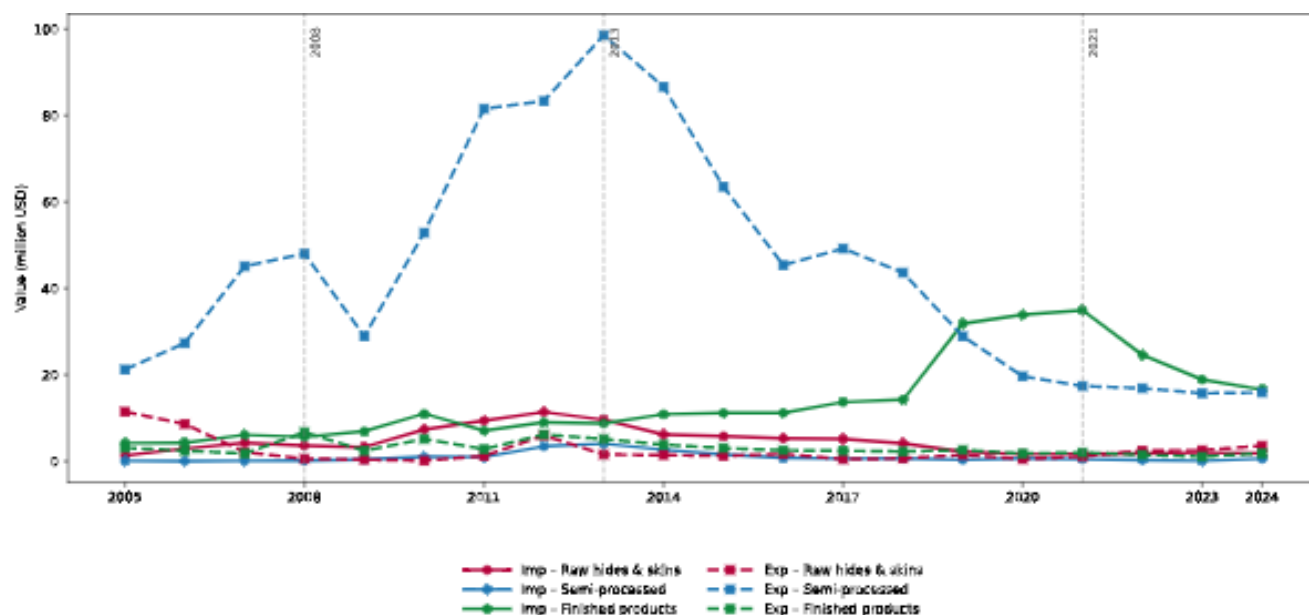
Kenya has a relatively advanced leather ecosystem in the EAC, with established institutions, export experience and a growing industrial base. This includes long-standing sector bodies such as the Kenya Leather Development Council, national standards and environmental regulators, and experience with export processing and Special Economic Zone (SEZ) frameworks. It is the largest exporter of leather-based final goods in the region, yet the sector has not fully translated this advantage into competitive scale or strong export growth (ITC, 2025). Imports of finished leather goods and footwear, estimated at about \$16.5 million, continue to far exceed

1.5. National Coordination meeting in Burundi.

exports of roughly \$1.8 million, signalling strong domestic demand that is still largely met by foreign suppliers. Over 2005–2024, exports of raw hides and semi-processed

leather declined sharply, while imports of finished products increased, indicating a persistent gap between raw material availability and downstream absorption.

Figure 3: Kenya's leather trade by processing stage, 2005–2024 (\$ millions)



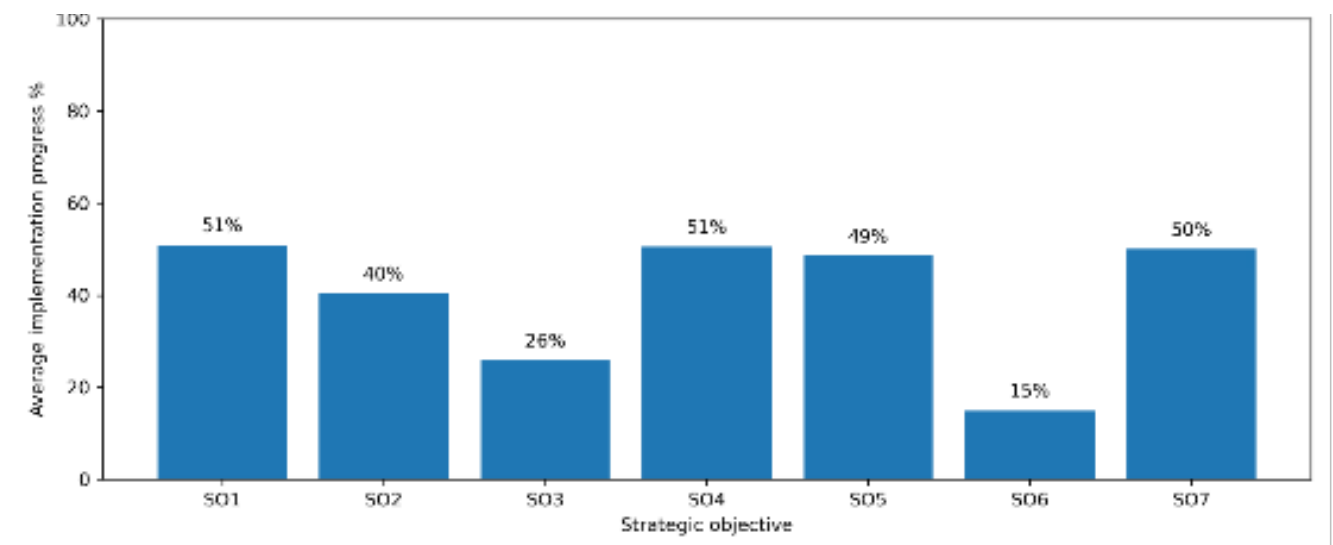
Sources: ITC calculations based on Kenya National Bureau of Statistics since January 2011. ITC calculations based on United Nations Comtrade statistics before January 2011.

The MTR of the EAC LLPS points to substantial progress in laying upstream and institutional foundations. Kenya has strengthened slaughterhouse classification, curing centre registration, flaying practices and livestock traceability, with the national digital traceability system scheduled for launch. These reforms align with EAC grading standards (East African Standard (EAS) 93) and are intended to create clearer quality incentives at first sale, though enforcement remains uneven. At the industrial level, Kenya has identified initiatives such as the Kenya Leather Industrial Park, designated as an SEZ, and a planned CETP, intended to support environmentally compliant tanning operations. In late 2025, approximately 79% of park infrastructure had been completed, and enabling institutions such as TVET centres, cleaner tanning awareness programmes and trade promotion platforms are in place. However, capitalization of new tanneries, large-scale downstream manufacturing and effective deployment of sector-specific financing instruments remain limited.

At the midpoint of implementation, progress under the EAC LLPS in Kenya can be observed across the different strategic objectives, as illustrated in Figure 4.

Progress towards higher-value production continues to be constrained by structural policy and market factors. Kenya introduced an export levy on raw H&S in 2003 (20%), increased it to 40% in 2007, and raised it to 80% (Global Trade Alert, 2013) in 2012 to retain raw materials for domestic processing; the levy was reduced to 50% in 2023. These measures were intended to support domestic tanning and manufacturing but were introduced before sufficient processing capacity was in place (World Footwear, 2019). Export volumes declined without a corresponding increase in wet-blue, crust or finished leather production. Enforcement gaps have also contributed to informal cross-border trade and smuggling, including seizures at the Port of Mombasa (Kenya Revenue Authority, 2021). At the same time, domestic manufacturers face strong competition from second-hand footwear and low-cost synthetic imports. As a result, Kenya's raw material base and emerging industrial infrastructure remain underutilized, with value leaking through exports of under-processed materials and rising imports of finished leather goods.

Figure 4: Kenya average implementation progress by strategic objective (%)



Sources: ITC calculations derived from SIMT results and added following the Midterm assessment. Data collected and extracted from <https://simt.tradestrategy.org/>.

Country-level priority recommendations

Fully operationalize the Kenya Leather Industrial Park

- Phase I is complete and the site is now open to investors. Occupation criteria have been developed and published on the Kenya Leather Development Council website.
- Finalize and publish the operating framework for the Park, including CETP commissioning timeline, tariff structure, tenant criteria and a one-stop regulatory desk integrating approvals from the National Environment Management Authority, Kenya Bureau of Standards, Kenya Revenue Authority and counties.
- Link tenant onboarding to clear service-level timelines for environmental approval and utilities connection to accelerate investment uptake.
- Upgrade common manufacturing facilities and incubation centres, and expand SME manufacturing clusters beyond major urban areas to strengthen production capacity and support regional value chains.

Strengthen enforcement of H&S quality standards and traceability systems

- Strengthen enforcement of H&S Trade Acts, grading systems and slaughterhouse classification aligned with EAC standards (EAS 93).
- Train slaughterers in standardized flaying techniques, subsidize curved knives, and introduce systems to

trace tool distribution in order to reduce damage during hide removal.

- Fully implement the national livestock traceability system to support monitoring and quality-based pricing incentives.

Create a dedicated leather financing window anchored in Kenya's industrial finance architecture

- Establish a ring-fenced leather financing facility under the Kenya Leather Development Council to finance SME upgrading, tannery modernization (wet-blue to crust and finished leather) and compliance investments.
- Financing should be milestone-based and linked to measurable outputs such as processing capacity, certification and connection to the Park infrastructure.

Facilitate investment in tanning and downstream leather manufacturing

- Mobilize sector-specific financing instruments and provide targeted fiscal incentives, including tax exemptions on chemicals, machinery and production inputs, with appropriate monitoring safeguards.
- Enforce public procurement to anchor domestic demand and expand the range of products to include school shoes, military boots and safety footwear with minimum local content requirements. Provide targeted support to SMEs so they can meet technical standards and scale up production.

Strengthen skills development and enterprise upgrading across the leather value chain

- Conduct comprehensive skills gap assessments across the leather value chain and provide leather-specific entrepreneurial and technical training.
- Strengthen TVET and incubation programmes to support SME upgrading and improve productivity in footwear and leather goods manufacturing.

Strengthen governance, regulatory coordination and market surveillance

- Fast-track legal reforms, including the Leather Development Authority Bill, to strengthen sector governance and institutional coordination.
- Gradually reduce export levies on raw H&S and remove import duties on key leather inputs in line with domestic processing capacity.
- Strengthen monitoring of cross-border trade and develop joint monitoring systems for imported footwear to ensure fair competition and improve enforcement against informal trade.

Rwanda

Rwanda's leather sector remains at an early stage of industrial development but has made notable progress in strengthening upstream systems and laying the foundations for future value addition. Under the EAC LLPS, Rwanda has invested in livestock productivity and hide quality through genetic improvement programmes, expanded artificial insemination services, strengthened veterinary systems and modernized slaughterhouses to improve flaying and preservation practices. Preparatory work for the Bugesera Tannery Park has also advanced, and initiatives to promote footwear and leather goods manufacturing zones, SME clustering and digital market platforms such as SOKOKUU have begun to emerge.

Domestic tanning capacity remains extremely limited, constraining Rwanda's ability to convert raw hides into finished leather products. More than 90% of H&S are exported without value addition (Ntirenganya, 2025). Imports of finished leather goods from outside the EAC have increased steadily, particularly after 2018, following tariff adjustments on footwear and leather products (Global Trade Alert, 2018). This reflects gaps in investment, finishing technology, working capital and environmental compliance infrastructure.

While export restrictions and levies were later relaxed (Global Trade Alert, 2011), their impact is clearly visible in the data. Exports of raw H&S declined sharply and have not recovered to earlier levels. Cattle hide prices fell from about RWF 1,500 per kg before 2015 to as low as RWF 100 per kg in 2024, while goat hide prices declined from roughly RWF 3,000 per piece to around RWF 500, despite improvements in hide quality.⁶ The expected shift towards domestic processing has been constrained by limited tanning capacity and persistent quality gaps. Exports of semi-processed or finished leather have increased only marginally and remain far below the level required to offset lost raw hide export revenues.

The strict export levy on raw hides was introduced before sufficient domestic processing capacity was in place. This contributed to a sharp decline in local hide prices, weakening incentives across the value chain without generating the expected expansion in domestic tanning. Investment has further been constrained by financing gaps estimated at around RWF 5 billion, limited access to long-term capital, shortages of specialized skills, and regulatory uncertainty around tannery effluent management. As a result, exports of leather and leather products remain negligible, and the sector continues to operate largely at a foundational stage despite improvements in upstream systems.

The planned Bugesera Tannery Park therefore represents a potential inflection point. If fully operational, it could anchor domestic tanning and finishing capacity, strengthen environmental compliance and provide a platform for Rwanda to move towards higher-value leather and leather product manufacturing.

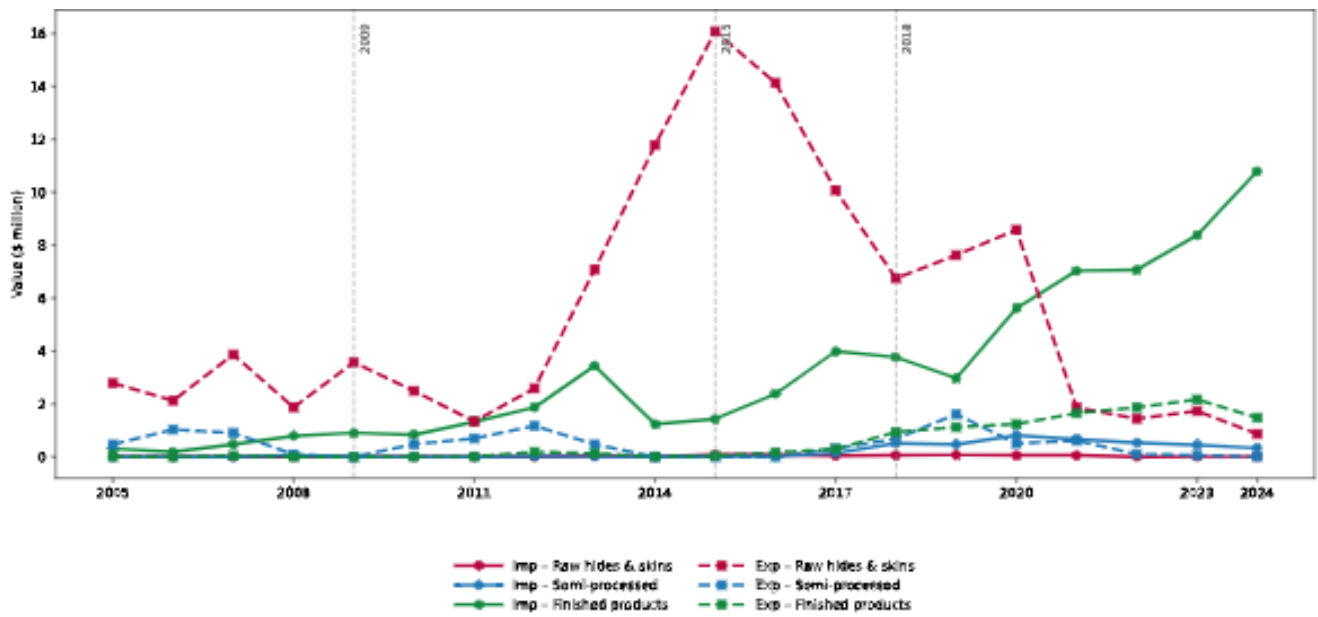
Country-level priority recommendations

Construct and operationalize the Bugesera Green Leather Tannery Park as a national industrial anchor

- Finalize and reach financial close for the Bugesera Green Leather Tannery Park by confirming the investor/operator model, and prioritize construction of the CETP.
- Publish a clear commissioning and tenant onboarding timeline to position the park as Rwanda's core leather processing hub and attract private investment in tanning and finishing facilities.

1.6. Rwanda National Consultation meeting on 23 October 2025 at the Ministry of Trade and Industry.

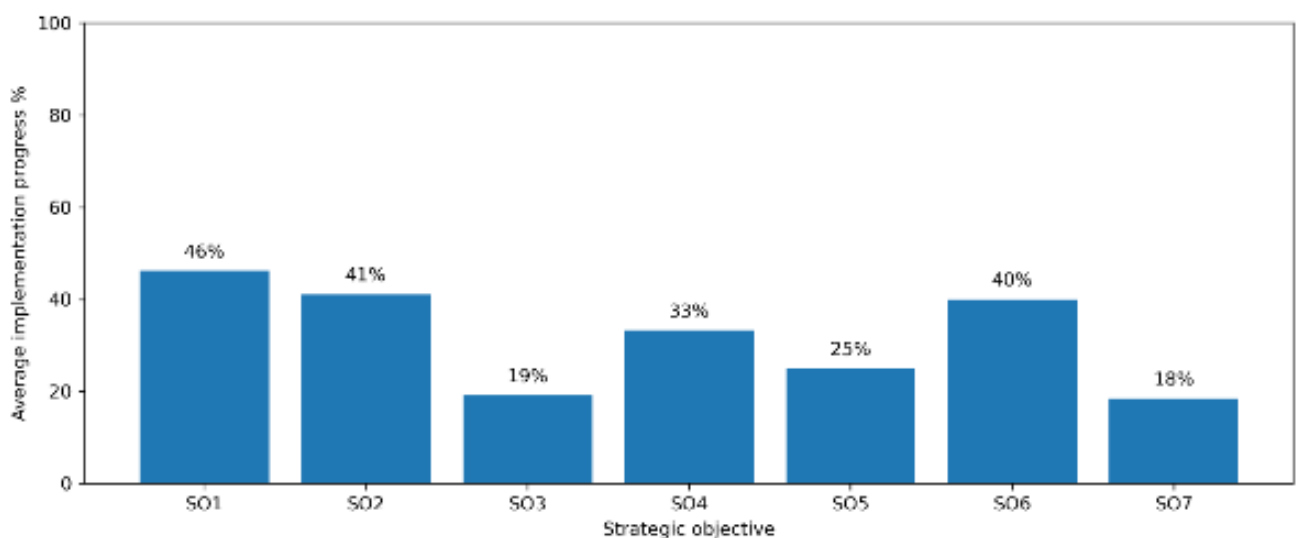
Figure 5: Rwanda's leather trade by processing stage, 2005–2024 (\$ millions)



Sources: ITC calculations based on:

- Common Market for Eastern and Southern Africa statistics since January 2022.
- United Nations Comtrade statistics between January 2019 and January 2022.
- Common Market for Eastern and Southern Africa statistics between January 2015 and January 2019.
- on United Nations Comtrade statistics before January 2015.

Figure 6: Rwanda average implementation progress by strategic objective



Sources: ITC calculations derived from SIMT results and added following the Midterm assessment. Data collected and extracted from <https://simt.tradestrategy.org/>.

Adopt a capacity-linked export policy for raw H&S

- Maintain the current suspension of the 80% export levy, whereby any future restrictions are applied only once verified tanning capacity is operational and compliant.
- Any future restrictions should be moderate, time-bound and clearly linked to sector upgrading objectives so that export policy supports, rather than constrains, value addition.

Establish a targeted leather SME upgrading and financing window:

- Create a dedicated leather financing window within an existing industrial or SME facility to support firms supplying or locating near Bugesera Park.
- Prioritize machinery upgrading, cleaner production investments, quality finishing, and working capital for hides and wet-blue procurement. Link access to support to compliance readiness and integration into domestic and regional value chains.

Strengthen skills development and enterprise capabilities across the leather value chain:

- Address shortages of specialized skills in tanning, leather processing and footwear manufacturing through targeted training programmes and stronger partnerships between training institutions and industry.

Institutionalize structured public-private dialogue for the leather sector:

- Establish a formal leather sector dialogue platform bringing together livestock authorities, the Ministry of Trade and Industry, environmental regulators, park developers and private operators.
- Use this platform to coordinate sector development and signal policy changes in advance, including export rules, standards enforcement and investment incentives.

South Sudan

South Sudan possesses a large livestock resource base relative to the size of its economy, with cattle, sheep and goats playing a central role in rural livelihoods. The country is estimated to host over 40 million head of livestock, placing it among the largest livestock holders in Africa, despite its small population (FAOSTAT, 2026). In principle, this endowment provides a strong foundation for developing an H&S and leather value chain. In

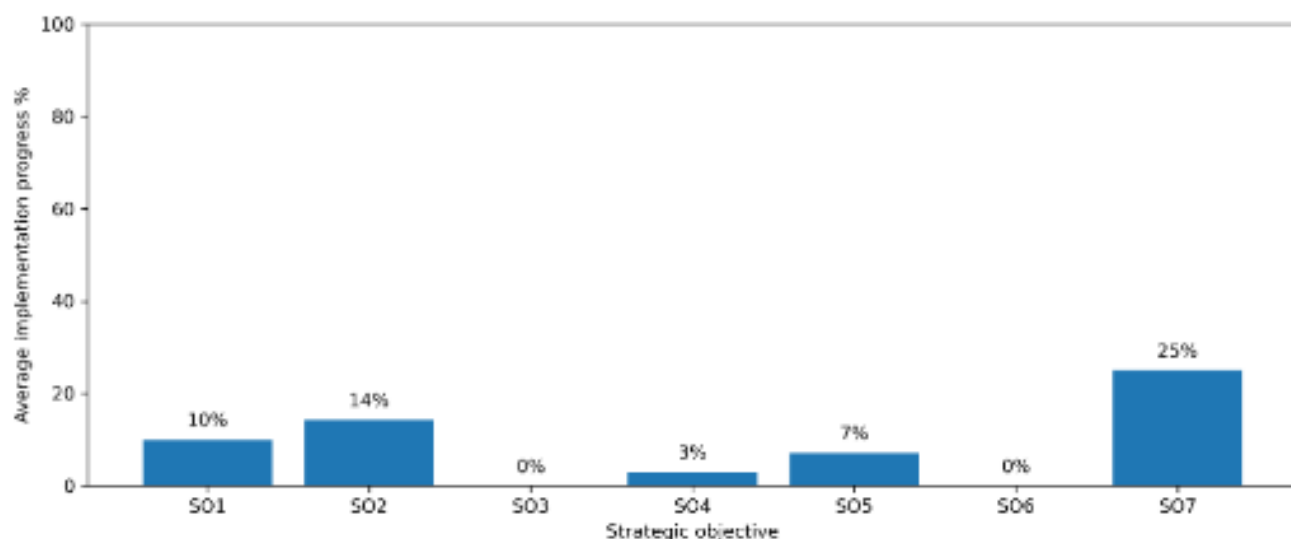
practice, however, the sector remains largely informal and subsistence-oriented, with H&S predominantly used for traditional purposes or traded informally across borders rather than processed domestically or exported through formal channels.

Following independence in 2011, South Sudan did not inherit institutional capacity, a policy framework or implementation mechanisms. As a result, the leather sector has remained fragmented and underdeveloped, with minimal domestic processing and negligible formal exports. The absence of industrial processing capacity is a critical constraint: South Sudan currently has no significant operational tanneries and leather manufacturing is virtually non-existent. Consequently, H&S are either wasted due to improper preservation and flaying practices or exported informally to neighbouring countries – particularly Sudan, Uganda and Ethiopia – where tanning and leather industries are more established (Intergovernmental Authority on Development Centre for Pastoral Areas and Livestock Development, 2016). With no leather industrial parks, CETPs or downstream manufacturing clusters, the country is effectively unable to convert its livestock endowment into semi-processed or finished leather products, leaving it trapped at the raw material stage.

Trade in H&S and leather from the South Sudan is constrained by highly complex export procedures, extensive documentation requirements and prolonged clearance timelines. Compared with other EAC corridors, export movements from South Sudan involve a significantly larger number of procedural steps, institutional interactions and required documents, resulting in much higher administrative costs and clearance times that can extend from 19 to 58 days. Much of this burden arises from repeated physical submissions, sequential approvals across agencies and extended engagement with authorities, which together generate high submission-related costs. These procedural frictions, combined with unpredictable clearance timelines and export corridor-level delays, reduce the competitiveness of formal trade and create strong incentives for informal cross-border flows of H&S to neighbouring countries where processing capacity is more established.

In this context, South Sudan currently records only marginal formal exports of leather and leather products but possesses substantial potential as a supplier of raw inputs, particularly bovine H&S (ITC, 2025). Annual production is estimated at approximately 21,000 tons. These inputs could either form the basis for the gradual development of domestic processing capacity or be channelled to established regional processing hubs, notably Uganda, which is a net importer of raw leather (ITC, 2025).

Figure 7: South Sudan average implementation progress by strategic objective (%)



Sources: ITC calculations derived from SIMT results and added following the Midterm assessment. Data collected and extracted from <https://simt.tradestrategy.org/>.

Country-level priority recommendations

Basic upstream quality and preservation stabilization programme

- Prioritize low-cost, high-impact upstream interventions before pursuing large-scale industrial investments.
- The government, state authorities and livestock associations should jointly implement mobile salt distribution points in pastoral areas, establish community-level hide collection centres, and deliver rapid training for butchers on proper flaying techniques.
- Introduce a simple two- or three-tier grading system with visible price premiums of at least 25–30% for higher-quality H&S.
- This programme should be embedded within a broader national policy framework for the H&S and leather sector to support coordinated sector development.

Phased micro-tanning and semi-processing hubs

- Given fiscal and infrastructure constraints, establish 2–3 small regional micro-tanning or wet-blue processing hubs located near major livestock corridors. These hubs should use modular equipment and shared water treatment systems, and operate under PPP or cooperative models, with basic environmental compliance standards.

Trade facilitation and border procedure simplification for H&S

- Streamline export procedures to support formal trade in H&S and reduce informal cross-border flows. Key measures include consolidating export documentation into a single digital application, reducing agency touchpoints at borders, and introducing predictable clearance timelines with a maximum processing window (for example, 72 hours).

United Republic of Tanzania

URT has made important progress in strengthening the foundations of its leather sector, and possesses significant long-term potential to expand leather processing and manufacturing. With Africa's second-largest livestock population, the country has a strong raw material base that can support a competitive leather value chain (FAOSTAT). Under the EAC LLPS, URT has taken steps to strengthen upstream systems and institutional coordination. These include expanded livestock traceability through electronic tagging, the development of new abattoirs and collection centres, digital licensing systems, and early investments in skills development and cleaner tanning pilots. Institutional coordination has also improved with the strengthening of the Leather Association of Tanzania and the launch of the Dar es Salaam Leather

Cluster as a platform for clustering manufacturers, service providers and industry stakeholders.

These initiatives have helped lay the groundwork for future industrial growth. However, translating URT's large livestock resource base into scaled leather processing and manufacturing remains a work in progress. Despite strong domestic demand, the sector's contribution to national gross domestic product remains below 1% (Msafiri et al., 2021), and exports of leather and leather products remain limited. Domestic footwear demand exceeds 60 million pairs annually, yet local production is estimated at only 2–3 million pairs, leaving the market largely supplied by imported synthetic and second-hand footwear (China et al., 2022). This gap reflects limited midstream and downstream processing capacity rather than weak demand.

Policy measures introduced over the past two decades aimed to retain raw materials for domestic processing. Export levies on H&S were introduced at 15% in 2003, increased to 40% in 2006, and raised sharply to 90% in 2012 before being restructured in 2015 (World Trade Organization (WTO) Secretariat, 2019; Enhanced Integrated Framework, 2005; PwC, 2014). The current regime applies an 80% levy on raw H&S and a 10% levy on semi-processed wet-blue leather (Tanzania Revenue Authority, 2023; Tanzania Revenue Authority, 2026). These measures have reduced formal exports of raw and semi-processed materials, but domestic value addition has remained limited due to the continued shortage of midstream processing capacity and investment in downstream manufacturing.

The expected expansion of downstream processing has been slower than anticipated. Less than 10% of hides are currently processed into finished leather domestically, largely because midstream infrastructure, compliance-ready processing facilities and sector-specific financing mechanisms have not yet been developed at sufficient scale. While levy-financed mechanisms exist in principle under the Production Development Funds framework, the Leather and Leather Products Fund has not yet operated as a predictable source of financing for SME upgrading and investment in tanning and leather manufacturing.

As a result, URT continues to export relatively small volumes at early stages of the value chain while importing growing quantities of finished leather goods. Raw hides are typically exported at values of around \$5–\$10 per unit, whereas finished leather products can command values of \$50–\$200 (Uchumi 360, 2025), illustrating the scale of the value addition opportunity available to domestic industry.

Several structural constraints continue to affect competitiveness, including skills shortages, outdated equipment and continued smuggling of H&S that undermines formal market incentives. Domestic producers also face strong competition from second-hand footwear and low-cost synthetic imports. Addressing these challenges while building on the progress already achieved upstream could allow URT to capture significantly greater value from its livestock resources and strengthen its position within regional leather value chains.

Country-level priority recommendations

Industrialization and tanning upgrade

- Reform or establish other financial schemes as a dedicated financing window to support industrial upgrading across the leather value chain. Priority actions include selecting one strategic leather cluster for the construction and operation of a shared CETP; and establishing an SME upgrading facility that finances machinery modernization, product testing, durability improvements and compliance investments.

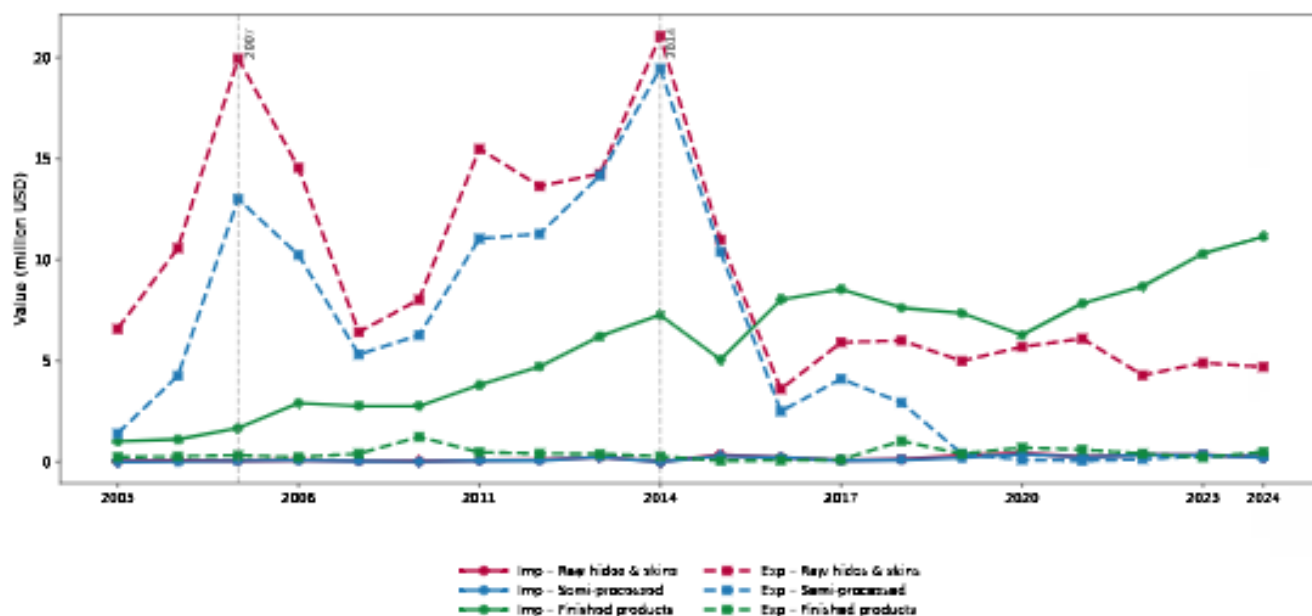
Footwear manufacturing and demand anchoring

- Strengthen domestic footwear manufacturing by anchoring demand through public procurement (local content policy) and targeted industrial support. Introduce minimum local content requirements for publicly procured school shoes and protective boots. Pair this with a time-bound upgrading facility that will support 5–10 domestic manufacturers in meeting technical specifications and scaling up production.
- Complement this with continued development of manufacturing clusters such as the Dar es Salaam Leather Cluster, alongside measures to improve access to machinery, inputs and specialized skills.

Strengthen the competitiveness of domestic leather producers

- Address structural constraints affecting leather manufacturing by expanding skills development, upgrading equipment and strengthening supply chains for inputs and components used in footwear and leather goods production.
- At the same time, strengthen enforcement of product standards and market surveillance for imported footwear to reduce unfair competition from low-quality synthetic and second-hand footwear.

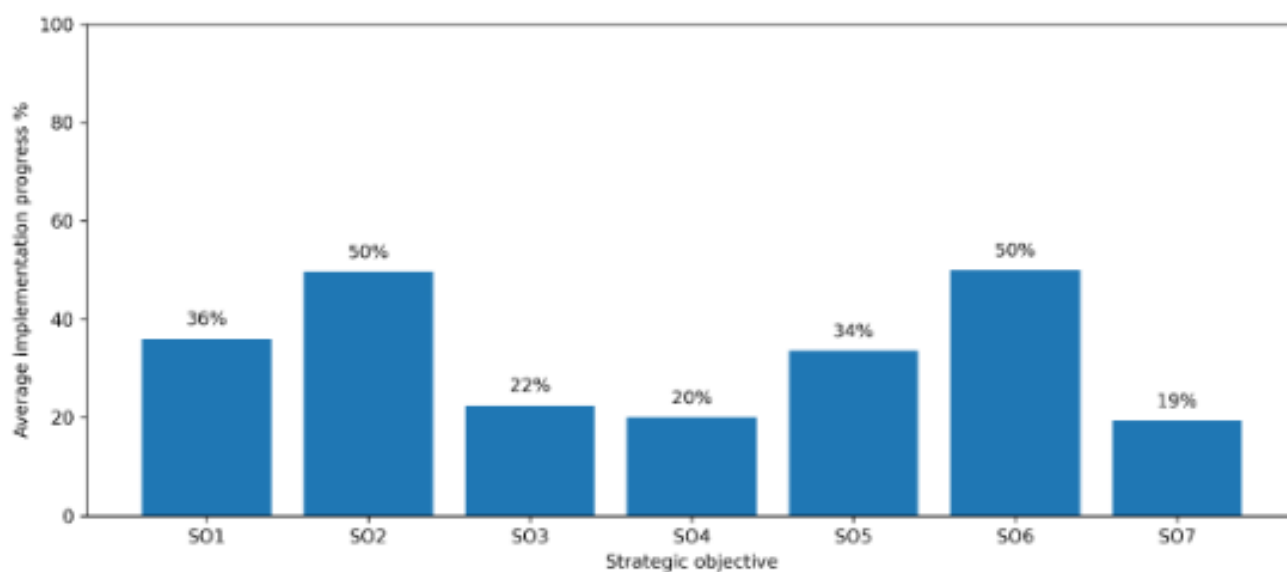
Figure 8: United Republic of Tanzania's leather trade by processing stage, 2005–2024 (\$ millions)



Sources: ITC calculations based on:

- National Bureau of Statistics data since January 2024.
- United Nations Comtrade statistics between January 2021 and January 2024.
- National Bureau of Statistics data between January 2016 and January 2021.
- United Nations Comtrade statistics before January 2016.

Figure 9: United Republic of Tanzania average implementation progress by strategic objective



Sources: ITC calculations derived from SIMT results and added following the Midterm assessment. Data collected and extracted from <https://simt.tradestrategy.org/>.

Trade facilitation and regional integration

- Pilot a fast-track intra-EAC export procedure for finished leather and footwear, reducing inspection duplication by bundling standards, Customs and certification checks at designated exit points.
- Strengthen border monitoring and improve trade facilitation to help reduce smuggling of H&S while supporting URT's integration into regional leather value chains.

Export levy reform and calibration

- Replace fixed levy rates on raw H&S and wet-blue leather with a capacity-linked review mechanism under which levy rates are periodically adjusted based on verified domestic tanning capacity and firms' compliance readiness.

Uganda

Uganda has made important progress in developing its leather sector over the past decade, particularly in strengthening upstream systems and expanding tanning capacity. Policy measures aimed at retaining raw materials for domestic processing significantly reduced exports of raw H&S after 2012–2013. These measures initially delivered tangible results: tanning activity expanded rapidly between 2010 and 2014, with exports of semi-processed leather peaking at more than \$70 million. During this period, domestic tanneries absorbed a larger share of locally produced hides, marking Uganda's most significant phase of upstream value addition.

Building on this progress, Uganda has continued to strengthen the foundations of the sector. Livestock improvement programmes, awareness campaigns on hide quality, and academic integration have helped improve the supply base and human capital. Notably, the introduction of a Bachelor of Science in Leather Tanning Technology at Kyambogo University has contributed to developing specialized skills for the sector. Policy frameworks such as Buy Uganda Build Uganda and the National Local Content Act have also created a supportive demand-side environment aimed at strengthening domestic manufacturing.

Despite these advances, the transition from upstream improvements to competitive downstream manufacturing has been slower than anticipated. Since 2015, exports of semi-processed leather have declined steadily, falling below \$10 million by 2024, while exports of finished leather products have remained low and volatile. At the same time, imports of finished leather goods have increased,

indicating that growing domestic demand is still largely met by foreign suppliers rather than local manufacturers.

The MTR suggests that progress has been strongest in upstream systems, while advancement in industrial and downstream segments has remained limited. Critical physical investments –including standardized H&S collection centres, modern tanning infrastructure and specialized footwear manufacturing zones–have yet to be implemented at scale. Proposed footwear clusters and manufacturing zones remain largely at the feasibility stage, and upgrades to common facility centres have progressed slowly.

Several structural constraints continue to affect the sector's ability to move further up the value chain. Uganda currently lacks dedicated leather sector financing instruments to support tannery upgrading, working capital and SME scale-up. The absence of an operational LDF, combined with delays in finalizing the implementing decree, has limited the availability of sector-specific financing mechanisms that could crowd in private investment. At the same time, outdated equipment in common manufacturing facilities and weak enforcement of quality standards continue to constrain the competitiveness of domestic footwear producers and their ability to participate in public procurement markets.

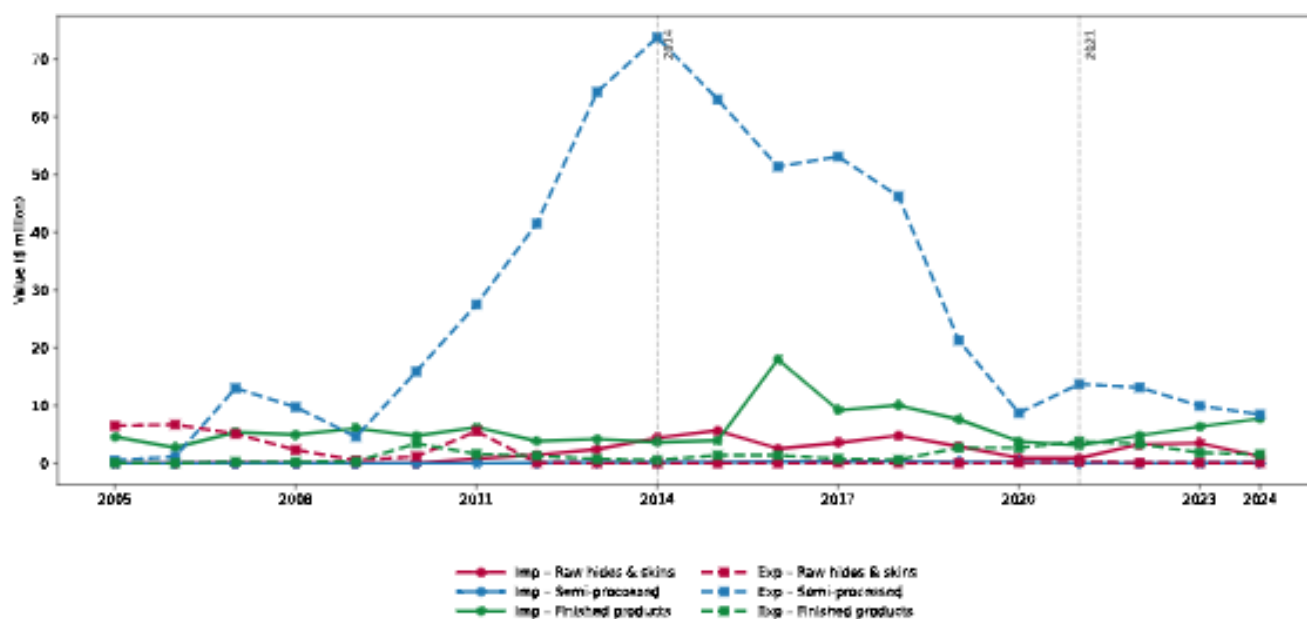
As a result, Uganda's leather sector can be characterized as being in a transitional phase. The country has moved beyond relying on exports of raw materials and has demonstrated the viability of domestic tanning. However, the shift towards competitive downstream manufacturing, particularly of footwear, is still under way. Strengthening access to finance, industrial infrastructure and domestic market opportunities will be critical to enabling Uganda to build on its upstream achievements and expand into higher-value segments of the leather value chain.

Country-level priority recommendations

Operationalize the LDF and/or expand to other sector financing schemes

- Finalize the implementing decree and operationalize the LDF as a dedicated financing mechanism for the leather sector.
- The LDF should support tannery upgrading, SME expansion, working capital and machinery modernization across the value chain.
- Complement the LDF with additional financing instruments, such as blended finance facilities or special-purpose investment vehicles, to crowd in private investment in leather processing and manufacturing.

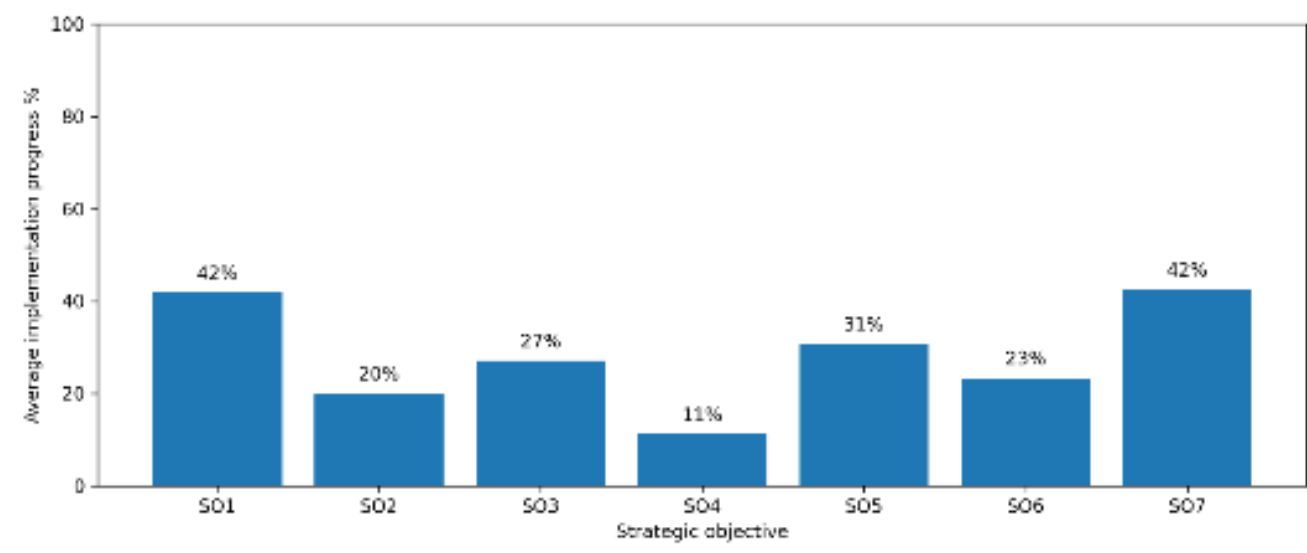
Figure 10: Uganda's leather trade by processing stage, 2005–2024 (\$ millions)



Sources: ITC calculations based on:

- Uganda Bureau of Statistics data since January 2017.
- United Nations Comtrade statistics between January 2016 and January 2017.
- Uganda Bureau of Statistics data between January 2015 and January 2016.
- United Nations Comtrade statistics before January 2015.

Figure 11: Uganda average implementation progress by strategic objective



Sources: ITC calculations derived from SIMT results and added following the Midterm assessment. Data collected and extracted from <https://simt.tradestrategy.org/>.

Develop leather industrial infrastructure and manufacturing clusters

- Accelerate the establishment of specialized leather industrial zones and footwear manufacturing clusters supported by fully serviced industrial infrastructure.
- Priority should be given to operationalizing a leather industrial park anchored by a functioning CETP, treated as core industrial infrastructure with transparent user tariffs and reliable access to utilities.

Strengthen upstream H&S quality systems

- Establish a national H&S quality improvement programme led jointly by the Ministry of Agriculture, Animal Industry and Fisheries; local governments; and private slaughter operators.
- Priority actions should include mandatory training and certification for slaughterers in standardized flaying techniques, the distribution of subsidized curved flaying knives and preservation salt in pastoral districts, and the expansion of standardized H&S collection centres.
- The programme should also introduce a simple national grading system with clear price premiums for higher-quality hides, alongside stronger enforcement of the H&S Trade Acts and grading standards to improve traceability and quality across the supply chain.

Promote downstream footwear manufacturing and domestic market development

- Prioritize downstream value addition through targeted support for footwear and leather goods manufacturing.
- Measures should include duty-free import of specialized footwear machinery, matching grants for product design and branding, and strengthened support for footwear manufacturing clusters.
- Public procurement policies such as Buy Uganda Build Uganda should include enforceable local content requirements for school shoes, military boots and safety footwear, while expanding the product basket under public procurement to include items such as school shoes and safety boots. Considering a 25–30% domestic procurement share can create predictable baseline demand, allowing firms to scale and gradually compete with imports.

Align export management policies with domestic processing capacity

- Replace blanket export restrictions with a transparent, capacity-linked export policy.

- Export limitations on raw H&S should apply only when verified domestic tanning utilization exceeds a defined threshold.
- Any levies introduced should be moderate, time-bound and clearly earmarked to support sector upgrading, including machinery imports, CETP operations, and investments in leather industry infrastructure.

Democratic Republic of Congo

DRC is one of the largest untapped leather markets in Africa. It has a sizeable domestic consumer base and substantial livestock resources (World Bank, 2024). With a population exceeding 110 million and official estimates of around 6.8–7 million head of livestock (Democratic Republic of the Congo National Agency for Investment Promotion, 2020), alongside significantly higher ecological carrying capacity, the country has the potential to generate a meaningful supply of H&S for industrial use.⁷ Despite this latent potential, the leather sector currently plays a negligible role in the national economy, accounting for an estimated 0.01% of exports, while the broader economy remains heavily dominated by extractive industries (Government of Democratic Republic of Congo, 2017).

The core constraint is the absence of a domestic processing ‘middle’. Without local tanneries producing wet-blue or finished upper leather, Congolese footwear manufacturers are forced to import leather from neighbouring countries or overseas. This creates an extreme cost disadvantage: imported upper leather costs up to 7–10 times more than in regional leather hubs, making it impossible for domestic footwear production to scale despite proven artisanal skills and strong local demand. As a result, H&S generated domestically are either underutilized or leak informally across borders, feeding value addition elsewhere in the region.

This structural gap is reinforced by weak upstream quality, limited finance and inadequate infrastructure. Disease prevalence and poor animal health management significantly reduce the share of hides suitable for quality tanning. At the same time, SMEs in tanning and footwear are effectively excluded from finance, with industrial funds prioritized towards large infrastructure rather than productive upgrading. Skills erosion following the collapse of formal tanneries in the 1990s, unreliable electricity, weak industrial water supply, and the absence of environmental compliance infrastructure further deter investment in modern processing.

1.7. Ministry of Agriculture, Fisheries & Livestock. (2016). *DRC Livestock Census Data*. (Cited in National Leather Value Chain Strategy, Page 22) derived from the World Bank Data: World Bank Open Data | Data.

The combined effect is a trapped equilibrium: DRC retains raw material and demand but captures almost none of the value. Without a basic domestic tanning platform supported by finance, skills and shared infrastructure, the leather sector will remain import-dependent, with continued value leakage through both informal raw material exports and rising imports of finished footwear and leather goods.

Country-level priority recommendations

- **Upgrade slaughterhouse infrastructure and implement improved practices for handling H&S.** Increase awareness of the economic and material value of H&S, and promote quality preservation measures throughout the livestock value chain.
- **Establish a modern tannery that complies with environmental standards** to support domestic leather processing.
- **Strengthen the Kinshasa leather incubator to promote youth entrepreneurship** and advance leather manufacturing. Expand vocational training programmes in leather processing and manufacturing to all provinces.
- **Establish a multi-stakeholder steering committee to coordinate national priorities for the development of the leather sector.** Align national leather sector standards with regional frameworks and enhance the traceability of imported leather products.
- **Enhance trade monitoring systems,** and strengthen safety and logistics along H&S trade corridors.

Somalia

Somalia's leather sector remains largely disconnected from industrial value addition despite a sizeable livestock base. With an estimated 224 million cattle, sheep, and goats (Somalia Ministry of Livestock, Forestry and Range, 2019) the country has significant potential for H&S production, yet the livestock economy is overwhelmingly oriented towards live animal exports, particularly to Gulf markets. As a result, H&S recovery, preservation and processing remain marginal, and the leather sector contributes little to domestic manufacturing or export diversification.

Upstream constraints are severe and structural. Most slaughtering takes place at slaughterhouses but using rudimentary tools, leading to extensive flaying damage and rapid quality deterioration. Collection systems are informal and decentralized, with flat pricing regardless of quality, weak access to salt, and no grading at source. These conditions generate high levels of wastage and

downgraded material before skins reach urban markets or processing facilities, undermining the viability of domestic tanning. There is also a lack of standardized slaughter slabs and community-based preservation centres.

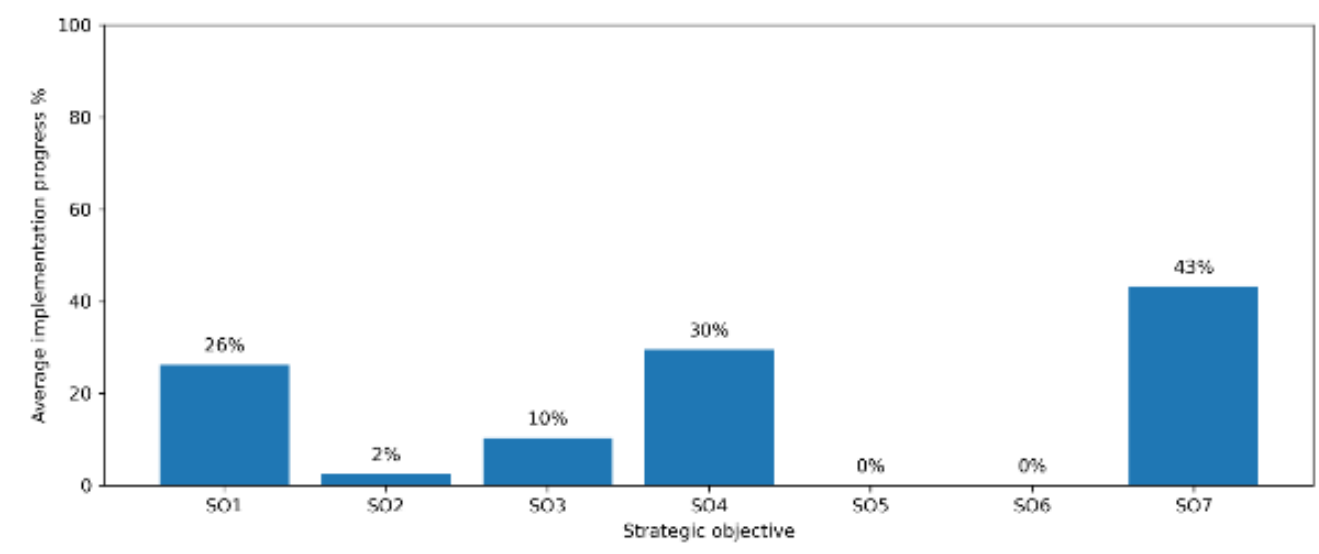
Formal processing capacity exists but is narrow and uneven. Bosaso Tannery accounts for most recorded exports, while Berbera Tannery represents the most advanced facility, operating at partial capacity and meeting only basic environmental standards. Tanneries in Mogadishu operate at very low utilization due to extremely high energy costs and limited access to finance, contributing negligible volumes to formal trade. Downstream manufacturing is virtually absent, with no industrial footwear or leather goods production, and domestic demand met almost entirely through imports.

The lack of sector upgrading reflects binding constraints across finance, infrastructure, skills and regulation. Tanneries operate with obsolete machinery and face severe barriers to importing modern equipment due to the absence of trade finance instruments such as Letters of Credit. Skills shortages in tanning, finishing, design and branding further limit competitiveness. These challenges are compounded by regulatory uncertainty, the absence of a dedicated leather policy framework, security risks and prohibitive electricity costs. Electricity in Somalia is among the most expensive in the region, with prices ranging from \$0.40 to \$1.00 per kWh, depending on the location. This is due to the heavy reliance on diesel and the lack of a national grid. The average cost in Mogadishu is around \$0.41 per kWh (2023). Higher usage rates qualify for discounts. Electricity remains a major challenge for the leather sector. The absence of wastewater treatment infrastructure further prevents environmental compliance and excludes Somali producers from higher-value, certified export markets, locking the sector into low-quality and low-value outcomes.

Country-level priority recommendations

- **Initiate implementation of the National Leather and Leather Products Strategy.** Define standardized regulations for grading, collecting and flaying H&S. Establish a national leather platform to enhance collaboration among ministries and regional authorities.
- **Modernize tanneries to enable semi-processing (wet-blue) and basic finishing.** Construct collection centres, preservation facilities and waste management systems. Establish small industrial clusters dedicated to footwear and leather goods manufacturing. Assist coastal artisanal leather producers to transition to semi-mechanized production.

Figure 12: EAC regional average implementation progress by strategic objective



Sources: ITC calculations derived from SIMT results and added following the Midterm assessment. Data collected and extracted from <https://simt.tradestrategy.org/>.

- **Initiate a national training programme focused on footwear design and leather craftsmanship.** Create a standardized curriculum for SMEs, applicable across all regions. Establish training and incubation hubs equipped with modern technology. Promote SME formalization and integration into regional markets and trade fairs.
- **Consolidate livestock data, H&S market information and export records into a unified national information system.** Deliver training for key personnel in data entry, reporting and monitoring.

Regional implementation

At the regional level, steady progress has been made in strengthening coordination and building institutional foundations for the implementation of the EAC LLPS. Several activities under Strategic Objectives 1–7 have been initiated, particularly those focused on regional dialogue, knowledge exchange and platform development. The establishment of the EAC Leather and Leather Products Platform in 2025 represents an important step forward, providing a structured mechanism for coordination among Partner States and stakeholders across the regional leather value chain.

Progress has also been achieved in the development of regional standards and guidelines. Regional frameworks on livestock management and quality assurance have

been developed, and a regional wastewater discharge standard for tanneries (EAS 1172:2024) has been adopted and gazetted by all Partner States. This represents a significant milestone in strengthening environmental management and regulatory alignment across the sector.

Regional knowledge-sharing and capacity building have also advanced. In 2021, a benchmarking study visit to Ethiopia was organized under a GIZ project, providing stakeholders with practical insights into successful leather sector development models. Leather SMEs have also participated in regional and international exhibitions, including JuaKali platforms and trade fairs, helping to raise the profile of the sector and facilitate market exposure.

Some Partner States have also begun introducing procurement policies that support locally produced leather goods. Discussions have also started on expanding public procurement opportunities for domestic producers. These developments indicate growing recognition of the importance of domestic market development as a driver of industrial growth.

However, translating these initial achievements into larger structural changes across the regional value chain remains an ongoing process. Several planned initiatives—including the establishment of a regional animal welfare council, harmonization of abattoir operational standards, and the development of financing mechanisms for tannery modernization—remain at the preparatory or concept stage due to institutional and funding constraints.



Similarly, some of the Strategy's larger regional initiatives have yet to move beyond early planning stages. These include the development of an integrated regional leather park, a targeted investment promotion programme, a joint monitoring system for imported footwear, and unified regional leather training programmes. Investment promotion efforts have largely remained broad-based rather than specifically targeted at the leather sector, and a dedicated regional financing mechanism for leather SMEs has not yet been established.

Challenges faced during implementation

The main constraint affecting implementation across all Strategic Objectives has been the lack of a dedicated regional funding mechanism for leather-specific interventions. Several planned actions have not been carried out. These included setting up a regional animal welfare council, standardizing abattoir rules, creating funding options for tannery upgrades, organizing study tours, starting surveillance systems, encouraging investment and building integrated leather parks. The Secretariat could not move from coordination to actual operations because of institutional challenges and insufficient secured funding.

Implementation was also slowed by fragmented responsibilities. Different departments and national agencies handle leather industrialization, livestock development, standards and investment promotion, which makes coordination difficult and slows progress. Environmental regulations for tanneries, especially those related to waste management, make it harder to attract investors and develop parks. Without unified border enforcement, it is difficult to control the flow of low-quality imported and second-hand shoes. Reforming leather training programmes is complex, so the focus should be on improving vocational training rather than higher education at the regional level.

Differences in national procurement laws and weak monitoring systems made it difficult to implement **procurement directives**. While some Partner States did issue these directives, there were no formal systems to track compliance or report at the regional level. Work with development partners was reactive, and the lack of well-prepared proposals for the leather sector limited access to outside funding.

Regional-level priority recommendations

Going forward, regional efforts should focus on practical, measurable actions that align with the rest of the Strategy period. The Secretariat should help one Partner State establish an integrated leather park with shared waste management, serving as a regional example and showing how to meet environmental standards. A regional investment guide for the leather sector should also be created to help connect the sector with wider industrial and green growth plans, making it easier to work with development finance groups.

Advocacy for public procurement should be stronger by setting aside quotas for locally made leather goods in national procurement systems and using a regional template to track progress. Rather than forming a new committee, better coordination among current national standards and Customs agencies should be encouraged to improve border quality checks.

Regional standards for vocational certification in leather skills should be unified, and certain institutions should be chosen as reference centres (centres of excellence) for technician training. Financing options tailored to leather SMEs should be added to broader regional SME support programmes to support equipment upgrades and working capital. These steps would make efforts more consistent, support long-term growth, and help the Secretariat move from coordination to upgrading the regional value chain.



EAC trade performance and implications for the Strategy

Global trade in raw H&S (HS 41) has contracted sharply and persistently over the past decade. From a peak of over \$9 billion in the early 2010s, global trade values fell to around \$3 billion by 2024, representing a decline of more than 67%. According to United Nations Comtrade data, the five-year CAGR of exports was negative (-4.6%). The 10-year CAGR also showed sustained contraction (-7.8%) (see Figure 13). This prolonged downturn highlights a structural shift, not a cyclical dip.

Three forces are driving this decline:

- **Synthetic substitutes:** Global footwear and upholstery industries have rapidly shifted towards cheaper, durable and more sustainable alternatives such as polyurethane and polyvinyl chloride leather. The global synthetic leather market, valued at \$34.9 billion in 2024 (Global Newswire, 2026), is projected to grow steadily, displacing natural raw hide demand.
- **Consumer preferences:** Demand in high-income markets has shifted away from animal-based materials, with fashion houses and automobile manufacturers pledging to reduce or phase out leather. This reduces the willingness of key importers (e.g. Italy, France, Germany) to expand purchases of raw hides.
- **Regulatory pressures:** Environmental and health standards, especially in the European Union, have increased compliance costs for tanning. This has encouraged importers to consolidate supply from a handful of efficient suppliers (e.g. the United States

of America, Australia) while discouraging entry from smaller exporters.

EAC export trends mirror the global decline in trade in raw H&S. Exports of raw H&S stood at \$15 million in 2010. After the introduction of export levies in 2014, and subsequent market adjustments, exports declined to around \$12 million in 2024 (see Figure 13).

Trade Map data further shows that China and Italy alone accounted for nearly 50% of global imports in 2024, underscoring both the shrinking scale and the concentration of demand. On the supply side, the United States of America and Australia together represented nearly 40% of global exports, while most African exporters contributed marginally (typically under 1% of global trade each) (see Figure 14).

Therefore, the EAC's continued reliance on HS 41 exports is no longer viable, as global demand is shrinking, prices are eroding and trade is consolidating around a few dominant players. EAC hides—which used to have ready buyers in China and Italy—are facing two main problems. First, the unit values are dropping. Second, there is a lot of competition from large exporters with better logistics who can maintain consistent product quality. Price comparisons illustrate the value gap (see Table 2). This aligns with the Strategy's objective of strengthening the case for moving up the value chain.

Table 2: Value addition across the leather value chain

Stage of value chain	Product	Indicative price
Raw material	Raw hides	\$0.50 – \$1.00 per kg
Semi-processed	Wet-blue leather	\$1.50 – \$2.00 per sq. ft
Processed	Finished leather	Up to \$5.00 per sq. ft
Manufactured product	Leather shoes (retail)	\$17 – \$30 per pair

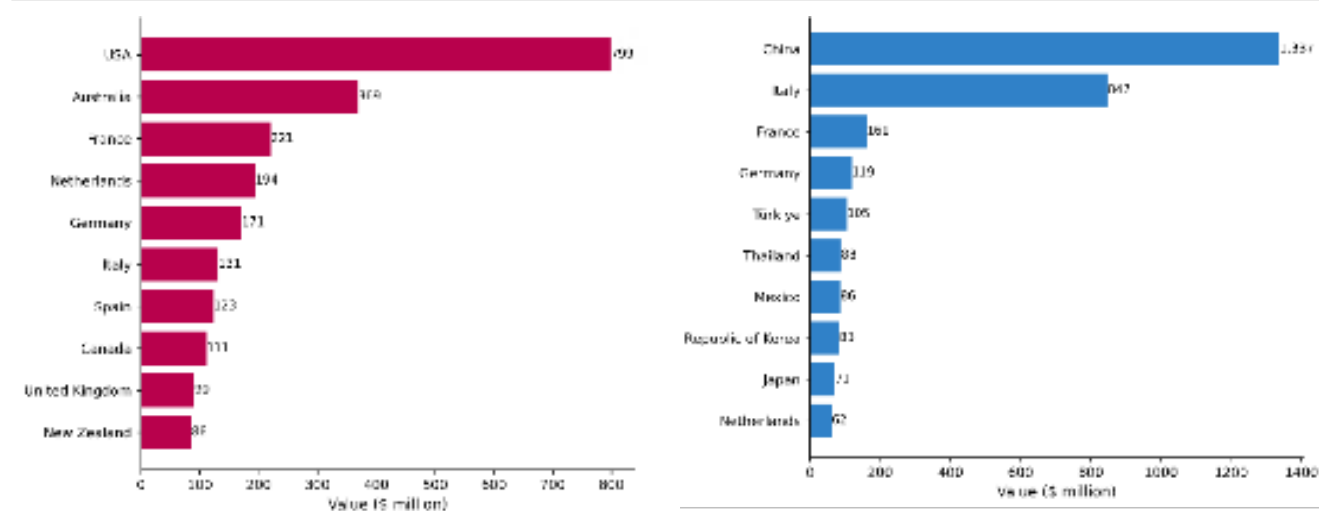
Source: EAC LLPS.

Figure 13: Exports of raw hides and skins, Global and EAC, 2005–2024 (value)



Source: ITC calculations based on United Nations Comtrade and ITC statistics.

Figure 14: Top raw hides exporters (left) and importers (right), 2024



Source: ITC calculations based on United Nations Comtrade and ITC statistics.

Trade in semi-processed hides has mirrored the raw segment's decline. Global exports fell from around \$24 billion in 2010 to about \$12 billion in 2022, a drop of 50% (see Figure 15). This trend is reflected in the decline of the average growth rate of global exports, which has dropped by 6.7% over the past 10 years. However, there has been a modest recovery of 2% since 2021. This reflects a structural shift away from natural raw hides, driven by the rapid expansion of synthetic substitutes, changing consumer preferences in high-income markets, and rising environmental compliance costs that favour a small number of large, efficient exporters.

Export trends in the EAC mirror the global decline in the trade of semi-processed H&S, but with greater volatility. Exports increased from \$79 million in 2010 to \$190 million in 2014. After levies took effect, exports declined

consistently, reaching approximately \$25 million in 2024—an overall drop of about 87%. This decline is significantly steeper than the approximately 50% drop observed globally, suggesting that the contraction in the region was disproportionate to global market trends.

For the EAC, this confirms that, although export levies reduced HS41 shipments, restricting raw exports has not automatically resulted in upgrading the downstream sector. Consequently, the region remains vulnerable to the repercussions of waning global demand, which can be mitigated only through the development of competitive finished products. Without rapid industrialization efforts, the EAC risks being squeezed out of both ends of the market. It is unable to compete in the declining global wet-blue trade and is also falling behind in the higher-value finished leather and footwear markets.

Figure 15: Exports of semi-processed H&S, Global and EAC, 2005–2024 (value)



Source: ITC calculations based on United Nations Comtrade and ITC statistics.

In contrast, global trade in finished leather goods and footwear has remained resilient and captures the majority of value in the leather trade. In 2024, the total global trade of finished leather products reached \$99 billion, with leather footwear consistently dominating the market at around two-thirds of the total trade value. Growth has moderated in recent years (exports CAGR 2.0% over five years – see Figure 16). While trade in raw and semi-processed leather has stagnated or declined, downstream products continue to dominate global trade and show greater resilience.

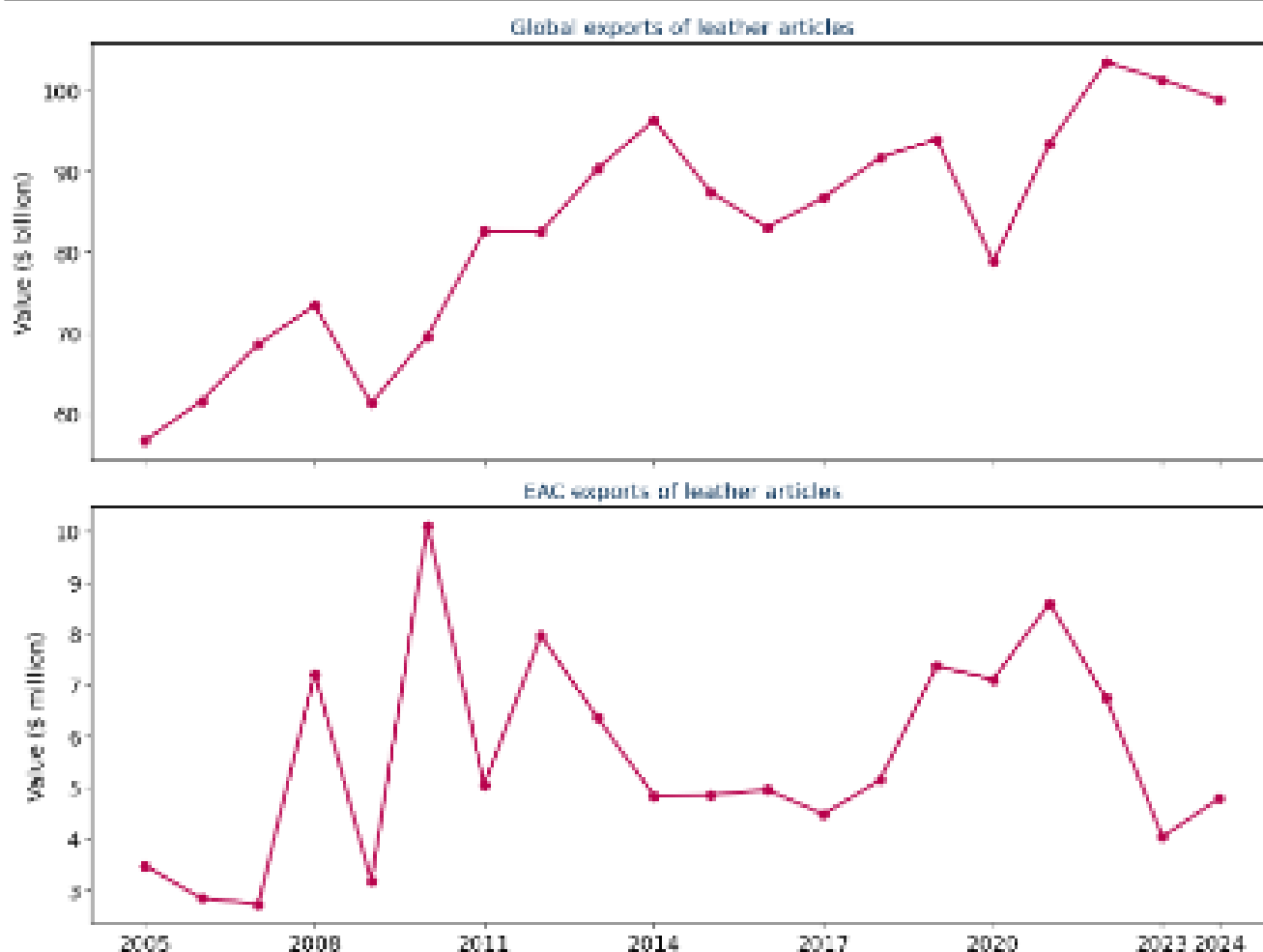
The EAC has not followed this trend. In 2024, EAC exports of all finished leather goods excluding footwear amounted to \$2.1 million, while footwear exports reached \$2.6 million (see Figure 16). Combined, this represents only about 0.005% of global exports. Meanwhile, total imports of leather goods reached \$49 million, of which footwear accounted for \$38 million.

The recent narrowing of the trade deficit reflects slower import growth rather than stronger export performance.

This points to continued dependence on external supply and limited domestic value addition. Both imports and exports have declined since 2021, with CAGRs of -7.7% and -13% respectively. This reduction of imports of leather goods and footwear partly reflects the growing role of unrecorded second-hand footwear imports and low-cost synthetic shoes in regional markets.

In this context, the EAC LLPS highlights that developing countries account for nearly 50% of global footwear exports, yet Africa's share is only about 2.5%, concentrated mainly in Kenya and URT. This disparity reinforces the need for the EAC to pivot decisively away from raw material exports towards local processing and integrated footwear manufacturing, where value addition, employment creation and export competitiveness are now most strongly concentrated.

Figure 16: Exports of finished leather goods (HS 42 and 64), Global and EAC, 2005–2024 (value)

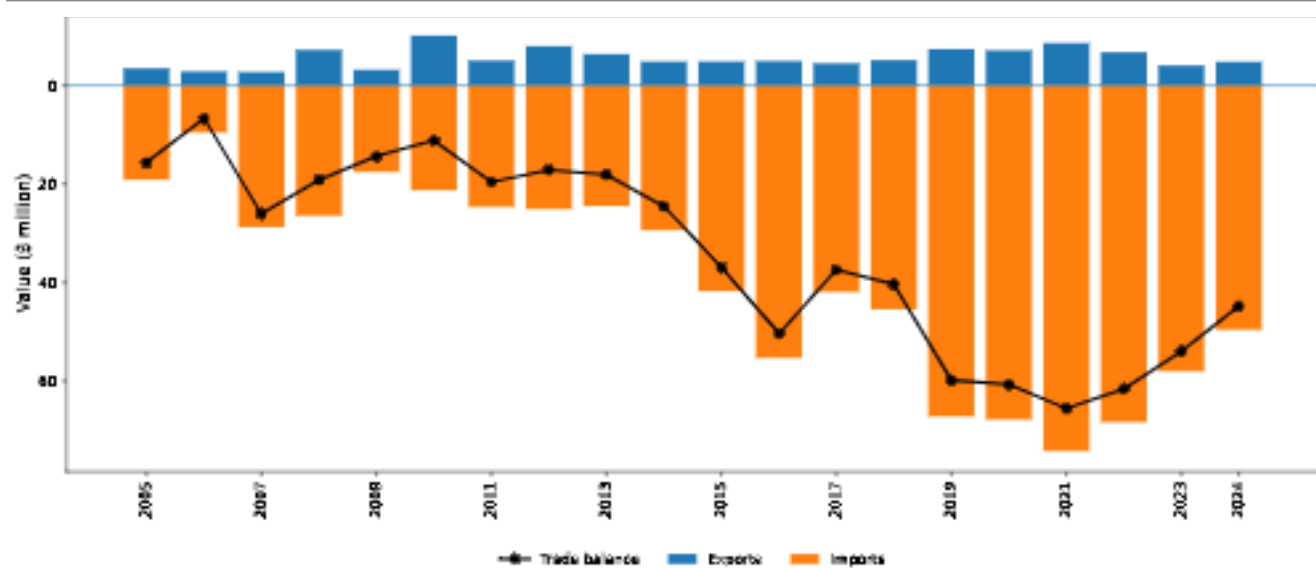


Source: ITC calculations based on United Nations Comtrade and ITC statistics.

The domestic market faces structural pressure from the dominance of second-hand footwear from Europe and North America, and low-cost synthetic shoes from Asia. These imports often enter at prices below production cost, depressing local output through effective dumping of leather and synthetic footwear products, despite

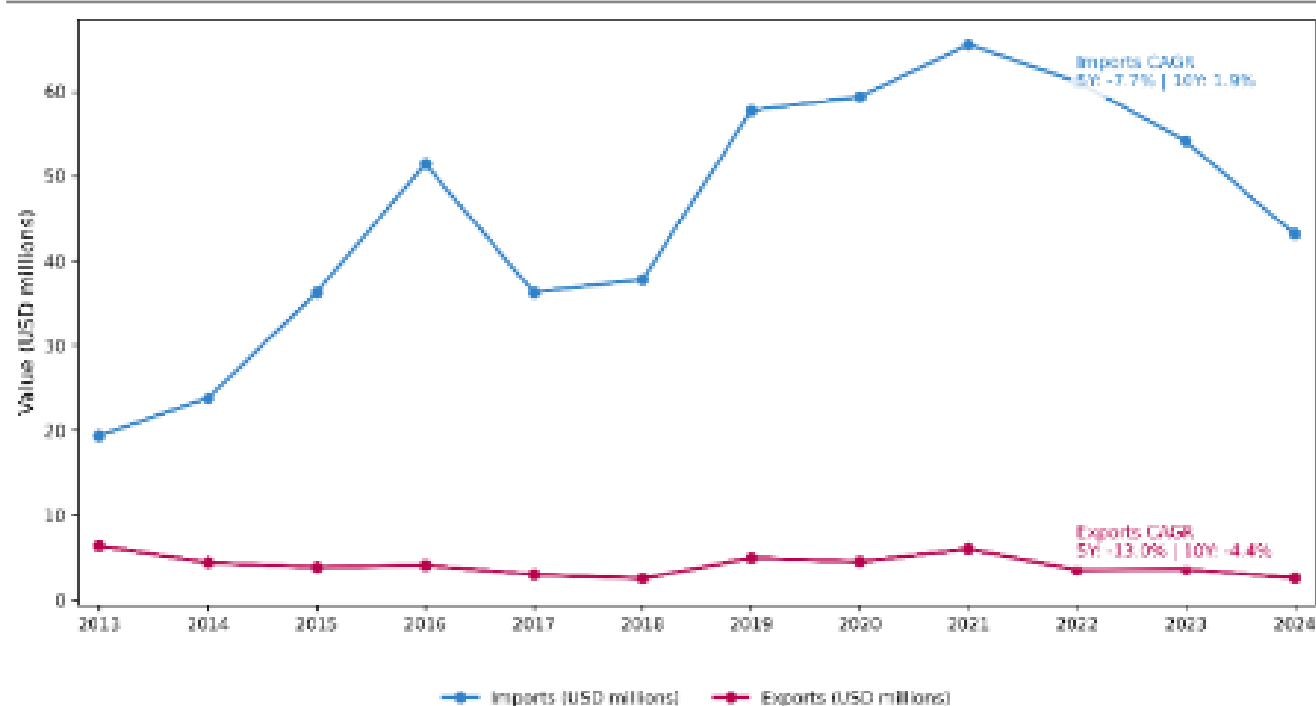
their inferior durability and shorter lifespan. This price undercutting is compounded by outdated machinery, limited design and technical capacity, and weak domestic supply chains for key components such as soles, eyelets and laces, which together constrain the ability of local manufacturers to compete on cost, quality and scale.

Figure 17: EAC exports and imports of finished leather goods (HS 42 and 64), 2005–2024 (\$ millions)



Source: ITC calculations based on United Nations Comtrade and ITC statistics.

Figure 18: EAC leather footwear trade, 2013–2024 (\$ millions)



Source: ITC calculations based on United Nations Comtrade and ITC statistics.



Opportunity for value addition from raw hides to leather goods

The EAC region remains one of the world's most underperforming leather-producing areas. Despite hosting around 4% of the global cattle population and 6% of small ruminants (FAOSTAT, 2023), the region accounts for only about 2% of global raw H&S production and an even smaller share of finished leather and footwear output. This reflects a deep structural imbalance in the value chain. Although millions of H&S are generated annually, more than 80% of processed leather is exported in semi-finished wet-blue form, depriving domestic manufacturers of reliable access to the quality inputs needed for competitive downstream production.

Assessment of value addition in the EAC leather sector shows that progress beyond the wet-blue stage remains limited. While the region produces substantial volumes of H&S and has established tanning capacity, most processed leather continues to be exported in semi-finished form rather than absorbed by domestic manufacturers. This limits backward links between tanneries and footwear producers, and constrains the development of an integrated leather value chain. As a result, downstream segments where value, employment and learning effects are highest remain underdeveloped.

Across the EAC, both tanning and footwear manufacturing are characterized by persistent underutilization of installed capacity, particularly among SMEs. Evidence shows that most firms operate on intermittent, order-driven production cycles rather than continuous runs. Typical utilization rates in footwear manufacturing are estimated at 20–40% of installed capacity, reflecting fragmented demand, limited working capital and weak forward links to stable buyers. Even where machinery is available, factories often shut down lines between orders to conserve cash, resulting in high idle time and elevated per-unit overhead costs.

In tanning, utilization constraints are even more pronounced. Many tanneries operate well below their capacity. This reflects irregular H&S supply, persistent quality defects and export-oriented wet-blue production that focuses on a narrow range of grades. Raw H&S can represent up to 85% of wet-blue production costs, leaving tanneries highly exposed to fluctuations in supply

and quality. Consequently, facilities often run at partial capacity or halt operations when input conditions worsen.

The EAC LLPS identifies footwear manufacturing as the main downstream sector for regional leather industrialization. The Strategy cites strong and predictable demand, abundant raw materials, and the opportunity to replace imported leather footwear with locally produced alternatives. It adopts a sequenced market orientation of 'local first, regional next', prioritizing domestic and regional markets before pursuing extraregional exports.

Footwear demand in the EAC is driven by rapid population growth, rising incomes and policy-driven consumption patterns. The region's population exceeds 300 million, and a significant portion of this population is entering education systems and the workforce. Mandatory school uniforms in most Partner States create a stable and predictable baseline for leather footwear demand. Ongoing industrialization is generating a growing need for safety and protective footwear. Furthermore, rising urbanization and the expansion of the middle class are shifting consumer preferences towards higher-quality, branded footwear, which reinforces the long-term growth potential of domestic leather shoe manufacturing.

At factory level, production volumes are typically modest. SMEs often produce 100–300 pairs per day, while better-equipped factories may reach 500–1,000 pairs per day when operating near capacity. However, sustained operation at these levels is rare. Interviews and cost models suggest that many factories achieve these outputs only during short production windows linked to school procurement cycles, safety footwear contracts or donor-supported programmes, rather than year-round commercial demand.

Costing evidence from footwear production models shows that ex-factory prices for locally manufactured leather footwear are broadly competitive by international standards, provided factories operate at reasonable scale. These prices already include labour, utilities, depreciation and value-added tax, indicating that cost competitiveness is achievable under existing regional conditions. The challenge lies less in unit cost levels and more in scale, consistency and cost dispersion across firm types.

Table 3: EAC leather and footwear sector status (2024 estimates), by country

Country	Number of tanneries	Number of footwear enterprises	Footwear production (annual pairs)	Average capacity utilization (%)
Kenya	10 licensed tanneries, including both large-scale and mini tanneries. Eight tanneries have ceased operations in the recent past.	13 formal factories >1,000 artisans (in Kariokor alone)	~14 million	30% – 40% (tanneries) <1% (cluster common manufacturing facilities)
URT	Four, including Ace Himo Tanneries (Moshi)	150	~5.2 million	Large tanneries: 21–40%; SMEs: 41–60%
Uganda	Fragmented; one closed, three on the verge of closure; Kawumu is the state anchor	27	~2.1 million	30–35%
Rwanda	One tannery (Nova)	9	~1.2 million	30% due to insufficient supply of quality hides
Burundi	One industrial anchor (Afritan)	5	~0.5 million	Partial / limited; restricted by 80% household slaughter rate
South Sudan	No functional tanneries or processing clusters	2	~0.2 million	Minimal to zero industrial utilization
DRC	No industrial tanneries	7		The Diocesan Tannery in Moba-Kirungu has not yet been rehabilitated
Somalia	Two – Bosaso Tannery Berbera Tannery	2		Capacity utilization unknown

Source: ALLPI and ITC data compilation.

Further analysis indicates that limited scale and efficiency, rather than prohibitive input prices, explain the weak translation of competitiveness into sustained production. Leather typically accounts for 45–60% of total footwear production costs, making it the dominant cost component. Leather prices per square foot overlap significantly between large factories and SMEs when comparable finishes are used. The main source of cost divergence lies in procurement scale and material efficiency. Large factories benefit from bulk sourcing, mechanized cutting and better nesting efficiency, resulting in lower wastage and more consistent leather consumption per pair. SMEs, by contrast, rely on small-lot purchases and manual or semi-manual cutting, leading to higher leather consumption per pair and a higher effective leather cost, even when nominal input prices are similar. This material efficiency gap widens for leather-intensive products such as work and safety boots.

Competitiveness is also shaped by the quality standards applied to products entering and circulating within the regional market. Although there are regional standards

for footwear and leather goods, they are unevenly enforced. The market is characterized by large inflows of inexpensive, low-durability imports, including second-hand footwear. The weak enforcement of grading, labelling, safety and durability requirements reduces manufacturers' incentives to improve quality, making it more difficult for compliant producers to compete with substandard products. The ability of smaller manufacturers to meet procurement requirements and access export markets is further constrained by an absence of awareness of standards. Gaps in technical skills related to material grading, cutting efficiency, pattern development and quality control also contribute to production defects, higher rejection rates and reduced product durability.

Industrialization is missing at scale (East African Development Bank, n.d.; Heitzig & Newfarmer, 2023), with an urgent need to establish leather and footwear industrial parks, strengthen demand aggregation and build a robust manufacturing ecosystem capable of sustaining large-scale production and generating meaningful long-term employment.

Table 4: Illustrative ex-factory footwear prices under Kenyan industrial conditions (\$/pair)

Product type	Ex-factory price	International price
School shoes (cement-lasted)	~25.9	22.0 – 28.0
Men's leather shoes	~30.8	28.0 – 35.0
Safety / work boots	~64.2	55.0 – 75.0

Source: ITC, ALLPI and author's compilation.

Table 5: Quantitative evidence on leather costs in EAC footwear production

Cost dimension	Large / industrial factory	SME / workshop	Key implication
Leather share of total production cost (%)	45–55%	55–65%	Leather is the dominant cost driver in both systems
Leather price (corrected / embossed, \$/sq. ft)	0.80–2.50	1.10–3.00	Price differences reflect procurement scale, not leather type
Leather consumption – school shoes (sq. ft/pair)	1.5–1.8	~2.0	SMEs consume 10–30% more leather per pair
Leather consumption – work boots (sq. ft/pair)	4.0–5.0	5.0–6.0	Higher wastage in manual cutting
Leather cost per pair – school shoes (\$)	2.7–5.0	3.5–6.3	Higher unit cost driven by excess consumption
Leather cost per pair – work boots (\$)	7.6–15.8	9.5–19.2	Efficiency gap widens for leather-intensive products
Cutting method	Steel dies, press cutting	Manual / semi-manual	Determines nesting efficiency
Implied material efficiency gap	Baseline	+15–30% leather use	Main source of cost disadvantage for SMEs

Source: ITC, ALLPI and author's compilation.

Table 6: Material efficiency and leather cost per pair of different types of shoes

Product type	Indicator	Large / industrial factory	SME / workshop
School shoes	Leather consumption (sq. ft/pair)	1.5–1.8	~2.0
	Leather cost per pair (\$)	2.7–5.0	3.5–6.3
Work boots	Leather consumption (sq. ft/pair)	4.0–5.0	5.0–6.0
	Leather cost per pair (\$)	7.6–15.8	9.5–19.2
Implied efficiency gap	Extra leather use versus large factory	Baseline	+15–30%

Source: Based on regional cost benchmarks and material consumption tables by ALLPI.

The challenge of regional value chain integration

The EAC leather value chain remains fragmented, with limited coordination between livestock production, slaughter operations, H&S collection, tanning and leather goods manufacturing. Livestock production is primarily meat-oriented, and formal links between farmers, abattoirs and tanneries are incomplete. H&S collection is carried out largely by dispersed informal agents, with no integrated regional aggregation or traceability system.

This lack of coordination reduces traceability, constrains quality upgrading and disrupts consistent sourcing for tanneries. Cross-border raw material flows remain limited and often informal, restricting supply predictability and reducing incentives for upstream investment in quality improvement.

At the midstream level, tanning and finishing activities are only partially connected to downstream manufacturing. Tanneries across the region primarily process hides for export, mainly to India, China and Pakistan, at the semi-finished wet-blue stage. Collaboration with domestic footwear and leather goods producers is limited, and intra-EAC trade in finished leather remains small. As a result, downstream manufacturers frequently depend on imported leather inputs from outside the region.

Import trends reflect this structural gap. EAC imports of semi-processed leather reached nearly \$8.4 million in 2010 and remained above \$13 million in 2014, indicating stronger industrial demand at that time. Since then, imports have declined steadily, reaching approximately \$5 million in 2024. This decline does not signal effective import substitution. Rather, it reflects a contraction in downstream manufacturing capacity and reduced industrial demand.

In the downstream segment, footwear and leather goods production spans both industrial and artisanal scales. Artisanal producers are present across Partner States but the industrial manufacturing base remains limited in several markets. Most firms operate at small scale and focus primarily on domestic markets, with minimal cross-border sales. Intraregional trade in footwear and leather goods remains underdeveloped, reflecting limited regional distribution networks, modest branding capabilities and insufficient harmonization of quality standards.

These structural constraints are reinforced by strong import competition, high logistics costs and divergent national policies on H&S export restrictions. Together,

these factors limit the emergence of integrated regional value chains and constrain the EAC's ability to expand into higher-value segments of the global leather market.

To illustrate how these constraints shape value chain performance and how they could be addressed, three schematic value chain representations are presented. Figure 19 reflects the leather and leather products value chain as set out in the EAC Strategy in 2017, while Figure 20 updates this structure using 2024 data to show how current constraints and fragmentation persist. Figure 21 presents a forward-looking value chain for 2026–2030, illustrating the intended transformation if the Strategy's recommendations are implemented, with stronger integration and increased value addition within the EAC.

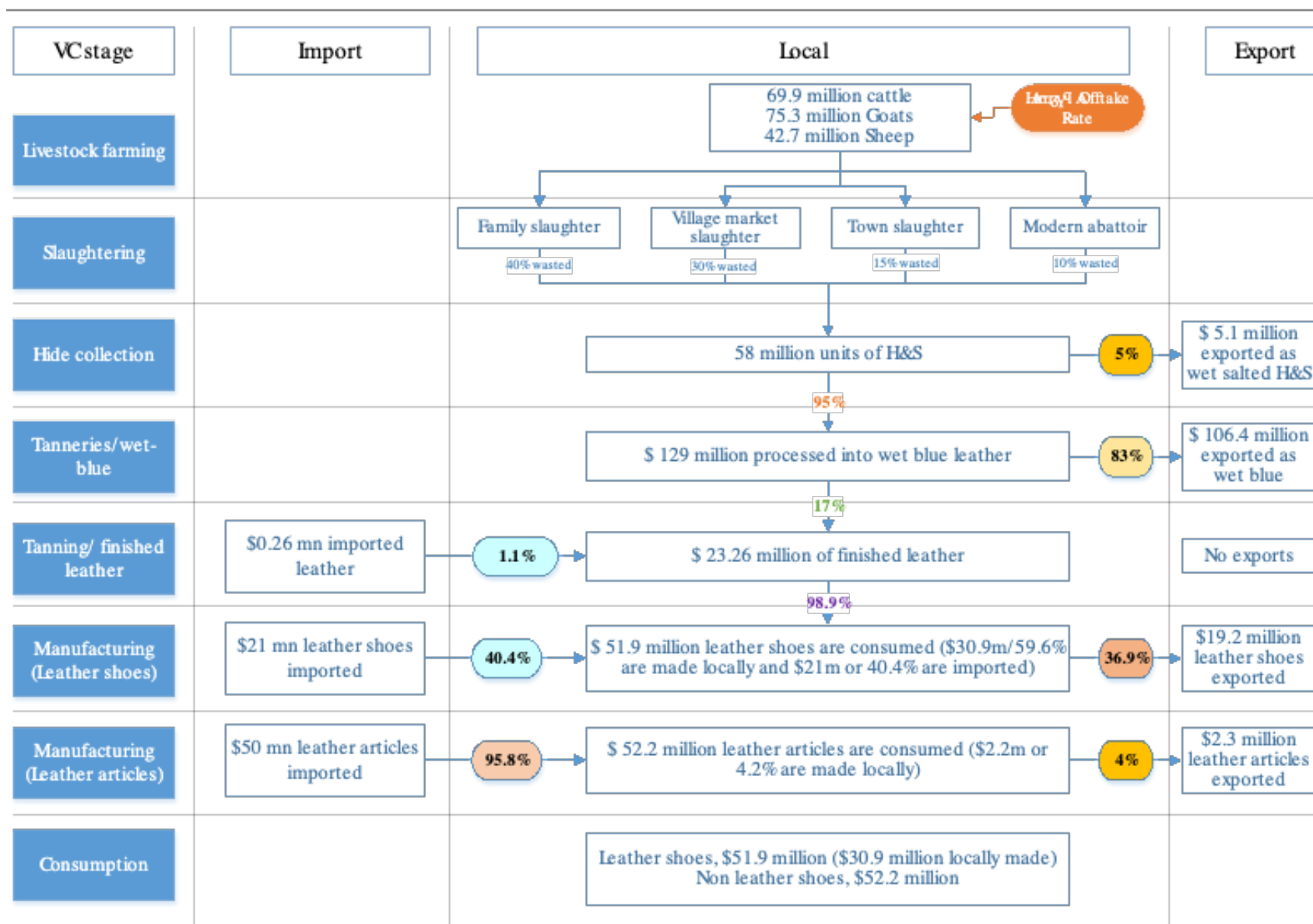
Beyond these structural bottlenecks within the value chain, a set of cross-cutting policy and institutional challenges further constrains sector performance. These include the impact of export levies and restrictions on raw H&S, which have often been applied in contexts where domestic processing capacity remains limited; the weak operationalization of leather-specific industrial financing instruments, including the absence or limited effectiveness of LDF-type mechanisms; and persistent barriers to intraregional trade, such as divergent national policies, non-tariff barriers, and weak trade facilitation along EAC corridors.

These issues are analysed in detail in subsequent chapters of this report.

Key recommendations for value addition

- **Strengthen oversight of slaughterhouses and hide collection systems to reduce the loss,** disposal and illegal diversion of H&S, and ensure they enter formal processing value chains.
- **Expand skills development across the leather value chain,** including hide grading, tanning and finishing; and leather goods manufacturing; to improve quality and productivity.
- **Promote public-private collaboration through national and regional leather value chain pilot programmes** linking livestock producers, slaughterhouses, tanneries and manufacturers.
- **Fast-track implementation of the EAC LLPS** by prioritizing actions that address the main delivery gaps identified in the MTR.

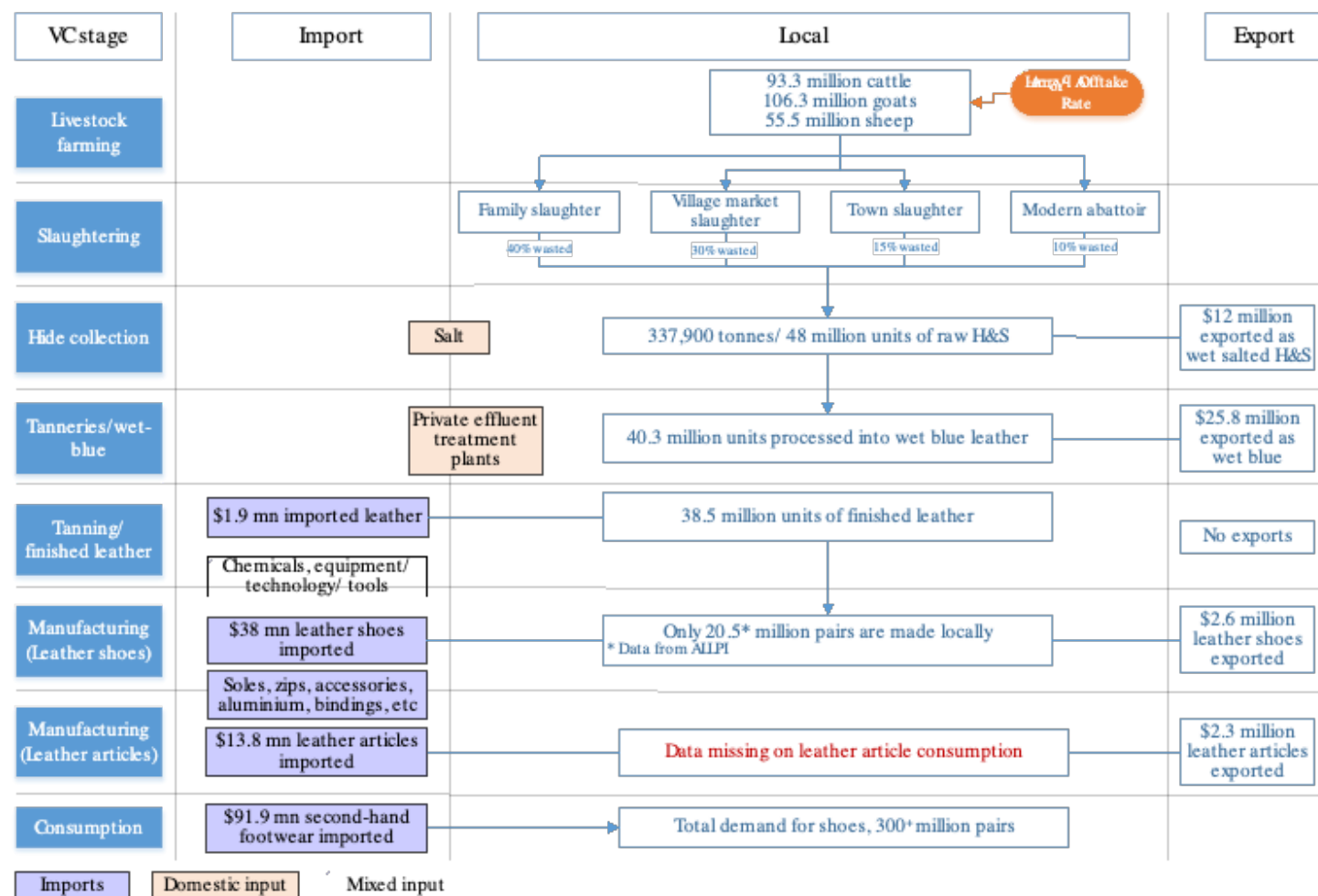
Figure 19: EAC leather and leather products value chain, 2018



Source: EAC LLPS.

Note: The data have not been verified by ITC, and some figures may be overstated. The value chain is reproduced as presented in the EAC LLPS.

Figure 20: Current value chain of leather and leather products in the EAC, 2024



Calculation methodology and assumptions

The Food and Agriculture Organization of the United Nations reports H&S in tons (wet-salted equivalent). A weighted regional average of 7.5 kg per hide or skin is applied. Conversion formula: Units = Tons × 1,000 ÷ 7.5. Raw H&S:

- Total production: 337,900 tons, equivalent to ≈48 million units.
- Raw H&S exports: 21,900 tons (6.5% of production).

Wet-blue processing and exports:

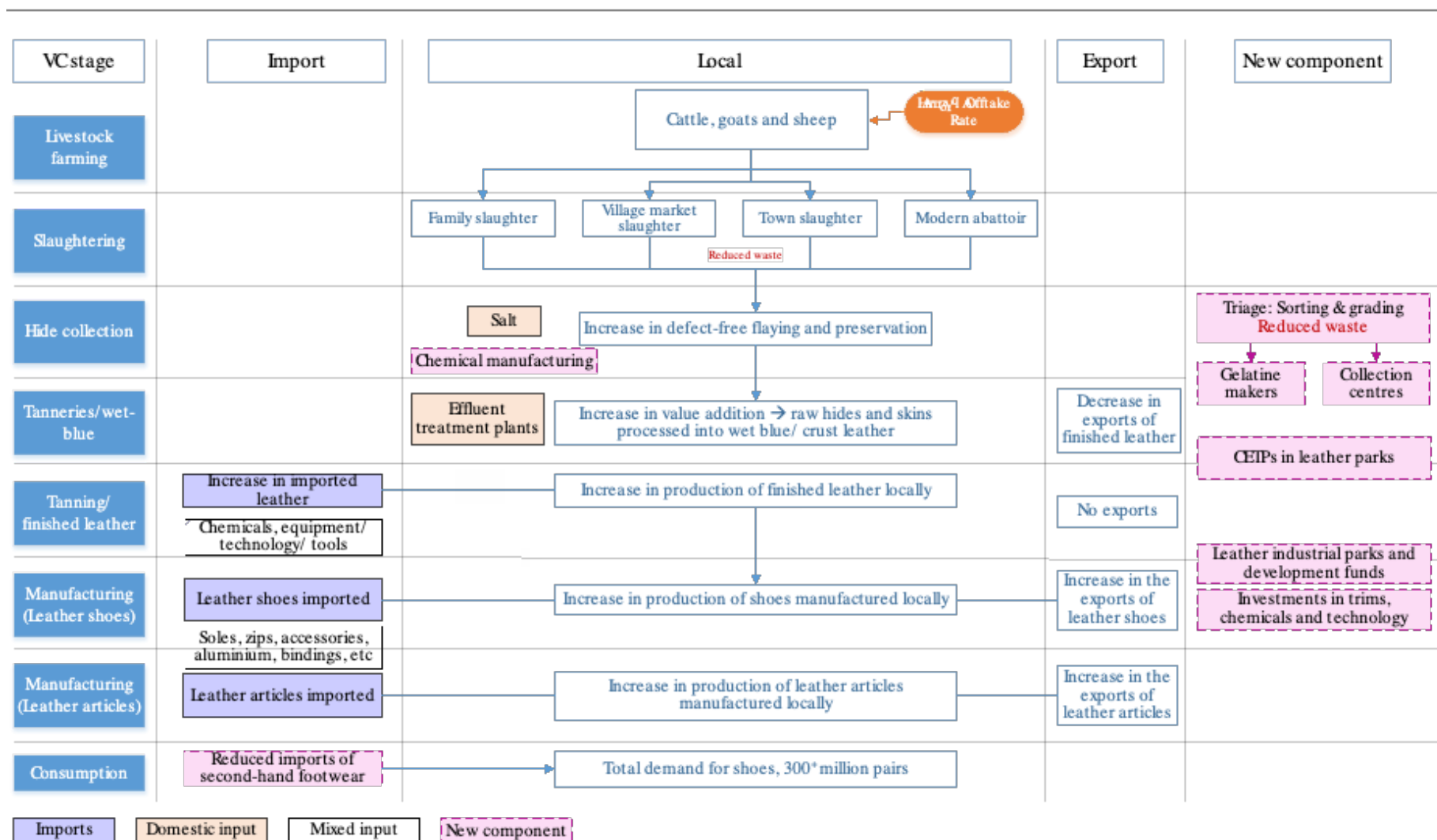
- Material remaining after raw exports is assumed to be domestically available for tanning.
- Wet-blue exports of 14,000 tons correspond to ≈1.9 million units, or 4.7% of domestically processed wet-blue.

Finished leather availability:

- All non-exported wet-blue is assumed to be absorbed by the domestic market (for finishing, further processing or internal consumption). This yields an estimated 38.5 million units available annually for conversion into finished leather products, representing an upper-bound estimate, as quality losses and informality persist.

Source: ITC compilation built on the EAC LLPS and based on the latest trade data from Trade Map and ALLPI, as available.

Figure 21: Proposed Future value chain, 2026–2030



Source: ITC compilation based on stakeholders consultation and built on the EAC LLPS.



Why footwear manufacturing matters for the EAC

Leather footwear manufacturing offers a strategic and economic rationale for the EAC countries aiming to transition from raw material exporters to value-added producers. The region possesses an abundant supply of H&S, a large and growing consumer base, and increasing demand for affordable yet quality footwear. However, most EAC countries still export raw hides or semi-processed leather, missing the higher value addition associated with finished products like shoes.

Demand for raw hides has declined due to shifts in consumer preferences, environmental pressures and competition from synthetic substitutes. Exporting semi-processed leather yields minimal returns, forfeiting significant downstream value. By contrast, footwear manufacturing offers a labour-intensive, tradable and high-value product that can be scaled with moderate capital investment, generate substantial employment for youth and women, and foster backward and forward links across the economy.

Price comparisons illustrate the value gap – for every \$1 earned from raw leather exports, the region forfeits \$4–5 in potential value from downstream processing (as mentioned in Table 2) (EAC, 2021). By investing in local footwear manufacturing, EAC countries can create jobs, retain more value within the region, substitute costly imports and build a foundation for industrialization aligned with the African Union's Agenda 2063 and national development visions like Kenya Vision 2030.

The EAC footwear market is increasingly shaped by imports of second-hand shoes and low-cost synthetic products. These imports dominate entry-level price segments and account for a large share of footwear consumption across the region. As consumers develop stable purchasing habits around cheap, short-lived imports, it becomes harder for locally produced leather footwear to gain market share, even where domestic capacity exists.

This import-led market structure has economic and environmental consequences. Second-hand and synthetic shoes typically have shorter lifespans, generate higher volumes of waste and contribute to microplastic pollution. By contrast, locally manufactured leather footwear,

when produced to appropriate quality standards, is more durable and environmentally sustainable. Continued reliance on imports therefore locks in low-value consumption patterns while weakening incentives for domestic industrial upgrading.

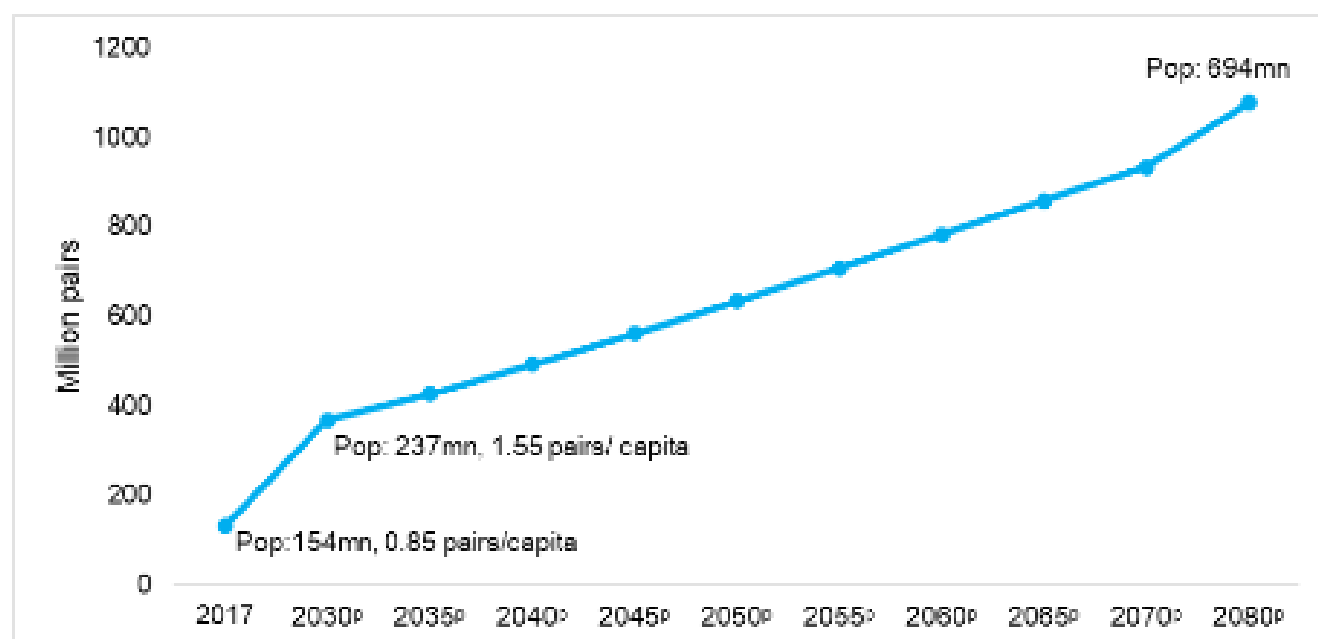
Although HS 6309 covers both used clothing and footwear, trade under this heading is overwhelmingly dominated by second-hand garments. Disaggregated national tariff data available for Kenya, URT, Burundi and Uganda indicate that imports of second-hand footwear alone reached approximately \$91.9 million in 2024. This figure covers only four of the eight EAC Partner States and includes both leather and synthetic footwear, suggesting that the regional market for second-hand footwear is likely significantly larger.

Strengthening local footwear manufacturing would help reverse these dynamics. Domestic production creates stable demand for H&S, supports downstream links to retail and exports, and retains more value within the regional economy. Over time, this would reduce import dependence, support employment and anchor a more resilient and sustainable leather value chain in the EAC.

Missed industrialization opportunities and urgent need for transformation

EAC footwear demand surpassed 130 million pairs in 2017, yet domestic production supplied only a fraction (6 million pairs) highlighting a substantial missed industrial and economic opportunity. In 2024, production was increased to just over 17 million pairs, while total demand was estimated at 290 million pairs. Rising incomes and rapid population growth will push demand to nearly 385 million pairs by 2030 and over 560 million pairs by 2050.

Figure 22: EAC footwear demand trajectory, 2017 baseline and projections to 2080 (millions of pairs)



Sources: EAC (2021); and United Nations Population Division Data Portal (2026).

Note: From 2030 onwards, footwear demand is projected assuming a constant consumption rate of 1.55 pairs per capita per year. This is a conservative simplifying assumption; even under this constant per capita scenario, total footwear demand rises steadily, driven entirely by population growth.

The global production and consumption structure reinforces the case for industrialization in Africa. Asia accounts for nearly 88% of global footwear production while consuming only about 56%, whereas Africa produces just over 3% of global footwear but consumes more than 9%. This imbalance shows that Africa is a net demand centre rather than a production hub, with consumption systematically met by imports.

For the EAC, this gap is not a question of insufficient demand but of missing manufacturing capacity. Without scaling domestic footwear production, the region will continue to export raw materials and import finished products, locking in trade deficits and foregone value addition. Industrializing footwear manufacturing is therefore not optional but necessary to align Africa's growing consumption with domestic production and to capture value within the region.

Table 7: Distribution of footwear production and consumption by continent, 2024 (%)

	Production	Consumption
Asia	88.0	55.5
Europe	2.3	13.5
Africa	3.2	9.2
Australia	0.0	0.9
South America	5.0	7.3
North America	1.5	13.6

Source: World Footwear (2025).



Addressing this missed opportunity requires a deliberate leather and footwear industrialization strategy, and supportive policies. The LLPS focuses on meeting existing domestic demand, estimated at about 600,000 pairs of industrial shoes per month, compared to current production of only around 60,000 pairs. It also promotes Buy Made in East Africa initiatives to substitute imports from Asia and Europe.

The LLPS also calls for providing a larger share of H&S for domestic processing, as well as upgrading tanning and finishing capacity. This includes establishing fully integrated tanneries with footwear production capabilities. Once domestic capacity and quality standards improve, the Strategy points to opportunities to expand intra-EAC trade in footwear and to gradually position the region for exports beyond the EAC. This sequencing supports value addition, employment creation, SME development and reduced foreign exchange leakage, while aligning with Agenda 2063 and national development plans.

In the first phase, the priority is to secure the domestic market. This provides a stable and predictable base for scaling production. It requires investment in small and medium-sized shoe factories with modern and energy-efficient machinery. Workers must be trained to meet consistent quality standards (United Nations Industrial Development Organization, 2015). The focus should be on high-demand products such as school shoes, safety boots and other industrial footwear (EAC, 2021). Public procurement by governments, schools and large

employers can provide reliable offtake. Stronger links between manufacturers and tanneries are needed to ensure a steady supply of finished leather and to reduce reliance on imported uppers and synthetic materials.

Once domestic capacity is established, the second phase should focus on expanding sales across the EAC common market. This will require stronger brand visibility for EAC-made footwear in major urban centres. Targeted marketing, participation in trade fairs and partnerships with regional retailers will be important. Efficient logistics and distribution systems are also needed to ensure timely and cost-effective cross-border deliveries. Export processing zones and SEZs can support cross-border manufacturing partnerships and allow firms to specialize in different stages of production (African Development Bank, 2020).

The final phase aims to position the EAC as a competitive footwear exporter beyond the region. This requires compliance with international technical and quality standards, and the adoption of sustainable production practices. Relevant certifications will be essential. Export growth can be supported through African Continental Free Trade Area preferences and access to underserved African markets (United Nations Conference on Trade and Development, 2024). In parallel, the region should attract anchor investors and original equipment manufacturer contracts with established international brands. This would help local firms integrate into global value chains while developing their own export-ready brands (Gereffi & Memedovic, 2003).



size: 50sqft

upholstery hide with a uniform solid color

Thickness

approx Dir

MID TAN

DARK TAN

DK BROWN

GREY

BURGUNDY

BLACK

DK GREEN

Export levies and competitiveness in the EAC leather sector

The issue of export levies on H&S emerged as a regional policy priority through a series of discussions and directives beginning with the 37th Extraordinary Meeting of SCTIFI on 23 April 2021. The Council approved the establishment of the Leather and Leather Products Platform as part of the regional coordination framework for implementing the EAC LLPS. Although industry had voiced concerns about H&S export levies for years, the issue was reaffirmed as a priority area during East Africa Textile and Leather Week in Nairobi on 23–24 May 2024. Partner states further emphasized this priority during the National Coordination Committee meetings in July 2024. Rwanda, URT and Kenya explicitly called for analytical work on the impacts of export levies, given concerns about misclassification, revenue leakage and loss of raw materials to unregulated channels.

These national-level signals led to the issue being elevated to the regional policy platform at the EAC Regional Leather Meeting in Kampala, 3–5 April 2025. At this meeting, stakeholders again emphasized the necessity of reviewing export-related measures as part of broader value chain reforms. The conclusions of this meeting were reviewed by the SCTIFI, and it issued a directive mandating an MTR of the EAC LLPS (SCTIFI Directive, May 2025). As part of the MTR process, which began in mid-2025, the EAC Secretariat incorporated an analytical component focusing on export levies. This incorporation was validated through Partner State feedback and at the EAC Leather and Leather Products Platform meeting held on 30 September 2025.

Across the EAC Partner States, export levies on raw H&S and semi-processed leather have been used as a central policy instrument to encourage domestic value addition and retain inputs for downstream manufacturing. By creating a wedge between domestic and international prices, export restrictions can lower input costs for downstream processors and encourage investment in local processing industries. Indeed, governments around the world have frequently used export restrictions as an industrial policy tool to promote domestic value

addition, secure raw material supply and generate fiscal revenue (Organisation for Economic Co-operation and Development, 2010). In practice, however, export levies can introduce significant price distortions into the value chain and affect incentives for production, trade and investment. Assessing their impact is therefore important to determine whether current trade policies are aligned with the EAC LLPS objectives of competitiveness, upgrading and employment creation.

Although leather and footwear represent a small share of overall exports, the trade policies governing these sectors have had disproportionate effects on production decisions, export performance and regional trade patterns. Evidence from international experience suggests that export taxes and similar restrictions have often produced mixed results in promoting domestic processing and value addition. In many cases, they have shifted activity towards early processing stages without significantly increasing overall exports or sector competitiveness.

Baseline trade patterns reveal a highly uneven sectoral structure. Figure 23, based on the International Trade and Production Database for Simulation (ITPD-S) for 2019 (the latest year available) shows the region's trade in leather (tanning and dressing of leather)⁸ and footwear,⁹ distinguishing between intra-EAC and extraregional flows. The upper panel shows that Kenya dominates exports in both sectors, followed by URT and Uganda. The lower panel, in proportional terms, shows that intra-EAC trade dominates in footwear, but exports to third markets are more significant in leather goods. At the same time, import tariffs on leather and footwear are moderate across the region, while export levies on leather are exceptionally high in ad valorem terms in several countries.

The structure of trade taxation in the EAC leather sector is highly asymmetric. ALLPI collected data on export levies and specific import levies on leather in the EAC countries, based on official sources. To ensure comparability across countries and products, all specific taxes and

1.8. ITPD-S documentation suggests that this sectoral classification is approximately comparable to HS Chapter 41, i.e. it consists mostly of raw leather products. Processed products are contained in a separate sector, while downstream products like footwear are also identified separately.

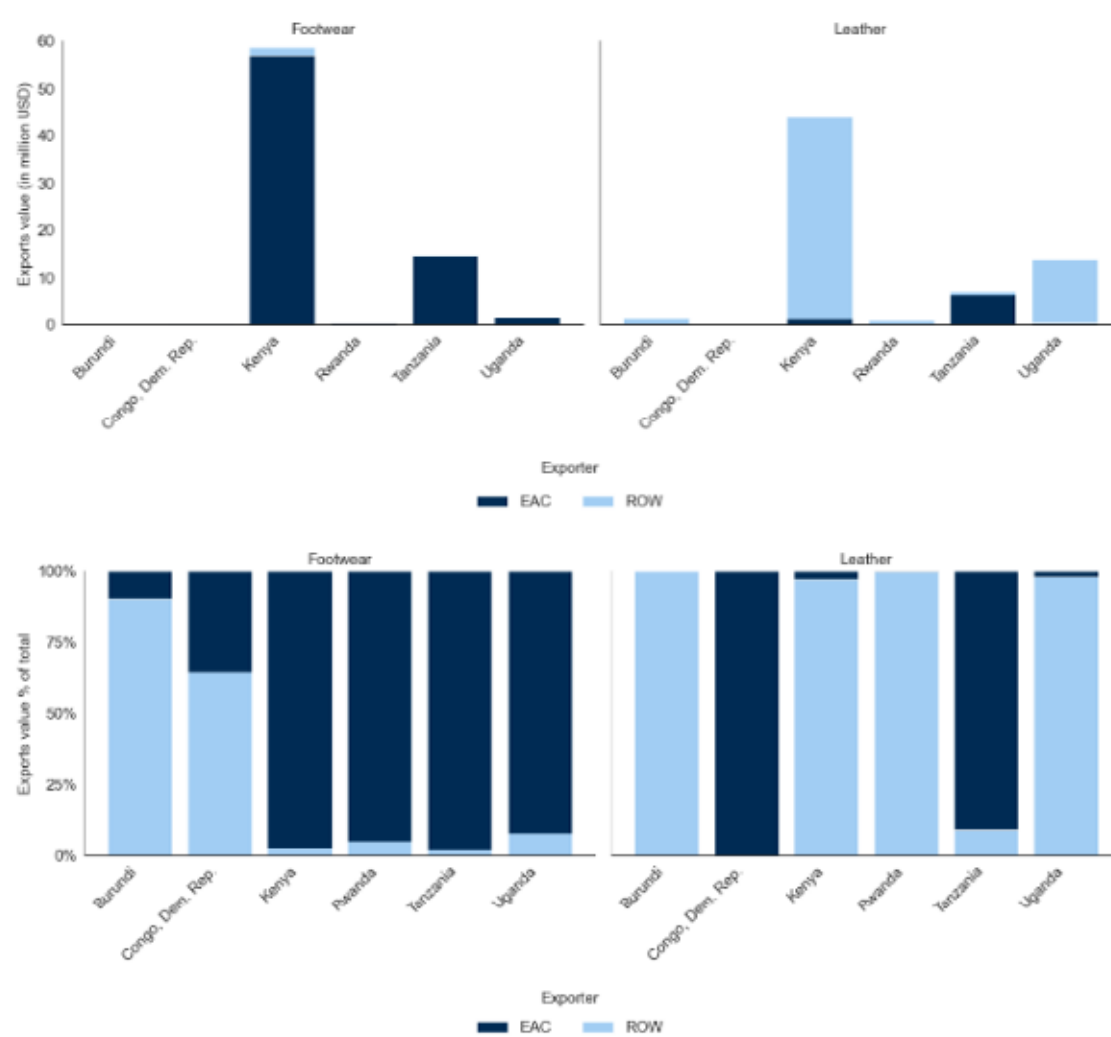
1.9. This classification does not separately identify footwear made of leather.

Box 1: Global experiences with export taxes

A 2010 Organisation for Economic Co-operation and Development report examines cases related to export taxes in food and agriculture sectors. Using a simulation model, the authors show that an export tax on wheat in response to a price spike on world markets would be effective in lowering domestic prices: however, they assume, but do not measure, passthrough. There would also be some limited positive impact on downstream sectors that use wheat as an input. The overall impact on economic welfare is small but positive, but is related to the fact that Argentina is a large player in the global wheat market and can therefore influence its terms of trade. Small countries do not have this ability, and so are more likely to lose in economic welfare terms from export taxes.

A WTO report (Piermartini, 2004) cites the example of an export tax on cotton in Pakistan, designed to promote downstream yarn production. Although yarn exports increased and cotton exports decreased, detailed studies suggest that the impact of the export tax was marginal. However, it resulted in a significant transfer of income from domestic cotton producers to domestic yarn producers. It also had a major detrimental effect on the cotton sector. The WTO report concludes that the efficacy of an export tax in promoting downstream processing may be short-lived, as it reduces the incentive to invest in new technology, thereby undermining the competitive position of the downstream processing sector, while also inhibiting the growth of the upstream primary sector.

Figure 23: Baseline trade values and proportions, by exporter and importer, leather and footwear, 2019, \$ millions (upper panel) and per cent (lower panel)



Source: Author's calculations based on data from ITPD-S; data unavailable for South Sudan and Somalia.

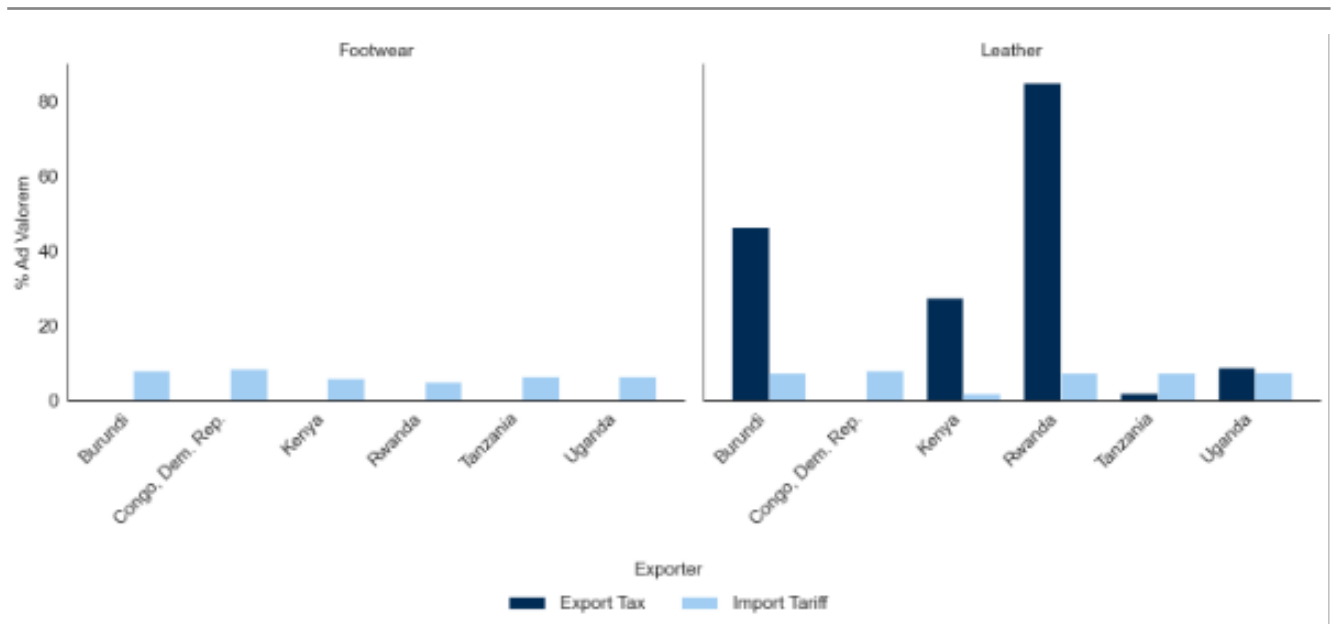
Note: Data on export levies compiled by ALLPI.

levies were converted into ad valorem equivalents using quantities and values from the 2024 *Base pour l'Analyse du Commerce International* (BACI) database, which provides the most up-to-date reconciled trade and quantity data available for this purpose. The resulting baseline shows that, even accounting for the effects of specific import levies, tariff rates are only moderately high in the baseline. However, the picture is dramatically different for export levies in most countries. Ad valorem export levies are extremely high, up to over 90% in the case of Rwanda.

Although export levies were abolished in 2025, the analysis here uses the baseline year of 2019 for assessing export tax incidence. Burundi, Kenya, Rwanda, URT and Uganda all have substantial export levies on leather in the baseline. Rates for countries and product lines not mentioned in official documents are assumed to be zero.

A comprehensive, country-by-country table of export levy rates and import tariffs across EAC Partner States is provided in the Technical Annex.

Figure 24: Baseline trade policies, EAC countries, leather and footwear, latest available year (2019), ad valorem (%)



Source: Author's calculations based on data from ITPD-S, data unavailable for South Sudan and Somalia.

Note: Data on export levies compiled by ALLPI.

High trade taxes can create governance challenges (Javorcik & Narciso, 2008). Evidence from many contexts shows that high tariffs and export taxes increase incentives for circumvention through practices such as under-invoicing, relabelling of goods or the use of informal border crossings. The exceptionally high ad valorem export taxes applied to leather in several EAC countries may therefore also create incentives for informal trade. Uganda has recently removed an exemption for glue stock exports (EY, 2025), reflecting concerns that raw H&S were being exported under this classification to avoid export levies.

Recent policy divergence between Rwanda and Uganda illustrates two contrasting reform trajectories within the EAC, each responding to the existing levy regimes but in opposite directions. Rwanda, which had historically applied one of the highest export levies in the region,

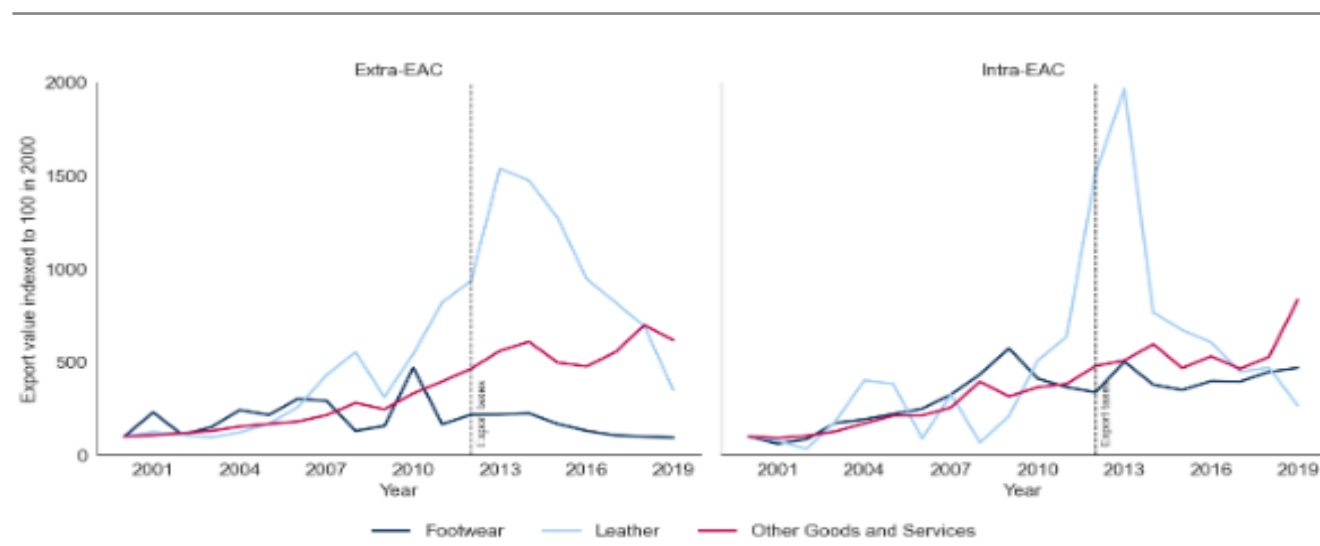
reaching over 90% ad valorem on raw H&S, made the decision to abolish all export levies on H&S in 2025. This reversal acknowledges that the levy regime, introduced before sufficient domestic tanning capacity was in place, suppressed raw hide prices without generating the expected expansion in domestic leather processing. With local hide prices collapsing from approximately RWF 1,500 (\$1.03) per kg before 2015 to as low as RWF 100 (\$0.07) per kg by 2024, the government concluded that restoring market price signals was a precondition for reviving upstream investment incentives. Rwanda's approach is explicitly contingent on accelerating the development of the Bugesera Green Tannery Park to provide the processing anchor that the levy regime had not created.

Uganda, by contrast, has moved in a different direction: rather than reducing levy rates, it has strengthened

the integrity of the existing regime. Through the H&S (Export Duty) (Amendment) Act, 2025, Uganda closed the glue stock loophole that had allowed tannable hides, fragmented into prescribed fractions, to be exported duty-free under HS 0511.99. By subjecting previously exempt cut hides to the standard export levy of \$0.80 per kg, Uganda has sought to plug a circumvention pathway estimated to account for between 40% and 50% of formal raw hide exports from the region. Together, these divergent approaches reflect a broader regional reckoning that neither blanket restriction nor unilateral liberalization is sufficient without accompanying investment in domestic processing capacity.

Figure 25 shows that leather exports were growing considerably faster than other sectors prior to the introduction of export taxes on extra-EAC exports in 2012.¹⁰ Following their introduction, leather exports declined sharply. Footwear exports, meanwhile, remained largely stagnant or declined slightly. These trends are visible in both extraregional and intra-EAC trade. Overall, the data suggest that export taxes have had a significant negative impact on the leather sector and may also have contributed to slower growth in footwear exports relative to other sectors.

Figure 25: EAC export values by sector, index (year 2000 = 100), 2000–2019, by destination



Source: Author's calculations based on data from ITPD-S, data unavailable for South Sudan and Somalia.

Note: Data on export levies compiled by ALLPI.

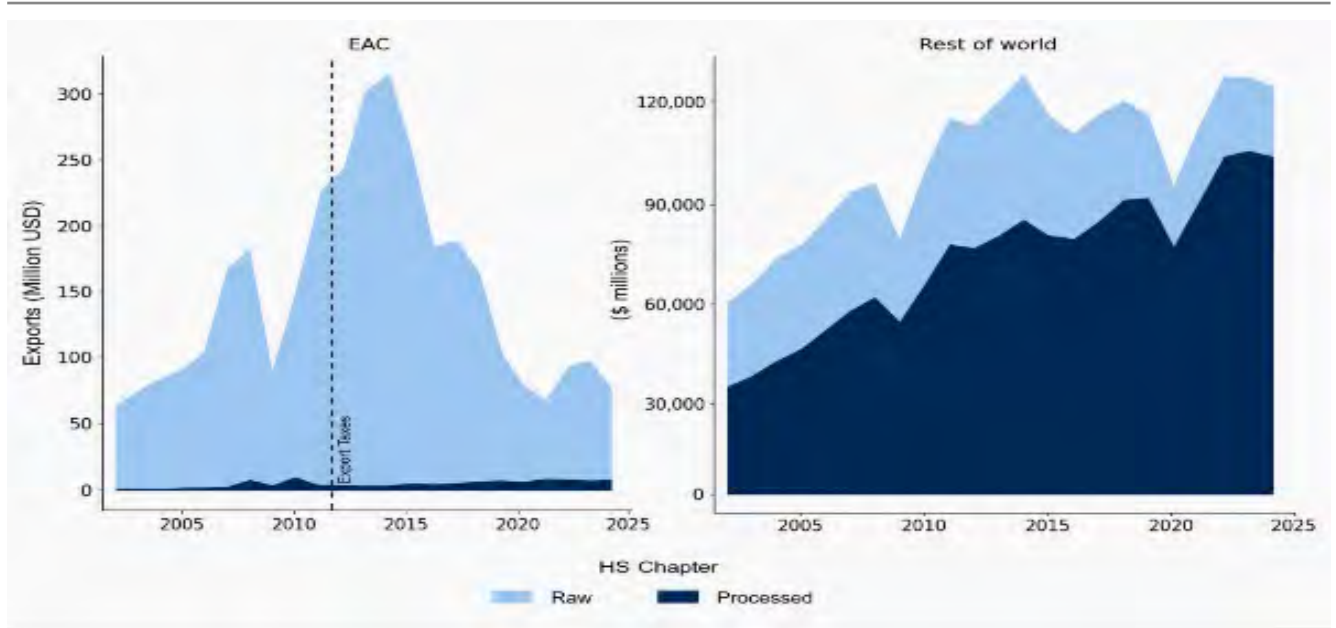
Figure 26 highlights a clear divergence between the EAC and global leather trade patterns. Between 2012 and 2024, the region's exports of raw leather (HS Chapter 41) fell by \$167.8 million, while exports of processed leather goods (HS Chapter 42) grew by only \$4.0 million. In simpler terms, just \$1 was gained in processed exports for every \$41 lost in raw exports. At the global level, the picture is precisely the reverse: worldwide gains in processed leather exports over the same period were 1.72 times larger than losses in raw exports, confirming that the global industry did successfully trade up the value chain during this period. The EAC, by contrast, contracted at the bottom of the value chain without capturing a meaningful share of the markets opening at the top. This asymmetry

is the quantitative expression of the Strategy's central challenge: export levy regimes and industrialization investments have, to date, reduced raw hide outflows without generating the downstream manufacturing expansion needed to convert that raw material retention into finished goods, jobs and export revenue.

To assess the economic implications of these policies, counterfactual simulations were conducted using a multi-sector general equilibrium trade model calibrated to EAC data. The simulations examine how trade and production outcomes would have differed in the absence of leather export levies, holding other conditions constant. The results show that removing export levies would lead

1.10. Export values in each sector are rebased to equal 100 in the year 2000. Changes over time can therefore be interpreted in percentage terms and reflect relative changes, not differences in values.

Figure 26: Exports of raw (HS Chapter 41) and processed leather goods (HS Chapter 42), EAC countries and the rest of the world, 2002–2024 (\$ millions)



Source: Author's calculations based on BACI data.

to very large increases in leather exports, close to 400% at the regional level, with the strongest gains occurring in countries that initially applied the highest taxes. Export growth is driven primarily by improved competitiveness in extraregional markets, though intra-EAC leather trade also increases modestly due to scale and productivity effects.

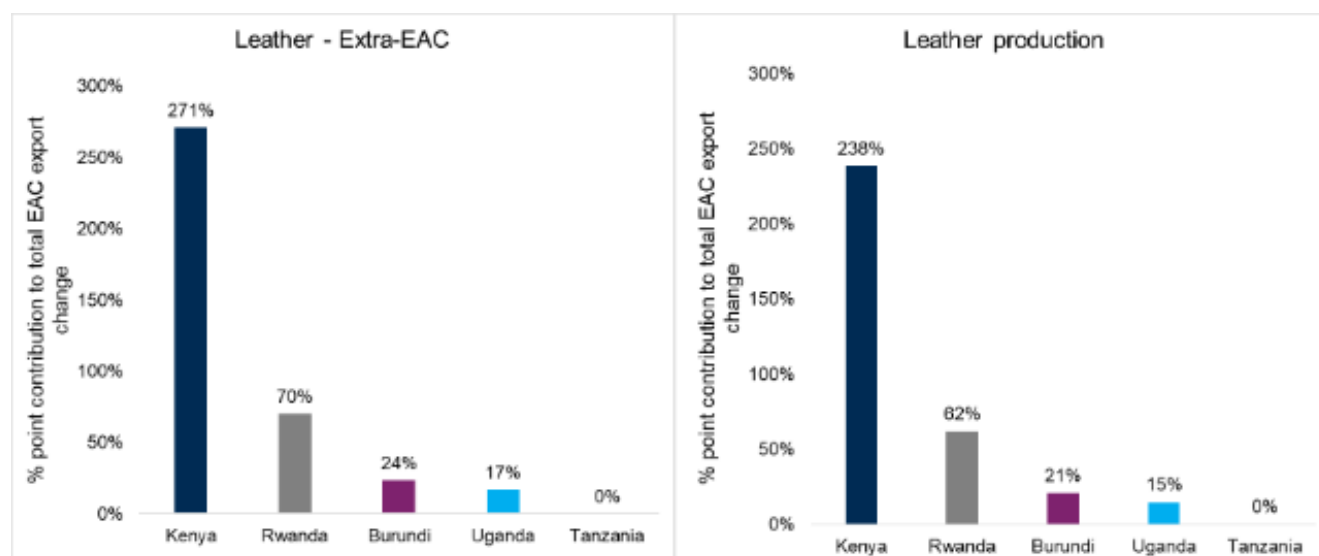
Production effects closely mirror the trade outcomes. Regional leather output increases by more than 300% in the counterfactual scenario, reflecting the removal of the tax wedge between producers and international markets. In contrast, footwear production declines only marginally, by less than 1% at the regional level. This small effect reflects a limited reallocation of resources towards the now more competitive leather sector and suggests that export levies have not been a decisive driver of downstream expansion. Importantly, economy-wide indicators such as real wages and real absorption change by less than 0.1%, indicating no meaningful macroeconomic losses from removing export levies, even after accounting for foregone fiscal revenue. Figure 27 shows the production and export effects that the counterfactual simulation produced.

Taken together, the evidence indicates that leather export levies have significantly constrained export growth, while production has remained stagnant without delivering commensurate benefits to downstream manufacturing. Rather than catalysing footwear development,

these measures have reduced sectoral scale, weakened competitiveness and contributed to export contraction. The results show that export taxation has delivered mixed industrial outcomes, weakening incentives for scale, learning and market integration across the value chain. These findings suggest that continued reliance on export levies is poorly aligned with the Strategy's objectives of competitiveness, value addition and employment creation. A gradual, capacity-linked reduction of export levies, sequenced alongside investments in compliance infrastructure, finance and skills, would better support sustainable upgrading while avoiding abrupt adjustment shocks.

The MTR further finds that export levies and sector-specific fees, while often proposed as a primary revenue source for LDFs, are structurally ill-suited to serve as the backbone of sector financing. Levy revenues are inherently volatile, fluctuating with livestock cycles, trade volumes and policy changes, which undermines their predictability as a funding source. Moreover, successful upgrading of midstream and downstream activities would, over time, reduce raw hide exports, eroding the levy base itself. Where levy revenues are not legally ring-fenced, they are also vulnerable to diversion into general budgets, further weakening their effectiveness. As a result, levy-based funding is best treated as a contributory rather than exclusive financing mechanism, particularly for capital-intensive investments such as leather industrial parks.

Figure 27: Counterfactual changes in exports (left panel) and production (right panel) of leather following the removal of export levies, percentage change relative to 2019 baseline (%)



Source: Author's calculations based on data from ITPD-S, data unavailable for South Sudan and Somalia.

Note: Data on export levies compiled by ALLPI.

Box 2: Provision of remedies regarding the exemption of 'glue stock' and the circumvention of levies

The treatment of 'glue stock' (HS 0511.99, products of animal origin n.e.s.) within the export levy framework has created a pathway through which export duties on H&S could be avoided. Under Customs legislation in several EAC Partner States, H&S classified as glue stock are exempt from export levies because they are considered unsuitable for tanning and intended for processing into glue, gelatine or other collagen-based industrial products.

In practice, classification often depended on how hides were cut rather than on their intrinsic quality. Hides qualified as glue stock once fragmented into specified fractions and accompanied by an exporter certificate declaring them to fall within that category. For example, dry cattle hides exceeding a defined weight threshold became duty-exempt when cut into pieces not exceeding one-quarter of the whole.

This regulatory structure created incentives to fragment otherwise tannable hides in order to qualify for the exemption, diverting raw materials away from domestic tanneries. As a result, hides could be exported duty-free under the glue stock category, reducing the extent to which the levy regime retained raw materials for domestic processing and value addition.

Uganda addressed this issue through the H&S (Export Duty) (Amendment) Act, 2025, which removed the glue stock exemption and subjected previously exempt cut hides to the standard export levy of \$0.80 per kg (EY, 2025). Achieving policy coherence at the regional level will require similar alignment across EAC Partner States. Without harmonized treatment and effective enforcement, differential exemptions risk distorting trade flows within the region and weakening the collective objective of promoting domestic leather processing capacity.



A regional instrument on downstream export levies already exists but has not been operationalized since its adoption. In June 2019, the EAC Council of Ministers gazetted Legal Notice EAC/96/2019, which imposed an export levy of 10% on wet-blue and crust leather destined for outside the EAC for financial year 2019/20, with the rate scheduled to increase by 10 percentage points each subsequent year for 10 years. The Republics of Uganda and Rwanda were granted a one-year stay of implementation. In the six years since, there is little publicly available evidence that the gazetted escalation has been implemented, monitored or revisited at the regional level, even as Partner States have moved unilaterally in opposite directions on raw hide levies.

The MTR recommends that this instrument be revisited as part of a coordinated regional approach to export levy reform, ensuring that any levies on semi-processed leather are calibrated to verified domestic finishing capacity rather than applied on a fixed escalation schedule. Further analytical work and a deeper review of Legal Notice EAC/96/2019, alongside the country-level regimes already discussed in this chapter, should be undertaken as a priority follow-up to this MTR.

Key recommendations

- **Gradually calibrate export levies on H&S and semi-processed leather**, sequencing reforms with the expansion of domestic processing capacity to restore competitiveness and stimulate export growth.
- **Reduce exports of H&S as glue stock by levelling the playing field**: strengthening oversight of slaughterhouses, hide collection points and traceability systems to improve quality and retain hides within formal domestic supply chains will help secure a reliable supply of hides for local tanning and reduce opportunities for levy circumvention.
- **Partner States should develop and implement a deliberate leather and footwear industrialization strategy**, anchored in supportive domestic policies, to close the substantial gap between existing demand and local production capacity.
- **Revisit EAC Legal Notice EAC/96/2019** on the wet-blue and crust export levy as part of the regional export levy reform package, and assess implementation status, escalation feasibility and alignment with current downstream processing capacity across Partner States.



Sector financing and leather parks to stimulate industrialization

Review of leather and industrial development funds

Structurally, most LDFs and Industrial Development Fund leather windows suffer from weak legal anchoring. In several cases, funds are cited in sector strategies or national development plans without an accompanying law, decree or regulation that establishes their mandate, governance and operational authority. Even where a legal basis exists, subsidiary instruments required to operationalize boards, secretariats and disbursement procedures are frequently missing or delayed. As a result, Funds cannot enter into binding financing commitments, approve projects or provide predictable support to firms and industrial infrastructure. This has contributed to a gap between policy ambition and delivery, particularly in financing SME upgrading, compliance investments and shared infrastructure such as CETPs.

Revenue mobilization and ring-fencing are a second major constraint. Across the EAC, financing arrangements for the leather sector are typically based on export levies or sector-specific fees on raw H&S. The intention is to recirculate revenues generated by the sector into its own development. In practice, these revenue streams are often volatile, politically contested or not effectively ring-fenced, and in several cases remain only partially operational or at the design stage. Even where levies are collected, there is limited transparency on how much revenue accrues to the sector and how it is allocated. This weakens financial sustainability and undermines credibility with the private sector, which is reluctant to invest when sector financing mechanisms are perceived as unpredictable or vulnerable to diversion.

Further analysis of utilization patterns reveals why LDFs and Industrial Development Fund windows have had a limited impact on industrialization outcomes. Financing support for the leather and footwear sector remains fragmented and often not aligned with the sector's investment needs. In several Partner States, sector financing instruments cited in strategies are either not operational or weakly implemented. Where support exists, it often focuses on ad hoc activities or isolated infrastructure components, rather than addressing the full range of needs across the value chain, including working capital, equipment upgrading, skills development and compliance support. Critically, few funds have been able to support the large upfront investments required for environmentally compliant tanning, including CETPs, or to provide medium-term finance suitable for SME upgrading and technology modernization.

Institutional governance arrangements further constrain the effectiveness of LDFs' leather-specific financing windows. Where such instruments exist or are referenced, country materials point to gaps in governance design and operation, including the absence of clear board structures, limited secretariat capacity and a lack of transparent criteria for fund allocation. In addition, monitoring and accountability mechanisms remain weak, with limited use of results frameworks, annual public reporting or independent audits. Together, these weaknesses reduce the predictability and credibility of sector financing instruments.

Table 8 illustrates how these design and implementation weaknesses manifest across EAC Partner States. It shows that, despite variation in institutional form, most LDFs or leather-specific financing windows remain either non-operational or only partially functional, with limited capacity to support industrial upgrading at scale.

Table 8: Cross-country snapshot of LDFs and industrial financing windows

Country	Fund / window status	Operational status (as of February 2026)
Burundi	LDF proposed; implementation decree pending	Not operational; LDF is provisioned within the draft Industrial Development Bill, which currently awaits parliamentary enactment
DRC	No dedicated LDF; potential 'leather window' in existing mechanisms	Opportunity to create a dedicated financing window for machines / skills and tannery rehabilitation
Kenya	No dedicated LDF; industrial financing via broader mechanisms	Need for a clearer leather-specific financing window linked to the Kenya Livestock Insurance Programme and SME upgrading
Rwanda	A Special-Purpose Investment Vehicle intended to capitalize the Bugesera Tannery Park is currently undergoing legal structuring	The Special-Purpose Investment Vehicle has not started operations, and its scope is under review; SME upgrading finance remains a priority
Somalia	No LDF / no active national or donor initiatives reported	High reliance on the private sector; large infrastructure gaps (CETPs, energy, relocation)
South Sudan	No LDF; National Export and Investment Strategy for H&S recommends having financing mechanisms in place	The jurisdiction completely lacks dedicated financing instruments, sector-specific development funds, or a statutory framework to govern leather value chain modernization
URT	The Leather and Leather Products Fund is statutorily anchored under the Production Development Funds Act of 1974	The LDF, from its inception, remained operational until 2015/16 when changes to the Finance Act occurred, resulting in these funds being consolidated into the Treasury's Consolidated Fund
Uganda	A distinct LDF is conceptually proposed but lacks a gazetted statutory instrument	Priority is to finalize the LDF laws and launch operational instruments, including a Special-Purpose Investment Vehicle and SME support

Source: ITC and author's compilation.

Leather industrial parks, clusters and shared compliance infrastructure

Leather industrial parks and clusters are essential for scale and compliance, but most initiatives remain stalled.

In several Partner States, park concepts are referenced in strategy documents but land title, zoning confirmation, environmental approvals, utility servicing and operator structures are not yet finalized. In some cases, projects have not progressed beyond feasibility stage or remain under review, and no tenant operations have commenced.

Table 9: Cross-country snapshot of park initiatives

Kenya	
Park / cluster and stage	Kenya Leather Industrial Park (Kenanie). Under construction but structurally delayed; not yet investor-ready.
Land & tenure	Historical land acquisition disputes constrain full spatial operationalization.
Utilities	Binding constraints in industrial roads, power and water provisioning.

Kenya	
CETP status	CETP mandated and under construction; progress stalled due to arbitration between Ministry and contractor. Cost-recovery model not yet confirmed.
Governance / operator model	Joint oversight by Kenya Leather Development Council and Export-Processing Zone Authority.
Anchor tenant pipeline	Investor uptake weak; delays in utilities and CETP operationalization deter commitment.
URT	
Park / cluster and stage	Zuzu Leather Industrial Cluster (Dodoma). Planning and procurement stage; budget allocated (~TZS 3.5 billion (~\$1.3 million)).
Land & tenure	Land allocation procedures opaque; tenure mechanisms require clarification.
Utilities	Utilities included in master plan; high industrial energy costs undermine viability.
CETP status	Shared effluent infrastructure planned; compliance standards across SEZs inconsistent; financing model not finalized.
Governance / operator model	Governed under the URT SEZ Authority framework.
Anchor tenant pipeline	No confirmed anchor tenant; upstream raw material defects reduce investor confidence.
Uganda	
Park / cluster and stage	No dedicated leather park. Focus redirected to generalized industrial parks (Jinja-Namanve corridor). Feasibility study for specialized footwear zones not initiated.
Land & tenure	Jurisdictional ambiguity between ministries and state entities constrains land utilization.
Utilities	No concessional industrial power tariffs; high operating costs.
CETP status	No shared CETP; investors must finance individual effluent treatment.
Governance / operator model	Uganda Investment Authority administers parks; no leather-specific facilitation unit.
Anchor tenant pipeline	Kawumu Tannery functions as primary anchor; broader private pipeline constrained by compliance costs.
Rwanda	
Park / cluster and stage	Bugesera Green Tannery Park. Feasibility and structuring stage; supported by the African Development Bank.
Land & tenure	15-hectare site earmarked in Bugesera District.
Utilities	Strategic location near airport; water and power connectivity pending civil works completion.
CETP status	Dual-capacity CETP budgeted (\$1.1 million allocated); cost-recovery model under development.
Governance / operator model	Administered under Rwanda Development Board SEZ framework.
Anchor tenant pipeline	No operational industrial tanneries; pipeline contingent on mobilizing ~\$15.1 million equity. Relocation discussions ongoing.

Burundi	
Park / cluster and stage	Specialized footwear manufacturing zones referenced but remain conceptual.
Land & tenure	Industrial land tenure acquisition administratively complex; greenfield zones not secured.
Utilities	Legacy tanneries use municipal sewerage; new zones lack verified utility plans.
CETP status	No shared CETP; recommended for Bujumbura District but financing / procurement absent.
Governance / operator model	Agence de Développement du Burundi provides investor facilitation; sector-specific land protocols did not operationalize.
Anchor tenant pipeline	Afritan is the sole industrial anchor in the legacy district; no confirmed pipeline for new zones.
South Sudan	
Park / cluster and stage	No functional industrial leather park or cluster at any stage.
Land & tenure	Post-conflict tenure disputes and fragmented legal frameworks render projects unbankable.
Utilities	Reliable power, water and paved access roads largely absent.
CETP status	No CETP planned or financed; limited regulatory capacity for effluent governance.
Governance / operator model	South Sudan Investment Authority administers general incentives; no specialized zone authority.
Anchor tenant pipeline	No anchor tenant pipeline; infrastructure deficits and market distortions undermine business case.

Source: ITC and author's compilation.

To make these projects bankable, the regulatory and institutional framework must be finalized before construction and investor outreach begin. This includes clear land tenure and zoning compatibility; enforceable environmental approvals; utility service agreements; and a legally empowered operating entity with authority to contract, collect fees and enforce tenant obligations. Early designation as SEZs, combined with one-stop facilitation and clearly structured PPP or concession arrangements, significantly reduces regulatory uncertainty and strengthens investor confidence.

CETP governance and cost recovery are decisive to park viability. CETPs represent the largest shared capital and operating cost in tanning clusters. Without clearly defined legal responsibility, predictable tariff structures and competent operation, they quickly become under-maintained and non-compliant. Robust models combine legally binding obligations for pre-treatment and tariff payment, user fees linked to pollutant load, time-bound public support during the ramp-up phase, and performance-based operation by specialized providers. Clear

allocation of compliance responsibility and enforcement authority prevents CETPs from becoming a fiscal or environmental liability.

Country experience reinforces these governance risks. In Kenya, arbitration delays around CETP construction have stalled park operationalization, while in Uganda the absence of shared treatment infrastructure shifts prohibitive capital costs onto individual investors. Rwanda's strict environmental enforcement, in the absence of operational shared compliance infrastructure, has resulted in tannery closures, demonstrating the consequences of regulatory tightening without synchronized infrastructure delivery.

Environmental and social compliance must be anchored in binding legal and licensing requirements rather than voluntary standards. Mandatory Environmental Impact Assessment approval, discharge permits and compulsory connection to approved treatment systems should be explicit conditions of operation, supported by graduated sanctions. Enforceable labour and social safeguards,

together with statutory reporting, independent audits and publication of inspection outcomes, strengthen accountability and reduce regulatory discretion. When embedded in licensing rules, park governance frameworks, and eligibility criteria for LDF and incentive support, compliance reduces investor risk, facilitates access to green finance, and accelerates certification and market access.

Financial instruments for the leather sector

A well-functioning financial ecosystem for the leather sector requires instruments calibrated to the specific constraints firms face at different stages of development. Access to working capital remains a binding constraint for most leather SMEs, particularly given the mismatch between production cycles and payment timelines. Concessional loan schemes, delivered through participating financial institutions rather than stand-alone government agencies, offer a pragmatic entry point. These refinancing windows can be extended with dedicated leather lending envelopes, provided that participating banks develop sector-specific lending products with appropriate repayment structures, interest rate concessions and reduced collateral requirements. The recent experience of I&M Bank's Kassiga programme in Rwanda, offering collateral-free SME financing at preferential rates, illustrates the potential of this approach, even where uptake has so far been limited (Ntarindwa, 2025).

Beyond debt instruments, a broader suite of non-debt mechanisms is needed to address investment decisions that firms may not undertake on purely commercial terms, however concessional the loan. Tax-based incentives – including accelerated depreciation, double or triple deductions on qualifying capital expenditure, and investment-linked tax relief – can reduce the effective upfront cost of technology upgrading and relocation to industrial parks without requiring governments to disburse funds immediately.

These instruments are particularly relevant for the transition to leather industrial parks, where firms face lumpy one-off costs. When structured with a clear list of eligible activities and aligned with revenue authority procedures, such incentives can encourage investment decisions that would otherwise be deferred. Matching grants and co-financing mechanisms complement this by targeting specific upgrading purposes –including finishing equipment, design capabilities and cleaner production technology–with the grant element calibrated to absorb early-stage risk rather than substitute for commercial finance.

For export-oriented firms, export credit guarantees and insurance instruments address a distinct constraint: the risk of buyer default in new or unfamiliar markets, and the cash flow gap between production and payment receipt. These instruments are well-established in advanced economies and have demonstrated positive effects on export performance, particularly for SMEs that lack the balance sheet strength to absorb payment delays.

At the regional level, a structured call for partner financial institutions in each EAC country, modelled on development finance auctions in which banks bid to on-lend at the most favourable terms, could reveal genuine institutional appetite for leather sector lending while avoiding the governance and capitalization challenges associated with establishing a new regional fund. This hybrid approach preserves national-level flexibility while enabling a regionally coordinated signal of commitment to leather sector financing.

Other financial solutions

The long-term viability of LDFs and leather financing windows hinges on diversifying their revenue sources beyond the current, often limited reliance on export levies on raw H&S. One option is to link sector financing more closely to downstream market activity. Allocating a defined share of import-related fiscal measures on competing footwear and leather products to a leather financing window, where national budget law permits, would align revenue mobilization with the objective of strengthening domestic manufacturing and reducing import dependence. For example, in DRC, policy discussions have considered ring-fencing a portion of industrial promotion tax revenues linked to competing imports to finance machinery upgrading and skills development. Such approaches reduce exposure to volatility in raw hide export flows. Any allocation mechanism should be transparent, legally defined, and consistent with national and EAC fiscal commitments.

A second leather industry financing pathway relates to cost recovery from shared compliance and industrial infrastructure. Leather industrial parks and clusters, particularly those incorporating CETPs, require predictable operation and maintenance funding. Structured tariff setting for effluent treatment services, utility connections, land leases and park service charges can provide an ongoing revenue stream to sustain operations. Kenya's Leather Industrial Park and Rwanda's Bugesera Green Tannery Park concept both treat CETP infrastructure as a core compliance condition for investment. While such revenues are unlikely to finance initial capital expenditure, they are essential to ensure long-term operational

viability. Clear tariff formulas, metering systems and enforceable billing arrangements are necessary to preserve financial discipline.

A third revenue pathway lies in blended capitalization models. Large-scale infrastructure – including CETPs, waste management systems and cleaner production technologies – often generate public environmental benefits that justify concessional support. URT’s experience demonstrates that levy revenues alone are insufficient to finance capital-intensive compliance infrastructure, even where a leather fund exists in law. Combining budget allocations, levy revenues, concessional loans, guarantees and climate-related financing instruments can expand available resources while lowering risk for private investors. Green and sustainability-linked financing is particularly relevant for park-level compliance systems, where measurable environmental performance can be linked to financing conditions.

In fragile or early-stage institutional contexts, transitional arrangements may be more appropriate than immediate establishment of a stand-alone national fund. Somalia and South Sudan, for example, face foundational infrastructure and governance constraints that limit the short-term feasibility of a fully capitalized LDF. A dedicated leather window within an existing industrial or SME financing mechanism, supported by development partners and phased capitalization linked to concrete milestones, may provide a more realistic entry point, with scope to evolve into more permanent structures as institutional capacity matures.

Across all models, two design principles are essential. First, revenue streams should be legally defined and, where feasible under national public finance law, protected through ring-fencing or equivalent mechanisms to ensure predictability. Second, disbursements should be linked to measurable outputs such as CETP commissioning, SME upgrading, certification readiness and compliance milestones, and employment creation, shifting sector financing from ad hoc resource mobilization towards structured investment delivery aligned with industrial upgrading objectives.

Diversified and performance-linked revenue models will increase credibility, reduce volatility and better support leather and footwear industrialization across the EAC.

Key recommendations for improved financing and industrialization

At national and regional levels, the study recommends a sequenced reform package centred on the following priorities.

- **Commission a dedicated assessment of financial instruments for the EAC leather sector.** While this MTR identifies relevant mechanisms including concessional loans, blended finance, tax incentives, export credit guarantees and matching grants, the sector-specific evidence base remains limited. A country-by-country diagnostic should establish actual financing needs, map existing instruments and their uptake, and determine which modalities best fit different firm sizes and investment purposes. It should also assess the feasibility of a regionally coordinated financing facility through existing partner institutions, including both multilateral and national development banks. Findings should be tabled at the relevant EAC sectoral committee for agreement on a prioritized package of instruments.
- **Establish operational LDFs, or equivalent, with clear governance, legal anchoring and transparent management mechanisms to fund the modernization of the leather sector.** A stand-alone LDF is not necessary in every Partner State: in lower-capacity settings, a protected leather window in an existing Industrial Development Fund or development bank may be more realistic. Funding should be diversified over time through budget appropriations, development finance, park user charges and blended finance, especially if export levies are gradually reduced. Disbursement should be through published instruments such as matching grants, concessional loans, credit guarantees and shared-infrastructure support with clear performance conditions.
- **Introduce rules-based duty remission, duty drawback and value-added tax refund mechanisms for imported inputs used in tanning and leather goods manufacturing.** Separately, provide targeted duty relief for capital machinery not produced competitively in the region. Lower the cost of essential production inputs, including accessories, soles, and flaying and cutting equipment. These trade policy measures should be complemented by a targeted mix of financial instruments – including working capital facilities, equipment upgrade grants, preferential-rate loans, credit guarantees and green finance – designed to support SME productivity.



- **Use public procurement as a time-bound launch market for locally manufactured shoes and boots, including from firms operating in compliant leather parks or clusters, while keeping tenders competitive, transparent and performance-based.** Institutional demand for military, police, school and industrial safety footwear can create a predictable commercial floor for local manufacturers, but only if procurement is backed by funded budget lines, prompt payment, quality specifications and supplier upgrading support. Public procurement can therefore de-risk investment and reward formal, compliant production, including firms linked to compliant parks/clusters and CETPs. Any preference should be time-bound, performance-based and linked to measurable upgrading results (quality, delivery reliability, formal employment and verified environmental compliance, including CETP access where relevant), not simply to location in an SEZ or park.
- **Regulate imports of second-hand footwear by prioritizing quality, safety and environmental standards, as well as Customs valuation enforcement.** Coordinate measures at the EAC level to prevent policy arbitrage and the diversion of illicit trade.
- **Recalibrate export restrictions and levies on raw H&S using a capacity-linked approach.** This approach involves phasing out trade measures over time, making them conditional on the development of measurable domestic processing capacity and compliance infrastructure, including CETPs.
- **Develop a regional skills and standards package that includes the mutual recognition of TVET certifications and harmonized grading standards for H&S.** Provide regional support for certification readiness, including Leather Working Group readiness where relevant.
- **Ensure that environmental and social compliance obligations are legally embedded, making CETP connections and effluent standards statutory conditions for licensing.** Align enforcement with the availability of shared infrastructure and transitional support.
- **Use PPP structures and clear investor guarantees to fast-track the development of a small number of bankable leather industrial parks and clusters with shared CETPs.** This should include upgrading and relocation plans for tanneries in residential areas.
- **Strengthen institutional coordination, public-private dialogue and accountability.** This should include a national apex body or equivalent in each country, which would bridge the gap between agriculture, livestock, industry and commerce, and provide a formal channel for the private sector.



Intraregional trade facilitation and regional value chains

Review of existing EAC measures and processes for free movement of hides, skins and leather

While tariff elimination is important, facilitating the free movement of H&S and leather within the EAC also involves addressing additional regulatory and operational factors. In practice, it depends on the predictable, timely and mutually recognized application of Customs, sanitary, quality and regulatory controls across Partner States. Given the animal-origin nature of H&S, effective free movement must balance trade facilitation objectives with legitimate public policy concerns relating to animal health, public health, environmental protection and quality assurance.

Within the EAC Customs Union, Common Market and Single Customs Territory frameworks, the movement of H&S and leather is expected to rely on a limited and clearly defined set of core trade compliance requirements. These include the issuance of Certificates of Origin to confirm EAC origin and eligibility for preferential treatment; the acquisition of relevant sanitary and quality certificates or standards marks, particularly for raw H&S; and the completion of Customs clearance and release procedures by the competent authorities. In principle, once these requirements are fulfilled and recognized across Partner States, intra-EAC consignments should move with minimal additional regulatory friction.

For free movement to function effectively, traders should therefore be able to move consignments across borders with minimal duplication of inspections, consistent documentary requirements and mutual recognition of certificates issued by competent authorities. Clearance processes should be transparent, proportionate to risk, and aligned with Single Customs Territory principles, particularly for intra-EAC trade. Where these conditions are not met, trade costs rise, predictability declines, and incentives for informal or unrecorded trade increase.

In the context of regional value chains, these requirements are especially critical. The ability to source hides in one country, process them in another and manufacture

leather goods in a third depends on smooth cross-border movement at each stage of transformation. Any friction at borders, whether procedural or sanitary, directly fragments value chains and discourages regional production integration.

The effectiveness of existing trade facilitation measures, Customs instruments, and regulatory frameworks and processes depends on consistent implementation across corridors and Partner States, as well as alignment between Customs procedures and sector-specific regulatory controls, including veterinary, sanitary, quality and environmental requirements relevant to H&S and leather.

Comparative analysis of procedures and administrative burden in EAC countries

Procedural complexity and corridor variation for exports of H&S

The analysis of the procedural complexity and administrative burden associated with the movement of H&S and leather products across selected EAC corridors highlights significant differences across corridors in terms of steps, documentation, institutional interfaces, time and cost, with direct implications for predictability and the feasibility of developing integrated regional value chains.

There is a clear structural distinction between intra-EAC corridors and routes associated with external trade flows, with important implications for trade facilitation and regional value chain integration. Where procedures are mapped, intraregional corridors generally exhibit fewer procedural steps, fewer institutional interfaces and lighter documentary requirements than seaport-based routes, reflecting, at least in part, the intended operation of the Single Customs Territory frameworks.

Table 10: Export procedures for hides and skins across selected borders for first-time traders (December 2025)

Measure	External EAC markets		Intra-EAC			
	Kenya via Mombasa Port	URT via Dar Port	Kenya via Malaba OSBP	Rwanda via Rusumo Border	Uganda via Malaba	South Sudan by road*
Number of steps	45	32	32	16	26	56
Number of institutions	18	13	14	7	11	11
Results of documents received	7	8	6	4	11	14
Required documents	36	37	31	11	19	53
Estimated cost (\$)	131.74	223.47	131	36.41	89.33	1,198.91
Total duration	2.5–16 days	2–8.5 days	2.5– 5 days	3.5–6 days	6–10 days	19–58 days
Number of laws	15	7	7	8	10	6

Source: EAC Trade Portals (on 22 December 2025).

*Mapped data from the South Sudan Trade Information Portal Team on 5 January 2026.

**Cost is for all mapped procedures. It does not include transport and shipping costs.

On the export side, Rwanda via Rusumo stands out as the most streamlined intra-EAC corridor, combining relatively low step counts and documentation with shorter clearance periods. Uganda via Malaba and Kenya via Malaba OSBP also show lower procedural intensity than seaport routes, although the latter still involves a substantial number of steps and documents, indicating that intraregional routing alone does not automatically translate into minimal procedural burden. Clearance times along these intra-EAC export corridors remain variable, suggesting that implementation practices, rather than formal requirements alone, continue to shape trader experience.

Exports routed through Mombasa and Dar es Salaam seaports remain consistently more procedurally intensive than intra-EAC exports, characterized by higher numbers of steps, institutions and documents, alongside longer and less predictable clearance windows. These additional layers of control, while often justified for extraregional trade, significantly increase compliance burdens relative to intra-EAC movements.

Based on mapped export procedures, the Republic of South Sudan exhibits a procedural profile that differs from other intra-EAC corridors. Export movements by road involve comparatively higher procedural complexity, including a greater number of steps, extensive documentation and longer clearance periods, pointing to broader institutional and system-level constraints influencing

South Sudan's engagement in regional H&S value chains. To a certain extent, the complexity of these procedures, combined with long queues at the border and Customs delays, limits the ability of exporters from the country to fully participate in this business.

Overall, the export comparison suggests that where intra-EAC procedures are mapped and implemented, they tend to be lighter than port-based routes; but that uneven implementation and incomplete import mapping continue to undermine predictability and the development of integrated regional supply chains.

Procedural requirements for leather products

Processing alone does not eliminate procedural complexity, even though leather products are subject to fewer animal health controls than raw H&S. Across mapped corridors, exports of leather products continue to face substantial administrative and procedural burdens.

Table 11: Export procedures for leather/leather products across selected borders for first-time traders (December 2025)

Measure	External EAC markets			Intra-EAC	
	Kenya via Mombasa Port	Rwanda via Kigali Int'l Airport	United Republic of URT via Dar Port	Kenya via Malaba OSBP	South Sudan by road*
Number of steps	39	18	30	26	59
Number of institutions	17	10	12	13	11
Result of documents received	6	7	8	6	14
Required documents	30	10	33	21	56
Estimated cost (\$)	53.39	45.58	221.43	53.39	1,298.91
Total duration	2.5 – 14 days	4.5 – 13.5 days	1.5 – 8.5 days	2 – 12.5 days	18 – 64 days
Number of laws	13	14	7	11	6

Source: EAC Trade Portals (on 22 December 2025).

*Mapped data from the South Sudan Trade Information Portal Team on 5 January 2026.

On the export side, intra-EAC corridors again tend to be procedurally lighter than seaport-based routes. Rwanda via Kigali International Airport and Kenya via Malaba OSBP involve fewer steps and documents than exports routed through Mombasa or Dar es Salaam. However, clearance times remain variable across all corridors, indicating that reduced formal requirements do not necessarily translate into faster or more predictable outcomes in practice.

The export comparison suggests that leather products do not benefit from a qualitatively different procedural environment from H&S. Corridor-level practices, rather than the degree of processing, remain the dominant determinant of trader experience. The persistence of heavy procedures on both the export and import sides, combined with incomplete mapping of imports, continues to constrain the development of integrated regional leather value chains.

Description of selected export/import procedures and cross-border issues

Through comparative analysis of key administrative burden cost drivers within export and import procedures, it becomes clear that administrative burden is generated

not by a single requirement but by the accumulation and sequencing of multiple procedural blocks. In the compared countries (Kenya, URT and Uganda), exporters are required to pass through several distinct regulatory stages, many of which involve physical inspections, in-person submissions or engagement with different agencies. Each additional block introduces potential waiting time, travel and repeated interaction, which together drive submission-related administrative burden under the administrative burden cost framework.

Administrative burden is driven less by the number of documents, and more by how regulatory functions are layered and sequenced within export procedures. Where procedural blocks are numerous, sequential and inspection-heavy, submission-related costs escalate, even in contexts where individual steps are partially digitized.

Importantly, a significant share of the administrative burden identified in these procedures arises from requirements completed before goods reach the border, underscoring that trade facilitation constraints are driven as much by behind-the-border processes as by border-level clearance itself.¹¹

In terms of time-related frictions and clearance at the border, the duration is characterized by significant variability among the countries. Traders and clearing

1.11. The analysis relies primarily on step-level procedural mappings and administrative burden cost data drawn from EAC Trade Information Portals; the analysis also explored the extent to which comparable procedural elements could be identified for Burundi, DRC and Somalia.

agents reported that clearance timelines are frequently affected by system downtime, particularly where digital platforms such as the Integrated Customs Management System or Regional Electronic Cargo Tracking System experience outages or interoperability failures. Even where approvals have been granted online, consignments may be placed on hold pending inter-agency correspondence, introducing idle time that is not predictable in advance.^{1.12}

Additional time-related frictions arise from officer availability and inspection scheduling. Inspections are often conducted sequentially by different agencies and may depend on the physical presence of specific officers. Where inspection slots are limited or officers are unavailable, consignments remain idle, sometimes for days, despite having completed earlier procedural steps.^{1.13}

Corridor-level factors further amplify time variability. At Malaba and along the Northern Corridor, respondents highlighted congestion, limited parking and holding facilities, Regional Electronic Cargo Tracking System-related delays and weighbridge operations as contributing to extended transit and clearance times. In some cases, enforcement practices and informal roadblocks along corridors compounded delays, increasing the overall time required to move goods even after border clearance had been granted.

For H&S in particular, time delays have sector-specific implications. Prolonged clearance increases the risk of quality deterioration, raises preservation and handling costs, and creates pressure on traders to reroute consignments or rely on informal coping mechanisms. As a result, time unpredictability directly reinforces the administrative burden captured under the administrative burden cost framework by increasing waiting time, repeated engagement with authorities, and the need for follow-up visits and interventions.

Time-related frictions are a defining feature of H&S and leather trade across the region. The issue is not only that procedures take a long time but that traders cannot reliably predict how long they will take. This unpredictability undermines supply chain planning, discourages formal intraregional trade, and helps explain why submission-related costs dominate administrative burden cost outcomes, even where procedures are partially digitized. This unpredictability is further compounded by the need for repeated physical visits to regulatory agencies, which increases transport and travel costs associ-

ated with reaching offices for submissions, follow-ups and approvals.

In terms of critical documents and certificates for export for H&S and leather, it was noted that export procedures for H&S and leather are built around a common core set of trade documents but are supplemented by a range of additional administrative requirements that are not directly linked to the physical movement of goods. Exporters are required to submit a range of additional supporting documents and administrative artefacts that are not intrinsic to the export transaction itself, but rather to process access and system compliance. There is a limited exchange or reuse of information between regulatory agencies across Partner States. Streamlining export procedures will therefore require not only harmonization of substantive trade certificates, but also a review of supporting documentation requirements that are currently treated as mandatory despite having limited relevance to the actual movement of goods.

Along key corridors linking EAC Partner States, traders and drivers reported frequent enforcement stops and roadblocks, sometimes exceeding 10 separate police checks on a single journey.^{1.14} Governance and enforcement practices along corridors were repeatedly cited as a major source of unpredictability. Drivers indicated that inconsistent enforcement often compels night travel to avoid checkpoints, increasing safety and security risks. In addition, theft and security incidents along sections of the Kenya–Uganda corridor undermine confidence in transit operations and contribute to cautious, risk-averse routing decisions by traders.

Operational constraints at border points and along corridors further compound administrative burden. At Malaba OSBP, respondents highlighted congestion, limited parking and holding areas, and delays associated with Regional Electronic Cargo Tracking System installation, removal and seal management, including shortages of seals and lack of authority to deactivate them at certain points. These issues can result in trucks being held at the border for extended periods or rerouted unnecessarily, increasing waiting time and administrative follow-up.

Sanitary and phytosanitary and standards controls are embedded at multiple stages of export and import procedures for H&S and are largely sequential rather than consolidated. These controls typically include premises inspection, consignment inspection and the issuance of veterinary or animal health certificates, all of which must be completed prior to Customs clearance.

1.12. As reported during the Isebania / Malaba border mission.

1.13. *Ibid.*

1.14. This was reported for the section from Malaba to Nairobi but also generally for the northern corridor.

The border and corridor mission findings indicate that the application of sanitary and phytosanitary and quality controls is not always predictable in practice. While a draft EAS for raw H&S intended for salting and tanning, as well as a draft for H&S preserved by air-drying and intended for tanning were proposed, neither has yet been finalized or formally adopted as a regional standard in the current EAC standards catalogue.¹⁵

Taken together, the step-level and field-based evidence confirms that administrative burden in H&S and leather trade is driven primarily by implementation practices, coordination gaps and corridor-level constraints, rather than by the existence of regulations alone.

Key recommendations

- **Rationalize and consolidate licensing and registration requirements for H&S and leather.** Undertake sector-specific licensing rationalization for H&S and leather, consolidating trader and premises authorizations into a single sector licence, subject to periodic, risk-based renewal rather than transaction-by-transaction verification. In addition, the validity of licences should be increased from the current annual renewal approaches.
- **Reduce inspection duplication through joint or bundled inspections.** Introduce coordinated inspection scheduling for H&S and leather consignments, allowing veterinary, standards and Customs inspections to be conducted in parallel where legally permissible, supported by shared risk profiles and pre-inspection information exchange. This would reduce idle time without compromising regulatory objectives.
- **Eliminate ancillary documentation not directly linked to export control.** Conduct a document relevance audit for H&S and leather procedures, removing or digitizing supporting documents that do not contribute to regulatory outcomes, and ensuring trader identity and payment information is submitted once and reused across procedures.
- **Digitalize and enable pre-arrival processing for H&S and leather consignments.** Integrate sector-specific permits, veterinary certification, grading results and

inspection data for H&S and leather into national single windows to allow advance electronic submission and risk assessment prior to arrival at border points. This should support fast-track or low-intervention release for compliant consignments, reduce physical document handling, and minimize delays that can lead to quality deterioration.

- **Harmonize the core documentation set for H&S and leather.** The EAC Secretariat should lead the development of a harmonized regional documentation checklist for H&S and leather, clearly distinguishing mandatory core trade documents from optional or nationally specific administrative documents. This checklist should be formally endorsed and reflected across all EAC Trade Information Portals.
- **Finalize and adopt a harmonized EAS for H&S and leather product quality and grading.** The EAC Secretariat, working through the System of Quality Management framework, should prioritize the completion, adoption and gazettment of a harmonized EAS specifically covering grading and quality requirements for raw H&S (including those intended for salting and tanning), and minimum quality specifications for leather and leather products.

On the export side, intra-EAC corridors again tend to be procedurally lighter than seaport-based routes. Rwanda via Kigali International Airport and Kenya via Malaba OSBP involve fewer steps and documents than exports routed through Mombasa or Dar es Salaam. However, clearance times remain variable across all corridors, indicating that reduced formal requirements do not necessarily translate into faster or more predictable outcomes in practice.

Taken together, the export comparisons suggest that leather products do not benefit from a qualitatively different procedural environment from H&S. Corridor-level practices, rather than the degree of processing, remain the dominant determinant of trader experience. The persistence of heavy procedures on both the export and import sides, combined with incomplete mapping of imports, continues to constrain the development of integrated regional leather value chains.

1.15. Uganda National Bureau of Standards. (2019). Draft EAS: Raw hides and skins – Preservation by salting – Specification (WTO TBT Notification No. G/TBT/N/UGA/1079). WTO. Uganda standards Template https://www.puntofocal.gob.ar/notific_otros_miembros/uga1079_t.pdf



Strategic priorities and recommendations

Fast-tracking EAC LLPS activities

1. Deploy dedicated financial instruments / fiscal measures for the leather and footwear sector

EAC LLPS activity: Enhance the productivity of small-scale producers (SMEs) of footwear, and other leather goods producers to raise their export capabilities.

Rationale: LDF work revealed deeper financing gaps across the leather value chain; investment in the value chain must be nationally anchored and driven; and there is limited dedicated research on financial instruments for the EAC leather sector.¹⁶ Lowering the cost of essential production inputs such as accessories, soles and machinery inputs, including flaying and cutting equipment, would reduce manufacturing costs, improve input availability and strengthen the competitiveness of footwear and leather goods producers. These inputs constitute a significant share of total production costs. High import costs on these inputs increase production costs and reduce the ability of domestic producers to compete with lower-cost global competitors.

In addition, administrative delays in value-added tax refunds and drawback claims create material cash flow constraints for exporters and growth-oriented firms. However, duty relief alone is insufficient. Leather sector SMEs also face binding constraints in access to working capital, technology and finance. A broader package of financial instruments is needed for explicit de-risking mechanisms led by governments and development finance institutions.

Proposed implementation: A rapid assessment of financial instruments in Partner States available to the EAC leather sector should be conducted as a priority. The EAC Leather Platform should recommend that

SCTIFI commission this research in collaboration with the African Development Bank and relevant financial institutions to map existing gaps and identify suitable instruments for deployment. General common external tariff reductions would require EAC-level action and are not the only available tool. In practice, the measures to prioritize are: (i) duty remission or exemption schedules for critical inputs and capital equipment that are not available competitively in the region; (ii) WTO-compliant duty drawbacks or value-added tax refunds for imported inputs physically incorporated into exported products, subject to verification; and (iii) temporary admission or bonded arrangements where relevant. These measures should be rules-based, transparent and administratively predictable.

Beyond trade cost instruments, the following additional financial measures could be considered.

- Export credit guarantees through a government or quasi-governmental agency, protecting leather exporters against buyer default risk in new markets. Evidence from advanced economies shows these positively affect export performance, and they fill a gap when private banks are unable or unwilling to extend credit to exporters facing long payment lags between production and receipt.
- Matching grants for product upgrading and technology adoption, modelled on Tunisia's *Fonds d'Accès aux Marchés d'Exportation* (Export Market Access Fund) programme, where grants supporting product development led to stronger and longer-lasting impacts on export performance than market access assistance alone. These could co-finance investments in modern tanning equipment, finishing technology or design capabilities for footwear SMEs.
- Concessional loans and credit guarantees through national development banks, which can provide longer-term capital and higher risk tolerance than private banks because of government backing. Countries like Brazil, Chile, Colombia and Mexico have used national

1.16. The existing research on financial instruments for the leather and footwear sector in the EAC covers broad value chain financing mechanisms—including trader credit, input-supplier credit, lead-firm financing, receivables finance, factoring, warehouse receipts, loan guarantees, insurance, forward contracts and joint-venture finance—with only illustrative references to leather applications (e.g. tannery equipment leasing, hide collateralization or outgrower schemes linking pastoralists to tanneries). No dedicated financial instrument frameworks, sector-specific guarantee schemes or EAC-tailored fiscal measures have been identified for the leather and footwear sector.

development bank instruments such as structured finance, factoring and credit guarantees to coordinate private-sector players and expand access to credit. National development bank financing for the leather sector should require co-financing from private investors and set performance benchmarks for continued access.

- Production-linked incentive payments tied to incremental sales of domestically manufactured leather goods, following India's model, which covers 14 industries. These may be paid as a percentage of incremental sales of domestically manufactured goods. This would reward actual output rather than just capacity installation, aligning public support with demonstrated commercial performance.

2. Harmonize grading standards for H&S across Partner States

EAC LLPS activities:

- Finalize review and harmonization of standards and quality guidelines for H&S handling and grading
- Review and harmonize rules and practices for operations of slaughter slabs / houses and abattoirs
- Establish a slaughterhouse index in all Partner States to differentiate quality of slaughterhouses
- Institute a stringent enforcement system for laws and regulations governing trade in H&S.

Rationale: As it is estimated that between 40% and 50% of hides from the EAC are exported officially under the category of 'glue stock'. Evidence suggests that exemptions for 'glue stock' incentivize misclassification, deliberate downgrading and fragmentation of hides to avoid levy payments. In addition, the current quality classification and grading definitions allows traders to fragment tannable hides to qualify for duty-free export.

These dynamics weaken the effectiveness of the export levy regime, reduce the availability of quality raw materials for domestic processors, and distort price signals along the value chain. They also reduce incentives for improving the quality of hides at the slaughterhouse level, reinforcing a cycle of low-quality supply. Enabling regulation – including licensing of abattoirs, regular inspections, qualified H&S inspectors, proper grading and enforcement of standards – could increase supply of quality raw materials for EAC tanneries. Quality should be promoted through a transparent grade-based pricing system for H&S across Partner States.

Proposed implementation: To address these challenges, Partner States should harmonize definitions of 'glue stock' and tannable hides, establish clear and enforceable grading criteria and price premiums, and align inspection protocols across the region.

3. Develop integrated abattoirs with H&S collection and distribution centres

EAC LLPS activities:

- Design and commission a Programme of Action on installation of modern infrastructure at abattoirs and slaughterhouses, in ALL Partner States
- Set up a Special-Purpose Investment Vehicle Facility to support investment in diversification, upgrading and modernization of existing facilities
- Mobilize funding for Partner States to renovate and/or rebuild new standardized H&S collection centres
- Improve technology in flaying practices
- Organize and coordinate efforts of industry actors (contract tanning) to make use of established finishing capacity

Rationale: Low recovery rates of quality H&S remains one of the major constraints across the EAC leather value chain. Lack of investment in modern slaughter infrastructure and the predominance of small, informal abattoirs contribute to widespread slaughter defects, poor flaying and substandard handling practices, all of which significantly diminish hide quality. Fragmented and poorly coordinated collection systems further divert hides into informal or low-value channels, including exports reported as 'glue stock', reducing the volume of raw material available for domestic tanneries. At the same time, weak grading and inadequate inspection systems result in poor quality control and undermine incentives for actors to improve handling practices. This combination of structural and behavioural constraints prevents the region from capturing value in downstream tanning and leather manufacturing.

Proposed implementation: Strengthening regulation and enforcement will be critical. This includes licensing of abattoirs, conducting routine inspections, deploying qualified H&S inspectors, properly applying grading standards and mandating the use of appropriate flaying tools. A central component of this intervention should be the mandatory adoption and enforcement of standardized grading systems, supported by clear price differentials that reward high-quality H&S and create strong economic incentives for improved handling at the slaughter level.

Governments should also introduce targeted fiscal incentives, facilitate foreign direct investment and support PPP-ready project preparation to develop modern, integrated abattoirs linked directly to organized H&S collection and distribution centres. Priority should be given to investments in which anchor operators combine slaughtering, grading, cold-chain logistics and by-product utilization. Rather than being linked to construction alone, incentives should be linked to measurable performance outcomes, including improved recovery rates, compliance with grading standards, enhanced traceability and stronger supply links to domestic tanneries.

4. Update the EAC TCo64 standard for footwear and leather goods, and strengthen import surveillance for second-hand footwear

EAC LLPS activity: Develop / establish joint monitoring and surveillance of imported footwear by public agencies and footwear associations to control pirated and counterfeit brands of footwear coming to the region.

Rationale: Weak enforcement of quality standards allows low-quality and undervalued imports, including second-hand footwear, which depresses domestic price points. These imports affect prices for locally available shoes and discourage investments in footwear manufacturing, thereby affecting the competitiveness of local footwear manufacturing. Fragmented standards and conformity assessments limit intraregional trade. Therefore, stronger standards enforcement and greater awareness among producers would improve product quality and durability, support fair competition against substandard imports, and enable local manufacturers to meet procurement and export requirements more reliably.

Proposed implementation: Harmonize quality standards for EASC/TC 064 on footwear and EASC/TC 063 for leather goods, ensuring mutual recognition of conformity assessment across Partner States. Strengthen market surveillance of second-hand footwear imports.

5. Streamline cross-border procedures for H&S and leather consignments across EAC border points

EAC LLPS activity: Enhance the quality and regulatory systems for livestock management to ensure sustainable production and supply of high-quality H&S along the value chain.

Rationale: Administrative burdens for leather consignments arise from multiple pre-export requirements (permits, licensing, inspections and agency approvals) before reaching the border. Leather is particularly sensitive to quality loss and regulatory non-compliance. Streamlining is essential to reduce postharvest losses, ensure sanitary and phytosanitary and standards compliance, and deliver on the Common Market Protocol's non-tariff barrier elimination objective.

Proposed implementation: Partner States, supported by the EAC Secretariat, should:

1. Audit export procedures to distinguish requirements linked to international market access from those serving domestic objectives, and remove the latter from the export clearance sequence (i.e. veterinary certificate for semi-processed and finished leather).
2. Rationalize sector-specific licensing into a single, risk-based periodic licence.
3. Digitalize remaining export documentation through national single windows to enable pre-arrival processing.
4. Reduce inspection duplication through coordinated, joint border controls.
5. Establish mutual recognition of electronic trade documents for H&S and leather across Partner States.

6. Operationalize dedicated leather industrial parks

EAC LLPS activities:

- Develop specialized footwear and leather products manufacturing zones / parks
- Develop footwear manufacturing capacities to increase production for domestic and export markets
- Attract and match at least 10 anchor global footwear brands / global buyers with local SMEs.

Rationale: The leather processing industry in the EAC has fragmented processing capacity, underserved industrial sites and missing compliance infrastructure, especially CETPs, which makes tanning and manufacturing costly, and limits value addition. Regional action is needed on standards, conformity assessment, trade facilitation and, where relevant, Customs treatment. National action remains decisive for land, licensing, environmental permitting, utility connections, park governance and investor facilitation. Industrial parks with shared services can address these bottlenecks by concentrating tanneries and manufacturers, lowering unit costs, and enabling firms to meet environmental

and quality standards, which the assessment identifies as essential for market and investor readiness. Any fiscal or regulatory support associated with such parks should be designed under applicable national law and regional commitments, and should avoid open-ended preferences or measures contingent on export performance.

Proposed implementation: Partner States should accelerate the development and operationalization of dedicated leather industrial parks through coordinated investments in infrastructure, including land, reliable energy supply and CETPs. At EAC level, priority should be given to regional standards, mutual recognition, corridor facilitation and, where relevant, common Customs treatment. At national level, priority should be given to land allocation, licensing, environmental approvals, utility servicing, park governance and investor facilitation. Clear governance frameworks are required within each park, including transparent land allocation, standardized lease terms, and predictable user fee and cost-recovery models. It is also important to streamline administrative procedures and provide one-stop facilitation to reduce transaction costs for firms and improve investor confidence, consistent with the park governance requirements outlined in the study.

7. Review export levies on intra-EAC trade and gradually harmonize extra-EAC export levies, with a capacity-based and differentiated approach to H&S, while closing exemptions.

EAC LLPS activities:

- Priority area of focus from 2024 and 2025 Leather Platform meetings
- Support establishment of links between SMEs and international brands / investors
- Develop a harmonized regulatory framework

Rationale: Evidence from the MTR indicates that export levies have constrained leather exports and upstream production. They can distort prices and constrain leather exports without consistently generating gains for downstream sectors. Between 2012 and 2024, the region's exports of raw leather (HS Chapter 41) fell by \$167.8 million, while exports of processed leather goods (HS Chapter 42) grew by only \$4.0 million, meaning just \$1 gained in processed exports for every \$41 lost in raw exports. This suggests that existing levy structures have not succeeded in redirecting value addition domestically at the scale intended. A gradual reduction over a five-year period would support increases in production and

trade in raw materials while allowing time to strengthen domestic processing capacity.

Proposed implementation: In the first two years, the levy on hides could be maintained, while supporting complementary measures such as capacity building, quality improvement programmes and targeted investments in processing infrastructure. This will be necessary to ensure that the benefits translate into greater availability of quality hides for domestic tanneries, increased processing investment and stronger regional integration of the leather sector. Partner States should convene a dedicated multi-stakeholder dialogue including ministries of finance, trade authorities, private-sector actors and Customs agencies to review export levy regimes. This dialogue should assess the effectiveness of current measures, including EAC Legal Notice No. 96/2019, and consider policy options including retention, reform or phased adjustment. The process should aim to improve the transparency, predictability and consistency of levy application, while ensuring alignment with broader industrialization objectives.

8. Use public procurement to stimulate EAC-origin leather and footwear manufacturing through time-bound, performance-based preference measures in national procurement policy

EAC LLPS activities:

- Facilitate Partner States to issue ministerial directives to all procuring entities to give preference to locally manufactured leather goods
- Identify and analyse opportunities for pooled procurement of leather products for the public sector
- Design and implement a programme for instituting public procurement

Rationale: Across EAC Partner States, reliance on imported and second-hand footwear weakens the investment case for domestic leather and footwear production. Institutional demand for military, police, school and industrial safety footwear can create a reliable early market for manufacturers, provided procurement is funded; paid on time; and tied to quality, durability and delivery requirements. Public procurement should support firms that carry out real manufacturing in the EAC and meet defined origin, quality, tax, labour and environmental requirements. It should not give automatic contracts to firms solely because they are located in a park or SEZ. Since the covered Partner States are not parties to the WTO Agreement on Government Procurement, there

is policy space for procurement measures. That policy space should still be used in line with national procurement law, EAC non-discrimination principles, competition policy and value for money.

Proposed implementation: Start with product lines where demand is large, repeated and easy to specify, such as military boots, police boots, school shoes and industrial safety footwear. Partner States should use open or competitive tendering with clear technical specifications, durability testing, delivery requirements and inspection rules. Where national law permits preference measures, they should apply to EAC-origin leather and footwear products or EAC-based manufacturers that meet defined origin, production and compliance criteria, rather than to undefined 'local firms'.

Eligibility should require verifiable manufacturing in an EAC Partner State, compliance with applicable standards, tax and business registration, delivery capacity and environmental compliance, including CETP access where tanning is involved. Preferences should be time-bound, reviewed periodically and linked to measurable results, including quality, delivery reliability, formal employment, EAC value addition and supplier upgrading. Prompt payment rules, framework contracts and supplier development finance should accompany the measure so that SMEs can participate.

9. Build technical skills across the value chain

EAC LLPS activities:

- Conduct a skills gap and needs assessment study covering the entire value chain, and develop course curricula, assessment standards and infrastructure requirements for training programmes
- Develop skills, technology, and research and development capabilities in order to improve competitiveness and innovation in the sector

Rationale: Technical skills gaps remain a key constraint across the leather value chain, particularly in tanneries and manufacturing firms. Limited availability of technically skilled people contributes to lower quality of leather, inefficient materials use and higher defect rates. This issue was highlighted in the EAC LLPS, namely: the limited availability of technicians for CETPs, chemical handling and quality control; technical skills gaps in design, branding and industrial manufacturing capabilities; as well as weak coordination between training institutions and industry needs. For example, limited cutting skills among SMEs lead to higher leather consumption per pair and higher production costs, undermining their ability to

compete in domestic and export markets. Addressing skill gaps across the value chain will strengthen competitiveness and access to higher-value markets.

Proposed implementation: Conduct a skills gap assessment across upstream and manufacturing segments to identify priority gaps. Training curricula in leather institutes should then be updated to reflect industry needs, with a focus on practical and industry-led training. Partnerships with private firms should support apprenticeships and on-the-job learning. At the regional level, certification standards should be developed to harmonize skills recognition across Partner States.

10. Promote domestic production of leather inputs (soles and accessories)

EAC LLPS activity: Enhance the productivity of small-scale producers (SMEs) of footwear and other leather goods to raise their export capabilities.

Rationale: The competitiveness of footwear manufacturing in the EAC is significantly constrained by heavy reliance on imported inputs – particularly soles, insoles, adhesives and accessories – which account for a substantial share of production costs. During stakeholder consultations, it was emphasized that sole quality alone accounts for a significant proportion of overall footwear durability and market acceptance. Limited domestic production of these inputs increases costs, weakens supply chain resilience and reduces local value addition.

Proposed implementation: Partner States should promote investment in domestic production of key leather inputs through targeted fiscal incentives, industrial park integration and investment promotion. A regional feasibility study should be conducted to assess demand, scale requirements, and viable locations for sole and accessory manufacturing. In the short term, temporary importation and duty remission for inputs not competitively available in the region should be maintained while domestic capacity is developed.

11. Strengthen public-private and private-private collaboration across the leather value chain

EAC LLPS activities:

- Strengthen / establish National Leather Development Councils / Boards / Institutes and private leather apex societies (a union of all leather associations)



- Facilitate meetings / workshops for the creation of one overarching body to coordinate sector activities
- Conduct strategy meetings with associations and ministries, departments and agencies to strengthen the capacity of key institutions

Rationale: Despite existing coordination mechanisms such as the EAC Regional Leather Platform and the East African Business Council, implementation of priority actions in the leather sector remains uneven due to fragmented institutional responsibilities, limited engagement of key factors such as finance and investment authorities, and weak monitoring systems. As a result, policy commitments have not consistently translated into investment, upgrading or improved competitiveness.

Proposed intervention: Operationalize and ensure sustainability of the EAC Regional Leather and Leather Products Platform as the central mechanism for public-private collaboration, with a clear mandate to coordinate implementation, align national and regional priorities, and mobilize investment. This should be supported by a monitoring and evaluation framework, clear reporting by national focal institutions and strengthened technical capacity at the EAC Secretariat. Stronger engagement with ministries of finance and investment promotion agencies will be critical to unlock resources and scale up priority actions. In parallel, private-private collaboration should be strengthened through leather apex bodies and the leather industry network to facilitate peer learning, joint market development and coordinated private sector engagement with regional and national institutions.

12. Prioritize the national-level actions of the EAC LLPS, ensuring that each Partner State focuses on the actions and interventions most relevant to its specific sector maturity and developmental priorities.

Rationale: The MTR confirmed that the seven strategic objectives of the EAC LLPS remain valid. However, implementation effectiveness varies widely due to differences in national contexts, levels of industrialization and market readiness. Some activities have already been completed, while others no longer hold equal relevance across Partner States.

Proposed implementation: Partner States should prioritize the actions most relevant to their national realities as their key actions for the next five years of implementation. As identified during the national consultations in October–November 2025:

- Kenya, Rwanda, Uganda and URT should focus on upgrading tanneries, modernizing processing technologies, strengthening skills and design capabilities, and attracting investment into integrated processing facilities and leather manufacturing clusters (Strategic Objectives 4–6).
- In contrast, South Sudan and Burundi should prioritize improving livestock production systems, strengthening slaughtering practices, enhancing H&S collection and preservation, and gradually improving primary processing facilities (Strategic Objectives 1–3).

To support this differentiated approach, Table 12 presents the recommendation aligned to national objectives and the EAC LLPS strategic objectives.

Table 12: Updated key recommendations within the existing EAC Strategy strategic objectives

Recommendation from national consultations	Partner States		Implementation phases
Strategic objective 1: Improve and modernize livestock husbandry practices			
Scale national livestock identification and traceability systems (ear tags)	• Uganda (pilot) • Kenya	• URT	Phase 2 (Years 2–3)
Decentralize modern abattoirs and enforce slaughterhouse classification standards (include de-hiders)	• Kenya • Burundi	• Uganda • South Sudan	Phase 2 (Years 2–3)
Train slaughterers in standardized flaying techniques; subsidize curved knives; trace tool distribution	• Kenya • Uganda	• Burundi	Phase 1 (Year 1)
Strengthen enforcement of H&S Trade Acts and grading systems	• Kenya • Uganda	• Burundi • URT	Phase 1 (Year 1)
Strategic objective 2: Improve / modernize processing infrastructure			
Rebuild / modernize standardized collection centres (public-private model)	• Uganda (Kalerwe Kawumu)	• Burundi • URT	Phase 2 (Years 2–3)
Install modern infrastructure in abattoirs (Programme of Action)	• Kenya • Uganda	• Burundi • South Sudan	Phase 2 (Years 2–3)
Operationalize export-grade abattoirs	• Uganda (nine planned; four existing)		Phase 2 (Years 2–3)
Finalize harmonized grading standards and revise outdated H&S legislation	• Uganda (under review)	• Rwanda • Kenya	Phase 1 (Year 1)
Strengthen tannery environmental compliance	• Rwanda	• Uganda (aligned regionally)	Phase 2 (Years 2–3)
Strategic objective 3: Facilitate investment in tanneries and waste management			
Provide fiscal incentives (tax exemptions) on chemicals, machinery and inputs, with monitoring safeguards	• Kenya • Uganda	• URT	Phase 1 (Year 1)
Establish or operationalize LDFs or credit guarantees	• Rwanda • Kenya	• Uganda • URT (Regional Framework)	Phase 2 (Years 2–3)
Operationalize tannery parks with CETPs (Bugesera; Kawumu support)	• Rwanda • Uganda		Phase 3 (Year 4)
Prioritize tannery establishment in national fiscal budgets	• South Sudan		Phase 1 (Year 1)
Strategic objective 4: Develop footwear manufacturing capacities			
Enforce local procurement policies (Buy Kenya Build Kenya, Buy Uganda Build Uganda, Local Content Acts)	• Kenya • Uganda • Rwanda	• Burundi • URT	Phase 2 (Years 2–3)

Recommendation from national consultations	Partner States		Implementation phases
Expand product basket under public procurement (school shoes, safety boots)	- Kenya - Uganda	- Burundi - URT	Phase 1 (Year 1)
Establish footwear training institutes / specialized hubs	- Kenya (feasibility) - Uganda (pending)	- Rwanda (priority) - Burundi	Phase 2 (Years 2–3)
Construct and operationalize industrial parks (Bugesera; footwear zones in industrial parks)	Rwanda	Uganda (within parks)	Phase 1 (Year 1)
Institutionalize National Leather Week and integrate leather promotion into national trade fairs and expos	URT (TanTrade)		Phase 1 (Year 1)
Strategic objective 5: Enhance SME productivity and export capability			
Map and expand SME clusters beyond capital cities (KIWANGO cluster in Kilimanjaro and Kigali Leather Cluster)	- Uganda - Kenya	- URT - Rwanda	Phase 1 (Year 1)
Upgrade common manufacturing facilities and incubation centres	Uganda (Management Training and Advisory Centre / Training and Common Facility Centre)	- Kenya - URT (Dar es Salaam Institute of Technology Mwanza)	Phase 1 (Year 1)
Provide leather-specific entrepreneurial and technical training	- Kenya - Uganda	- Rwanda - Burundi	Phase 1 (Year 1)
Improve SME access to affordable finance via targeted instruments	All Partner States		Phase 2 (Years 2–3)
Strategic objective 6: Develop skills, technology, and research and development			
Conduct skills gap assessments across the full leather value chain	- Uganda - Kenya	Rwanda	Phase 1 (Year 1)
Harmonize regional curricula (TVET, diploma, degree)	All Partner States		Phase 2 (Years 2–3)
Equip universities with leather laboratories and updated tools	- Uganda - Kenya		Phase 2 (Years 2–3)
Strategic objective 7: Strengthen governance, policy and coordination			
Establish / strengthen national apex leather associations	- Uganda (not yet) - Rwanda (strengthen)	- Burundi - URT	Phase 1 (Year 1)
Fast-track the Leather Development Authority Bill / legal reforms	Kenya		Phase 1 (Year 1)
Harmonize licensing procedures and reduce multiple levies	Kenya		Phase 1 (Year 1)
Develop joint monitoring systems for imported footwear	- Kenya - Uganda	- Burundi - URT (regional coordination)	Phase 1 (Year 1)

Source: ITC compilation based on finding from national consultation meetings for MTR of the EAC LLPS in eight Partner States, conducted October–December 2025.

References

- African Development Bank. (2020). *Development perspectives on special agro-industrial processing zones (SAPZ) in Africa: Lessons from experiences*. https://www.afdb.org/sites/default/files/documents/publications/development_perspectives_on_sapzs_in_africa_lessons_from_experiences_-_260520219.pdf
- China, C., Elibariki, R., Msami, J., Mwombela, S., & Wilson, L. (2022). Technical and technological constraints facing Tanzania leather value chain: A snapshot of intervention measures. *Journal of Leather Science and Engineering*, 4. <https://doi.org/10.1186/s42825-022-00095-2>
- Costinot, A., Donaldson, D., & Komunjer, I. (2012). What goods do countries trade? A quantitative exploration of Ricardo's ideas. *The Review of Economic Studies*, 79 (2), 581–608. <https://doi.org/10.1093/restud/rdr033>
- Democratic Republic of Congo National Agency for Investment Promotion. (2020). Fishing and livestock farming. <https://www.investindrc.cd/fr/spip.php?article63&lang=fr>
- East African Community. (2021). *The East African Community leather and leather products strategy and implementation roadmap 2020–2030*. <https://lin-eastafrica.com/wp-content/uploads/2021/10/The-East-African-Community-Leather-and-Leather-Products-Strategy-and-Implementation-Roadmap-20-30.pdf>
- East African Development Bank. (n.d.). *The state of industrialization in the EAC*. [https://www.eadb.org/news-events/speeches-articles/the-state-of-industrialization-in-the-eac/#:~:text=The%20East%20African%20Community%20\(EAC\)%20has%20a,deficits%20*%20Insufficient%20investment%20in%20industrial%20transformation](https://www.eadb.org/news-events/speeches-articles/the-state-of-industrialization-in-the-eac/#:~:text=The%20East%20African%20Community%20(EAC)%20has%20a,deficits%20*%20Insufficient%20investment%20in%20industrial%20transformation)
- Enhanced Integrated Framework. (2005). *Tanzania diagnostic trade integration study, volume 1*. https://enhancedif.org/system/files/uploads/tanzania_dtis_vol1_nov05.pdf
- EY. (2025, July 17). *Uganda issues Tax Amendment Acts for 2025*. <https://globaltaxnews.ey.com/news/2025-1509-uganda-issues-tax-amendment-acts-for-2025>
- FAOSTAT. (2026). Crops and livestock products. Retrieved 28 April, 2026, from <https://www.fao.org/faostat/en/#data/QCL>
- Federal Republic of Somalia. (2020). *Somalia livestock sector development strategy 2020–2030*. <https://molfr.gov.so/wp-content/uploads/2024/06/LSDS-Final-Book-livestock-sector-development-strategy-published-2020-1-1.pdf>
- Gereffi, G., & Memedovic, O. (2003). The global apparel value chain: What prospects for upgrading by developing countries. United Nations Industrial Development Organization. https://www.unido.org/sites/default/files/2009-12/Global_apparel_value_chain_0.pdf
- Global Newswire. (2026, January 15). Synthetic leather market to grow from \$34.90 billion in 2024 to \$63.52 billion by 2033 | Astute Analytica. <https://www.globenewswire.com/news-release/2026/01/15/3219273/0/en/Synthetic-Leather-Market-to-Grow-from-34-90-Billion-in-2024-to-63-52-Billion-by-2033-Astute-Analytica.html>
- Global Trade Alert. (2018). Rwanda: Import tariff changes in 2018. <https://globaltradealert.org/intervention/82202-rwanda-import-tariff-changes-in-2018>
- Global Trade Alert. (2013). Kenya: Export tax increase on raw hides and skins. <https://globaltradealert.org/state-act/6141-kenya-export-tax-increase-on-raw-hides-and-skins>
- Global Trade Alert. (2011). Rwanda: Ban on exports of raw hides and skins lifted. <https://globaltradealert.org/intervention/20504-rwanda-ban-on-exports-of-raw-hides-and-skins-lifted>
- Government of the Democratic Republic of Congo. (2017). National leather value chain strategy (2018–2027). file:///C:/Users/User/OneDrive/Documents/Editing/Editing/Clients/ITC/EAC/DRC_Leather_Value_Chain_Strategy.pdf
- Heitzig, C., & Newfarmer, R. (2023, September 5). Africa: Growth beyond deindustrialisation? International Growth Centre. <https://www.theigc.org/blogs/africa-growth-beyond-deindustrialisation>
- Intergovernmental Authority on Development Centre for Pastoral Areas and Livestock Development. (2016). Good practices & lessons in the value chain of hides and skins in IGAD region. <https://icpald.org/wp-content/uploads/2016/01/Hide-and-Skin-consultancy-Final-report-1.pdf>
- International Trade Centre (2025). *Unlocking regional value chains in the East African Community: Value chain diagnostics* [unpublished].

Javorcik, B.S., & Narciso, G. (2008). Differentiated products and evasion of import tariffs. *Journal of International Economics*, 76(2), 208–222. <https://doi.org/10.1016/j.jinteco.2008.07.002>

Kenya Revenue Authority. (2021, September 3). Tax evasion scheme on export of raw hides and skins unearthed at the Port of Mombasa [press release]. <https://www.kra.go.ke/news-center/press-release/1426-tax-evasion-scheme-on-export-of-raw-hides-and-skins-unearthed-at-the-port-of-mombasa>

Msafiri, M., China, C., & Mwombela, S. (2021). Enhancing competitiveness in the leather industry in Tanzania (Policy Brief No. PB 11/2021). Repoa. <https://www.repoa.or.tz/wp-content/uploads/2021/06/Leather-PB.pdf>

Ntarindwa, F. (2025, February 7). Featured: I&M Bank presents Rwf130m collateral-free finance facility to leather investors, MSMEs. *The New Times*. <https://www.newtimes.co.rw/article/23874/news/featured/featured-im-bank-presents-rwf130m-collateral-free-finance-facility-to-leather-investors-msmes>

Ntirenganya, E. (2025, March 31). Bugesera tannery park set to generate \$430m annually. *The New Times*. <https://www.newtimes.co.rw/article/25278/news/economy/bugesera-tannery-park-set-to-generate-430m-annually>

Organisation for Economic Co-operation and Development. (2010). The economic impact of export restrictions on raw materials. <http://dx.doi.org/10.1787/9789264096448-en>

Piermartini, R. (2004). The role of export taxes in the field of primary commodities. WTO. https://www.wto.org/english/res_e/booksp_e/discussion_papers4_e.pdf

PwC. (2014). Understanding Uganda's 2015/2015 national budget. <https://www.pwc.com/ug/en/assets/pdf/east-africa-highlights.pdf>

Somalia Ministry of Livestock, Forestry and Range. (2019). *Somalia livestock sector development strategy 2020–2030*. <https://molfr.gov.so/wp-content/uploads/2024/06/LSDS-Final-Book-livestock-sector-development-strategy-published-2020-1-1.pdf>

Tanzania Revenue Authority. (2026). Export procedures. <https://www.tra.go.tz/page/export-procedures>

Tanzania Revenue Authority. (2023). Taxes and duties at a glance 2023/2024. https://itpo-tokyo.unido.org/files/TAXES_AND_DUTIES_AT_A_GLANCE-2023-2024-1.pdf

Uchumi 360. (2025, September 2). Tanzania's leather industry: A pathway to \$1 trillion economy by 2050. <https://uchumi360.com/i/a/tanzania-leather-industry-pathway>

United Nations Conference on Trade and Development. (2024). Economic development in Africa report: Overview. https://unctad.org/system/files/official-document/aldcafrica2024-overview_en.pdf

United Nations Industrial Development Organization. (2015). Global value chains and development: UNIDO's support towards inclusive and sustainable industrial development. https://www.unido.org/sites/default/files/2016-03/GVC_REPORT_FINAL_0.pdf

United Nations Population Division Data Portal. (2026). Retrieved January 27, 2026, from <https://population.un.org/DataPortal/>

World Bank. (2024). Macro poverty outlook: Democratic Republic of Congo. <https://thedocs.worldbank.org/en/doc/bae48ff2fefc5a869546775b3f010735-0500062021/related/mpo-cod.pdf>

World Bank. (2018). Democratic Republic of Congo: Systematic country diagnostic. <https://documents1.worldbank.org/curated/en/171101529346675751/pdf/DRC-SCD-FINAL-ENGLISH-06132018.pdf>

World Bank. (2023). Connecting to compete 2023: Trade logistics in the global economy–The Logistics Performance Index and its indicators. <https://documents1.worldbank.org/curated/en/099042123145531599/pdf/P17146804a6a570ac0a4f80895e320dda1e.pdf>

World Bank. (2016). Doing Business 2016: Measuring regulatory quality and efficiency. <https://documents1.worldbank.org/curated/en/240331468197990497/pdf/100884-PUB-Revised-PUBLIC.pdf>

World Footwear. (2025). The world footwear yearbook 2025. <https://www.worldfootwear.com/yearbook/the-world-footwear-2025-Yearbook/233.html>

World Footwear. (2019, July 11). Leather industry in Kenya claims export's duty revision. <https://www.worldfootwear.com/news/leather-industry-in-kenya-claims-exports-duty-revision/3993.html>

World Trade Organization. (2016). Trade costs and inclusive growth: Case studies presented by WTO chair-holders. <https://doi.org/10.30875/502fb95f-en>

World Trade Organization Secretariat (2019). Trade policy review of the East African Community: Annex 4–Tanzania (WT/TPR/ S/384). https://www.wto.org/english/tratop_e/tpr_e/s384-04_e.pdf

World Trade Organization Trade Facilitation Agreement database. (2023). Democratic Republic of Congo. Retrieved April 28, 2026, from <https://www.tfadatabase.org/members/democratic-republic-of-the-congo>

Technical annex

The simulations use a standard multi-sector structural gravity model from academic literature, modified to take account of export taxes and revenue effects (Costinot et al., 2012). This annex sets out full technical details for the model and data.

Model

The world consists of N countries, indexed by i for exporter and j for importer. There are K industries indexed by k , with constant returns to scale in production. Labour is perfectly mobile across industries but immobile across countries. The fixed labour endowment of each economy is denoted by L , and the nominal wage rate is denoted by w .

Each industry comes in an infinite number of varieties index by $\omega \in \Omega$, with $z_i^k(\omega)$ the number of units of a given variety that can be produced with one unit of labour in industry k and country i . Productivity z is represented by independent random draws from a Fréchet distribution. It depends on fundamental productivity stemming from natural resources, infrastructure and institutions, for example, as well as intra-industry heterogeneity captured by a dispersion parameter θ .

Trade frictions take the standard iceberg form. The approach here splits the standard trade variable into three components: ad valorem tariffs, ad valorem export taxes, and frictions. Tariffs and export taxes create revenue flows, which are rebated to consumers through the expenditure function. Frictions do not create revenue flows. In terms of the standard model, $d_{ij}^k = \tau_{ij}^k \phi_{ij}^k \kappa_{ij}^k$ where d is the total iceberg trade costs, and the three components correspond to the decomposition just given. Standard assumptions rule out cross-country arbitrage opportunities.

Markets are perfectly competitive with constant returns to scale. As a result, in any country j the price paid by purchasers of a particular variety is $p_j^k(\omega) = \min_i c_{ij}^k(\omega)$ where $c_{ij}^k(\omega) = \frac{d_{ij}^k w_i}{z_i^k(\omega)}$ is the cost of producing and delivering one unit of this variety from country i to country j .

In each country, a representative consumer has a two-tier utility function. The upper tier is Cobb-Douglas across industries, while the lower tier is constant

elasticity of substitution across varieties within an industry. Accordingly, total expenditure on a variety is:

$$x_j^k(\omega) = \left[\frac{p_j^k(\omega)}{p_j^k} \right]^{1-\sigma_j^k} \alpha_j^k E_j$$

where p_j^k is the standard constant elasticity of substitution price index, σ_j^k is the elasticity of substitution, α_j^k is a Cobb-Douglas expenditure share, and E_j is expenditure.

Model closure differs from the standard model by allowing for an exogenous trade deficit and recycling revenue from tariffs and export taxes to consumers. Accordingly, $E_j = w_j L_j + D_j + TR_j + XR_j$ where D is the exogenous deficit, and the two revenue terms are $TR_j = \sum_{i,k} (\tau_{ij}^k - 1) X_{ij}^k$ and $XR_j = \sum_{i,k} (\phi_{ij}^k - 1) X_{ji}^k$, where X is bilateral exports (including output that is consumed in the same country where it is produced).

Under these assumptions, bilateral exports take the standard structural gravity form:

$$X_{ij}^k = \frac{\left(\frac{w_i d_{ij}^k}{z_i^k} \right)^{-\theta^k} \alpha_j^k E_j}{\sum_l \left(\frac{w_l d_{lj}^k}{z_l^k} \right)^{-\theta^k}}$$

To examine the impact of trade policy changes, the standard model is extended by considering proportional changes in the iceberg factors associated with export taxes, import tariffs and frictions. Applying exact hat algebra yields the following system for a comparative static solution, where $\hat{\cdot}$ is the baseline import share and $\hat{E}_j$ is the baseline export share:

$$\hat{X}_{ij}^k = \frac{\left(\hat{w}_i^{-\theta^k} (\hat{\tau}_{ij}^k \hat{\phi}_{ij}^k \hat{\kappa}_{ij}^k)^{-\theta^k} \hat{E}_j \right)}{\left(\sum_l \lambda_{lj}^k (\hat{\tau}_{lj}^k \hat{\phi}_{lj}^k \hat{\kappa}_{lj}^k)^{-\theta^k} \hat{w}_l^{-\theta^k} \right)}$$

$$\hat{w}_i = \sum_{j,k} \gamma_{ij}^k \hat{X}_{ij}^k$$

$$\hat{E}_j = \frac{Y_j \hat{w}_j + D_j + \sum_{i,k} (\tau_{ij}^k - 1) X_{ij}^k + \sum_{i,k} (\phi_{ij}^k - 1) X_{ji}^k}{E_j}$$

Solution of the system is via a fixed-point iteration. Inputs are baseline trade values, tariff rates and export tax rates, as well as counterfactual tariff rates and export tax rates. Outputs are changes in trade values, wages, expenditures and prices.

The baseline model does not include input-output links between sectors. To allow for a spillover effect from leather sector trade policies to downstream sectors, the model is iterated using $\kappa_{ij}^{footwear} = 0.25\hat{P}_j^{leather}$, where the coefficient is an ITC estimate of the approximate cost share of leather in footwear production.

Data

Running a counterfactual simulation using the above model requires data on domestic production and consumption in addition to trade values. The most disaggregated source available that satisfies this criterion is ITPD-S, which identifies leather and footwear as separate sectors, in addition to a wide range of other goods and services sectors that together allow for a general equilibrium closure. The latest available year of data is 2019, since ITPD-S uses advanced statistical techniques to

reconcile export and import value reports from different sources, and to impute missing values in the trade and production matrix. A rigorous simulation can only be conducted using a complete matrix with imputed values. It is not possible to use raw trade data for a simulation model with a general equilibrium closure. The key advantage of a general equilibrium closure is that it allows for reallocations across sectors and countries, while respecting macroeconomic constraints such as economy size. Partial equilibrium closures typically require stronger assumptions, and may provide misleading results where, as here, policy shocks are relatively large.

Tariff data come from the Trade Analysis Information System database accessed via the World Bank's World Integrated Trade Solution server. In addition, ITC supplied data on specific import levies. Data on export taxes come from ALLPI. Details of these data are in Tables A1 and A2.

Table A1: Specific export taxes, leather sector, EAC member states (\$ per kg)

HS 6	Kenya	Rwanda	URT	South Sudan	Uganda	Burundi	Somalia	DRC
410120	0.52	0.52	0.032	0.2	0.8	0.52	0.2	
410150	0.52	0.52	0.032	0.2	0.8			
410190	0.52	0.52	0.032	0.2	0.8	0.52	1	
410210	0.52	0.52	0.032	0.2	0.8	N/A		
410221	0.52	0.52	0.032	0.2	0		N/A	
410229	N/A	N/A	N/A	N/A	0		N/A	
410320		N/A	N/A	N/A	0.8		N/A	
410330		N/A	N/A	N/A	0.8		N/A	
410390		N/A	N/A	N/A	0.8	0.53	N/A	
410411	0.52	0.52	0.032		0		N/A	
410419	0.52	0.52	0.032	0.2		N/A	N/A	
410441	0.52	0.52	0.032		0		N/A	
410449	0.52	N/A	N/A		0		N/A	
410622	0.52	0.52	0.032	0.2				
410631	0.52	0.52	0.032	0.2				
410632	0.52	0.52	0.032	0.2				
410640	N/A	N/A	N/A	N/A	0			

HS 6	Kenya	Rwanda	URT	South Sudan	Uganda	Burundi	Somalia	DRC
410691	N/A	N/A	N/A	N/A	0			
410692	N/A	N/A	N/A	N/A	0			
410711	0.52	0.52	0.032	0.2	0		0.3	
410712	0.52	0.52	0.032	0.2	0		0.3	
410719		N/A	N/A		N/A		0.4	
410791		N/A	N/A		N/A		0.4	
410792		N/A	N/A		N/A		0.3	
410799		N/A	N/A		N/A		0.4	
411310	0.52	0.52	0.032	0.2	N/A		0.1	
411320	N/A	N/A	N/A	N/A	N/A			
411330	N/A	N/A	N/A	N/A	N/A			
411390	N/A	N/A	N/A	N/A	N/A			
411410	N/A	N/A	N/A	N/A	N/A		N/A	
411420								
411510								
411520								

Source: ALLPI compiled.

Table A2: Specific import levies, leather sector, EAC member states (\$ per kg)

HS 6	Kenya	Rwanda	URT	South Sudan	Uganda	Burundi	Somalia	DRC
410120	0.52	0.52	0.032	0.2	N/A		N/A	
410150	0.52	0.52	0.032	0.2	N/A		N/A	
410190	0.52	0.52	0.032	0.2	N/A		N/A	
410210	0.52	0.52	0.032	0.2			0.3	
410221	0.52	0.52	0.032	0.2	N/A		0.3	
410229	N/A	N/A	N/A	N/A	N/A	0.66	0.3	
410320		N/A	N/A	N/A				
410330		N/A	N/A	N/A				
410390		N/A	N/A	N/A		0.39	N/A	
410411	0.52	0.52	0.032	0.2			2.5	

HS 6	Kenya	Rwanda	URT	South Sudan	Uganda	Burundi	Somalia	DRC
410419	0.52	0.52	0.032	0.2			2.5	
410441	0.52	0.52	0.032				2.5	
410449	0.52	N/A	N/A					
410622	0.52	0.52	0.032	0.2			2.5	
410631	0.52	0.52	0.032	0.2			2.5	
410632	0.52	0.52	0.032	0.2			2.5	
410640	N/A	N/A	N/A	N/A			N/A	
410691	N/A	N/A	N/A	N/A			N/A	
410692	N/A	N/A	N/A	N/A			N/A	
410711	0.52	0.52	0.032	0.2			N/A	
410712	0.52	0.52	0.032	0.2			N/A	
410719		N/A	N/A				N/A	
410791		N/A	N/A				N/A	
410792		N/A	N/A				N/A	
410799		N/A	N/A				N/A	
411310	0.52	0.52	0.032	0.2	N/A		N/A	
411320	N/A	N/A	N/A	N/A	N/A			
411330	N/A	N/A	N/A	N/A	N/A			
411390	N/A	N/A	N/A	N/A	N/A			
411410	N/A	N/A	N/A	N/A	N/A		N/A	
411420								
411510						0.14		
411520								

Source: ALLPI compiled.

The simulation requires ad valorem, not specific, export taxes and import levies as inputs. To convert them, data on values and quantities for 2024 are taken from the BACI database. Ad valorem rates are calculated as follows, where h indexes HS 6-digit product lines and s subscript indicates a specific rate applied to quantity q (imports in the case of tariffs, exports in the case of export taxes).

$$\tau_j^k - 1 = \frac{\sum_h \tau_{j,s}^h q_j^h}{\sum_{h,i} X_{ij}^h}$$

$$\phi_j^k - 1 = \frac{\sum_h \phi_{j,s}^h q_j^h}{\sum_{h,i} X_{ji}^h}$$

Printed by ITC Digital Printing Service.

A free pdf is available on ITC's website at:
www.intracen.org/publications.



International
Trade
Centre



Street address
International Trade Centre
54-56 Rue de Montbrillant
1202 Geneva, Switzerland

Contact
P: +41 22 730 0111
E: itcreg@intracen.org
www.intracen.org

Postal address
International Trade Centre
Palais des Nations
1211 Geneva 10, Switzerland

The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.