The Modjo Leather City’s Feasibility Study has been prepared by a
JOINT TECHNICAL TEAM (JTT) composed of:

UNIDO - United Nations Industrial Development Organization
LIDI - Leather Industry Development Institute in cooperation with the
Addis Ababa University (AAU)

The JTT has operated under the supervision of the Ministry of Industry
of the FDR of Ethiopia.
**INTRODUCTION**

**ISID INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT**

The Lima Declaration, adopted by UNIDO’s Member States in December 2013, set the foundation for a new vision of inclusive and sustainable industrial development (ISID) and highlighted the role of industrialization as a driver for development.

In light of the renewed mandate given to both UNIDO and the United Nations as a whole, the Organization’s programmatic focus is accordingly structured in three main fields of activity, each of which represents different aspects of ISID: creating shared prosperity, advancing economic competitiveness and safeguarding the environment.

**UNIDO’S VISION AT A GLANCE**

ISID enhances and reinforces economic growth and diversification in a socially inclusive and environmentally sound manner, guided by four overarching principles:

- No one is left behind in benefiting from industrial growth, and prosperity is shared among all parts of society in all countries as industry creates the wealth needed to address critical social and humanitarian needs.
- Every country is able to achieve a higher level of industrialization and benefits from the globalization of markets for industrial goods and services.
- Broader economic and social progress is supported within an environmentally sustainable framework.
- The unique knowledge and resources of all relevant development actors are combined to maximize the development impact of ISID.

**ISID Sustainability and Inclusivity**

- POVERTY REDUCTION
- SOCIAL INCLUSION
- JOB CREATION
- VALUE CHAIN APPROACH

- EFFICIENT UTILIZATION OF RESOURCES
- POLLUTION
- ANIMAL WELFARE
- CLIMATE CHANGE
- LAND USE
- BIO WASTE
- WATER

- ENTREPRENEURSHIP
- YOUTH EMPLOYMENT
- SKILLS / KNOWLEDGE UPGRADE
- GENDER MAINSTREAMING

Programme for Country Partnership (PCP) - ETHIOPIA

In order to operationalize the partnership approach, UNIDO developed a new type of assistance package for its Member States: the Programme for Country Partnership (PCP). PCP is a custom-built partnership formula with each beneficiary Country maintaining ownership of the complete process. Ethiopia has been selected as one of the pilot countries to apply this new approach.

- UN Agencies
- DFIs Development Finance Institutions
- PRIVATE SECTOR
- PCP PROGRAMME FOR COUNTRY PARTNERSHIP ETHIOPIA
- LEATHER AND LEATHER PRODUCTS
- TEXTILES AND APPAREL
- AGRO-FOOD PROCESSING
- UNDER THE OWNERSHIP OF THE NATIONAL GOVERNMENT

**PCP PROGRAMME FOR COUNTRY PARTNERSHIP ETHIOPIA**

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WHY ETHIOPIA? WHY MODJO?
The Ethiopian leather industry enjoys significant comparative advantages. Indeed, Ethiopia has one of the world’s largest livestock populations, making the country ranking the 1st in Africa. Twenty-nine tanneries are processing and producing finished leather in different sites with a total of installed capacity of 500 million square feet per year. About 48% of the existing tanneries in Ethiopia are operating in Oromia region, due to availability of raw materials and water supply as well as skilled manpower generated from a long leather processing tradition in the area. However, the impact of the pollution caused by tanning operations, has created many environmental and social problems due to the proximity of the Modjo urban area.

THE PROBLEM
The tanning process is characterized by the production of solid, liquid, gaseous wastes and sludge which are discharged most of the time into the environment. The absence of a proper urban planning for the tanneries in Ethiopia has created many difficulties in monitoring as well as in mitigating the generated pollution, especially considering that they are located in different parts of the country. The pollution problems created from tanning activities require an urgent solution that looks at a proper urban planning for the relocation of the existing tanneries operating in urban areas.

ACTUAL PLANNING AND ENVIRONMENTAL CONTEST
The city of Modjo is located in a strategic position well connected to the main roads to Addis Ababa and Djibouti port as well as to the railway currently under construction.
THE SOLUTION

These problems are common to the majority of the tanneries located in various countries around the world. The best solution to solve these environmental problems is to set-up a leather district. An industrial district is an agglomeration of companies, suppliers, service providers, training and R&D institutions as well as offices of the local authorities in a dedicated area. This area will reinforce the synergies and relations between these different players.

Moreover, through these linkages, one district is inevitably connected to other national industrial stakeholders as well as to the overall Ethiopian economy.

The concentration of tanneries in a new and modern industrial district allows the elaboration of a common environmental strategy for facing all pollution problems in a cost efficient manner. Furthermore, the district will play a valuable role in enhancing foreign and local direct investments as well as tanneries relocation. In light of the above considerations, the construction of a centralized waste water treatment plant including a chrome recovery and by-products processing plant is required.

METHODOLOGY and APPROACH

1. NEW DISTRICT AREA
2. EXISTING TANNERIES IN MODJO
3. EXISTING TANNERIES INCLUDED IN NEW DISTRICT
4. EXISTING TANNERIES CONNECTED TO THE DISTRICT
5. Tanneries to fully/partly (i.e. the wet-ends) relocate
ESTABLISHING THE MODJO LEATHER CITY: A MODERN LEATHER DISTRICT WITH A WASTE WATER TREATMENT PLANT

UNIDO in collaboration with the Leather Industry Development Institute (LIDI) and the Addis Ababa University, prepared a Feasibility Study to setup the MLC (Modjo Leather City). This represents an opportunity to establish an environmental friendly leather tanning district driven by a network of tanneries. The construction of a common Waste Water Treatment Plant is considered as a priority, in order to reduce the environmental impact of the leather processing.
PROJECT FRAMEWORK

The industrial district is divided by sectorial activities, connected together with a simple and efficient road network that divides the district into compartments. Within this framework, it will be possible to have a phased implementation of the district, according to the requirements of new factories.

The area occupied by the new tanneries will be in the heart of the district, surrounded by services and ancillary activities. The facilities will be large enough to accommodate the needs of the tanneries, according to an evaluation based on the experience of other industrial districts such as: Santa Croce sull’Arno (Italy), Robaiki area (Egypt), Buenos Aires (Argentina).

The main parts of the organized leather industrial district are represented by the common Waste Water Treatment Plant and centralized services for chrome recovery and by-products processing.
THE WASTE WATER TREATMENT PLANT

The eco-friendly oriented MLC is giving due attention to the existing tanning facilities, connecting them to a common waste water treatment plant. Based on the “polluter pays” principle, the tannery effluent will be pumped in the industrial sewage network collecting other industrial discharges in a unique pumping station, linked to the waste water treatment plan, constructed in line with the recognized international standards. This common waste water treatment plant represents the main component of the MLC. The expected quality of the output effluent is in line with the Ethiopian and international environmental standards.

The table shows the estimated yearly MLC waste water outflow from the beginning up to the maximum expansion.

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>UNITS</th>
<th>EXISTING CLUSTER</th>
<th>MLC PHASE 1</th>
<th>MLC PHASE 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw H/S Tanning</td>
<td>Tons</td>
<td>39,000</td>
<td>78,000</td>
<td>133,500</td>
</tr>
<tr>
<td>Waste Water</td>
<td>m³</td>
<td>1,390,000</td>
<td>2,760,000</td>
<td>4,272,000</td>
</tr>
</tbody>
</table>

Timeline 300 days - 1 year
THE PROJECT

MODJO LEATHER CITY MASTERPLAN
INCLUDED WITHIN THE MODJO URBAN AREA

Following an in-depth study of the entire Modjo area, the new leather district has been planned taking into due consideration the existing tanneries. The project is also including recommendations on how to improve urban expansion for residential and recreational areas of the town of Modjo.

In this regard, a “green belt” has been designed between Modjo town residential areas and the new district, creating a natural park. The creation of a protected area along the river is going to give the possibility to enhance its environmental and landscape resources like natural river banks full of flora and fauna.

Finally, this green belt aims at significantly mitigating the environmental impact of the leather district.
The Modjo Leather City represents a concrete opportunity to position the Ethiopian leather industry on the map of leather producing countries in the world by following a model of Inclusive and Sustainable Industrial Development.

**Environmental Benefits**

The MLC will enhance and support all national efforts to an efficient, equitable and sustainable utilization of the water resources in Ethiopia. This will also contribute to the socio-economic development of the Modjo area in a sustainable manner.

**Socio-Economic Benefits**

- The MLC will boost foreign and local direct investments, economic, trade and service activities in the area.
- The MLC will have positive impact in creating job opportunities.
- The MLC offers an opportunity for the strengthening of TVET schools in the area.
- The MLC will improve the hygiene and health conditions of the local population.