

## Final Evaluation of 'Omzet met Impact' Programme

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Case study report Green Tanning Initiative (GTI)

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## Boxes

|   |  |
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|---|--|

## Abbreviations

|       |  |
|-------|--|
| AC    | Activity Cluster   |
| AS    | Assumption   |
| CBI   | <i>Centrum voor Bevordering Importen uit ontwikkelingslanden</i> (Centre for the Promotion of Imports from developing countries) |
| CSR   | Corporate Social Responsibility  |
| EDB   | Ethiopian Development Bank   |
| ELIA  | Ethiopian Leather Industry Association   |
| EU    | European Union   |
| GRI   | Global Reporting Initiative  |
| GTI   | Green Tanning Initiative   |
| IFC   | International finance Corporation  |
| LIDI  | Leather Industry Development Institute   |
| MSMEs | Micro-, Small- and Medium size Enterprises   |
| MVO   | <i>Maatschappelijk Verantwoord Ondernemen</i> (Responsible Business Conduct)   |
| OC    | Outcome  |
| OP    | Output   |
| RBC   | Responsible Business Conduct   |
| SCP   | Sustainable Consumption and Production   |
| SMEs  | Small- and Medium size Enterprises   |
| SO    | Specific Objective   |
| ToC   | Theory of Change   |
| ToR   | Terms of Reference   |
| ToTF  | Tannery of the Future  |
| UNEP  | United Nations Environment Programme   |

## 1. Introduction

This report describes the main features, activities and results of the Green Tanning Initiative (GTI) project implemented in Ethiopia, also known as the project “Promoting technologies that reduce the environmental impact of leather processing and creating sustainable employment in the leather industry in Ethiopia”. This project is one of the 12 projects that are co-financed by MVO Nederland’s ‘Omzet met Impact’ (‘Business with impact’) programme. Implementation of this project started in Ethiopia in 2018 (see Section 2). The report furthermore assesses the project in terms of its effectiveness and impact (Section 3), its relevance and sustainability (Section 4), as well as its additionality and leverage (Section 5). Conclusions are presented in Section 6.

“The aim of the Green Tanning Initiative (GTI) project is to encourage the adoption of sustainable leather production techniques in Ethiopia and to create sustainable, fair employment in the Ethiopian leather industry. The project specifically focuses on the development of production methods for high-quality chrome-free leather, suitable for export to the European market.” (Translation of Dutch text in MVO Nederland 2020a).

## 2. Brief description of the project

The ideas for this project originate from the predecessor of the ‘Business with Impact’ programme. Preparatory market research was done and an assessment was made of RBC risks, using the MVO Risk Check tool and the Tannery of the Future tool. MVO Nederland contacted several potential buyers in the Netherlands. Some of them had already existing business relationships with leather suppliers in Ethiopia, but wanted to switch to environmentally friendly leather, while others wanted to establish such business relationships. So, in the GTI project, “A group of Dutch (fashion) companies wants to source leather in Ethiopia, while using their purchasing power to introduce a sustainable variant of leather and improve working conditions for employees. The group works together with MVO Nederland and Solidaridad and has received a grant from SWITCH Africa Green (a fund of the European Commission) to carry out this project (2018-2020).”<sup>1</sup> Some Dutch/European companies have experience with buying leather in Ethiopia. As pointed out in one of the interviews, the main challenge for them is “to work on long-term reliable business relations, where reliable means that some of them really want to buy chrome-free leather that is produced in a decent way, but they also want quality”. They “want to work with the sector in Ethiopia, but want to be sure that both types of sustainability and the product quality are guaranteed.”

As described in the Project Summary, the Project aims at:<sup>2</sup>

- 1) The introduction of environmentally friendly, chromium-free leather in Ethiopia, after the Easy-White recipe of Stahl from Waalwijk.
- 2) Next: improvement of working conditions in the tannery that will produce the chromium-free leather and the workshops that will process it.
- 3) At a later stage: insight into the origin of the leather: tracing the skins from the abattoirs to the cattle farmers.”

For the chemicals supplier Stahl, a major challenge in the GTI project is that they have very little staff on the ground in Ethiopia. Consequently, technical support is more difficult to organize in Ethiopia than in India and Bangladesh, where the company is also active.

The **overall objective** of the ‘**Green Tanning Initiative (GTI)**’ is: “to contribute to a sustainable, quality, and environmental-friendly value chain that generates green business growth and creates jobs in the leather industry in Ethiopia by 2020.” Some interviewees described the main goal as ambitious, but achievable, and as very innovative for Ethiopia. The project is to “improve both the social and environmental sustainability performance of the sector in Ethiopia” and – at a second level – to “improve market links and performance”. This is to be done by “adopting and trying to implement

<sup>1</sup> MVO Nederland (2018a). Project Summary Green Tanning Initiative – Ethiopia.

<sup>2</sup> Ibid.

some cleaner practices of leather manufacturers relative to what they were doing before” and trying to replicate the use of “those cleaner practices elsewhere at other manufacturing locations” and “to link the leather, in this case that was made with these practices, with some interested brands in other countries around the world”.<sup>3</sup>

To achieve the overall objective, the project has set 2 **specific objectives** (SOs):

- **SO1:** To promote the adoption of SCP practices by 32 MSMEs (comprising 16,500 workers) in the leather supply chain and facilitate market entry at domestic & EU level; and
- **SO2:** To contribute to an enabling environment in the Ethiopian leather industry supportive of SCP practices and green growth targets set by the Ethiopian government.

**Expected outcomes under SO1** are:

- **OC1:** Improved quality and traceability of hides and skins by three abattoirs and three collection centres used by Ethiopian tanneries and manufacturers in two districts of Addis Ababa and Tigray regions;
- **OC2:** Improved environmental, economic and social performance of three tanneries and three leather manufacturers benefiting 1,500 workers (60% women) in two districts of Addis Ababa and Tigray regions; and
- **OC3:** Ensured market uptake and sales of sustainable leather products of targeted tanneries and leather manufacturers by four local and four EU buyers for the consumer market in Ethiopia and Europe.

Similarly, **expected outcomes under SO2** are:

- **OC4:** Ensured wider uptake, scale and improved policies supportive of SCP practices by 20 tanneries benefiting 15,000 workers (60% women) at a national level;<sup>4</sup> and
- **OC5:** Improved business support services provided by one local service provider and one government institution and access to finance through two financial institutions for MSMEs at national level.

There are **five interconnected activity clusters (ACs)** aligned according to the five expected outcomes of this project that will achieve the expected outputs, outcomes and impact of the project. Appendix 2 contains the Theory of Change based on the log frame matrix included in the project proposal submitted to the EU (Solidaridad 2017) and which was updated in the *Narrative Report 2020* (Solidaridad 2021).

Various **stakeholder target groups** were defined: the project directly and indirectly targeted 32 MSMEs and 12 other stakeholders in Ethiopia and Europe (Table 1).

**Table 1: Targeted groups**

| Direct  | Indirect   | Other targeted stakeholders include  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• 3 Slaughterhouses</li> <li>• 3 Collection Centres</li> <li>• 3 Leather Manufacturers</li> <li>• 3 Tanneries</li> </ul> | <ul style="list-style-type: none"> <li>• 20 Tanneries</li> </ul> | <ul style="list-style-type: none"> <li>• 4 EU Buyers (Esbeco, 10TIEN, TD Leather Boots, Donders Fashion)</li> <li>• 4 Local Buyers</li> <li>• 1 Local Service Provider (Ethiopian Leather Industries Association – ELIA)</li> <li>• 1 Government Institution (Leather Industry Development Institute – LIDI)</li> <li>• 2 Financial Institutions (International Finance Corporation- IFC, &amp; Ethiopian Development Bank – EDB)</li> </ul> |

Source: Solidaridad (2021)

In addition, the GTI project is expected to directly benefit 1,500 workers (60% women) from the three tanneries (600) and three leather manufacturers (900) combined and indirectly 15,000 workers (60% women), see Table 2.

<sup>3</sup> Interview result.

<sup>4</sup> Note that this is inconsistent with the formulation of SO1, which relates to 32 MSMEs.

**Table 2: Intended number of beneficiaries**

|                           | Type of MSMEs             | # MSMEs   | # Workers     |
|---------------------------|---------------------------|-----------|---------------|
| Direct (related to SO1)   | Abattoirs                 | 3         | -             |
|                           | Collection Centres        | 3         | -             |
|                           | Leather Manufacturers     | 3         | 900           |
|                           | Tanneries                 | 3         | 600           |
|                           | <b>Sub-total</b>          | <b>12</b> | <b>1,500</b>  |
|                           | <i>Of which 60% women</i> |           | 900           |
| Indirect (related to SO2) | Tanneries                 | 20        | 15,000        |
|                           | <b>Sub-total</b>          | <b>20</b> | <b>15,000</b> |
|                           | <i>Of which 60% women</i> |           | 9,000         |
| <b>Total</b>              | <b>TOTAL</b>              | <b>32</b> | <b>16,500</b> |
|                           | <i>Of which 60% women</i> |           | 9,900         |

Source: Solidaridad (2021)

According to the Progress Report 2019 (MVO Nederland 2020b:11), the three most important SDGs on which the project focuses are SDGs **8** (decent work and economic growth), **12** (responsible consumption and consumption) and **15** (life on land).

As a result of delays in the progress made in Years 1 and 2, due to both external and internal factors (e.g. legal registration of the project, chemical inputs for the projects being held at customs), and the effects of the COVID-19 crisis, it was decided to request an extension of the project in 2020 (Solidaridad 2021). The EU granted a budget-neutral extension of the project until the end of 2021 (MVO Nederland 2020b).

### 3. Effectiveness and impact

This section addresses the evaluation questions with respect to effectiveness and impact. It assesses the results chain (intended and realized results) and the (plausibility of) the underlying assumptions presented in Appendix 2. In one of the interviews, it was explained that the assumptions are based on the risk analysis that was made.

The general evaluation questions in the ToR addressed in this section include:

- 1) Have the **activities** described in the project proposal been **carried out**?
- 2) To what extent **were other stakeholders, such as civil society, meaningfully included** in the development and execution of the project?
- 3) How have the **project activities contributed to the implementation/improvement of RBC?** (check the Due Diligence steps\*). If not, or not fully, why not? Are there critical assumptions that are not fulfilled? If so, which?
- 4) Have the **goals and targets** described in the proposal been **reached**?
- 5) Were the **assumptions and trajectories** described in the final version of the ToC proven to be **correct**?

#### 3.1 Progress/achievements on planned activities

Notably, a part of the planned activities was carried out in 2018 and 2019. Not all activities could be implemented for reasons such as bureaucracy and conflict situations in Ethiopia. Due to the COVID-19 crisis, not all activities planned to be implemented in 2020/2021 could be executed. The initial activities that were completed in Year 1 of the project are:

- AC 0.1- 0.2 Establish project steering committee & project launch;
- AC 0.3 Conduct baseline study, gender analysis; and
- AC 1.1.1 Scoping assessment of slaughterhouses.

The status of the activities specified in the log frame matrix in Appendix 2 is as follows (see also Table 3).

**Table 3: Planned and implemented activities**

| <b>AC1 (Planned Activities)</b>   | <b>Status at Evaluation Stage</b>   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Scoping assessment of slaughterhouses related to the tanneries</li> <li>2. Build and strengthen relationships between abattoirs and tanneries</li> <li>3. Provide 3 abattoirs with technical in-house support (incl. trainings), to improve slaughter facilities and management practices</li> <li>4. Identify and support 3 collection centres for hides and skins</li> <li>5. Support tanneries to develop sourcing plans for improved hides</li> </ol>   | <ol style="list-style-type: none"> <li>1. Completed in Year 1</li> <li>2. Implemented in Year 3</li> <li>3. Implemented in Year 3</li> <li>4. Already completed</li> <li>5. Already completed</li> </ol>  |
| <b>AC2 (Planned Activities)</b>   | <b>Status at Evaluation Stage</b>   |
| <ol style="list-style-type: none"> <li>1. Provide technical support to tanneries on cleaner production</li> <li>2. Provide technical support on labour issues and gender</li> <li>3. Provide technical support on SCP in trade expectations, business management practices and product quality.</li> <li>4. Develop and test self-assessment tool (ToTF) to monitor CSR progress</li> <li>5. Introduce technology that will reduce the environmental impact of leather processing</li> <li>6. Introduce environmentally friendly products in leather production and processing</li> <li>7. Training on recycling of production waste (both tanneries and leather manufacturers)</li> <li>8. Training on health and safety regulations</li> <li>9. Training on secondary benefits and gender</li> </ol>  | <ol style="list-style-type: none"> <li>1. Has not yet taken place</li> <li>2. Workshop on Revised Ethiopian Labour Law conducted</li> <li>3. Training and workshops conducted in 2018 and 2019. 2019 EU buyer mission showed need for producers that can show their awareness of SCP practices. Selection of number of leather goods producers to be more explicitly linked to the project was scheduled for a May/June visit to Ethiopia in preparation of Q4 2020 matchmaking mission. Visit did not take place due to travel restrictions.</li> <li>4. Activity's components for 2020 not carried out.</li> <li>5. Not carried out</li> <li>6. Chemical management and Occupational Health and Safety training for tanneries delivered</li> <li>7. Tanneries and leather goods manufacturers trained on recycling and waste management in 2018 and 2019. Training of tanneries zoomed in on liquid waste management. Tanneries will receive additional advice on solid waste management in Q3-Q4 of 2021</li> <li>8. Not carried out</li> <li>9. Workshop on Secondary benefits Gender and Soft Skill development conducted</li> </ol> |
| <b>AC3 (Planned Activities)</b>   | <b>Status at Evaluation Stage</b>   |
| <ol style="list-style-type: none"> <li>1. Organize international matchmaking between buyers, tanneries and leather manufacturers (EU market entry)</li> <li>2. Set up testing scheme with LIDI for chemical and mechanical performance tests and support with sample making and logistics</li> <li>3. Local match making between tanneries and local buyers organized to facilitate local market development (national/local market)</li> </ol>   | <ol style="list-style-type: none"> <li>1. MVO NL organized first complete on-site matchmaking session in 2019. In 2020, contact by email, Skype and phone for matchmaking and webinar organized where EU buyers could meet Ethiopian leather and leather good producers. Second on-site match-making session rescheduled to 2021</li> <li>2. Workshops on sample making and price quotation carried out at LIDI in 2018. EU buyers visited the LIDI premises in 2019 and were introduced to LIDI's capabilities. Similar visit scheduled for Q4 2021 mission.</li> <li>3. Not carried out.</li> </ol>   |
| <b>AC4 (Planned Activities)</b>   | <b>Status at Evaluation Stage</b>   |
| <ol style="list-style-type: none"> <li>1. Organize 2 workshops to raise awareness of the TOTF self-assessment tool and to connect with 20 tanneries</li> <li>2. Organize 8 peer-to-peer group sessions (user groups) on specific environmental or social topics among 3 tanneries and facilitate dialogue and exchange of lessons and practices</li> <li>3. Share best practices and tools through multi-stakeholder platforms in Ethiopia and the government to influence policy makers on importance of green business development in leather</li> <li>4. Share lessons, examples and replicate best practices through UNEP networks between Ethiopia and other Africa Switch Green Partners on sustainability practices in leather industry</li> <li>5. Publish press releases and engage trade media on products and project results on at least 1 international trade fair, e.g., Africa Fashion Week</li> </ol> | <ol style="list-style-type: none"> <li>1. Completed in 2018 and 2019</li> <li>2. Not carried out</li> <li>3. Presentation at Regional Industrial Meeting organized by UNEP in Kampala.</li> <li>4. Rest not carried out</li> <li>5. MVO NL and Solidaridad have published press releases and articles in trade media such as <i>Leather Biz</i>, <i>International Leather Maker</i> and <i>Schoenvisie</i>. Profiles of Ethiopian companies published on <a href="https://futureproof.community/">https://futureproof.community/</a>, which offers a matchmaking platform for Ethiopian parties and EU buyers.</li> </ol>   |
| <b>AC5 (Planned Activities)</b>   | <b>Status at Evaluation Stage</b>   |
| <ol style="list-style-type: none"> <li>1. Provide capacity building of LIDI and EILA on sustainable tanning to ensure intervention's sustainability</li> <li>2. Develop sustainability report</li> <li>3. Develop business cases for 2 tanneries/leather manufacturers on sustainable leather production and present this to 2 financial institutions to facilitate access to finance</li> </ol>  | <ol style="list-style-type: none"> <li>1. LIDI and ELIA present at most MVO NL workshops in 2018 and 2019. Other activities postponed to 2021.</li> <li>2. At end of project.</li> <li>3. At end of project.</li> </ol>   |

All **AC1** activities have been completed. Seven **AC2** activities were fully or partially carried out, while two other activities were not implemented at all. MVO NL and Solidaridad proposed to contact the tanneries and leather goods producers online in Q3-Q4 of 2021. The planned **AC3** activities were partially conducted. Solidaridad will organize a local matchmaking session to which MVO NL will also contribute when needed. The timing of this local matchmaking event has not been set yet. One **AC4** activity has been completed, while the other four are not or not fully implemented. The presentation at a trade event/international fashion and leather industry fair was scheduled for Q3 2021. Because of delayed production and travel restrictions it was going to be substituted by:

- An online webinar on 30 September for 50 buying companies with contributions by Stahl, Dechase, Batu tannery and MVO NL
- A promotional visit by MVO NL to the leather fair at Premiere Vision on 21 September.

Within **AC5**, two of the activities are expected to be completed at the end of project, others were postponed to 2021, while participation in most of the MVO NL workshops was possible in 2018 and 2019. In 2021 no further workshops will be organized by MVO Nederland to which LIDI and ELIA can be invited. LIDI and ELIA will however be provided with a report on trade and sustainability expectations in the EU market. LIDI/ELIA representatives will also be made aware of the solid waste consultation at the tanneries and included in the matchmaking mission.

MVO NL played a role in activities 2.3, 2.7, 3.1, 3.2, 3.3., 4.1, 4.5 and 5.1.<sup>5</sup>

**Contribution of the project to the implementation/improvement of RBC:** RBC risks were identified with the Risk Check tool and the Tannery of the Future tool. The implementers took into consideration all the responsible business conduct principles in planning and implementation of the project interventions. As such, companies develop products in conformity with environmental and pollution consideration, involve women in leadership positions, do not allow hard labour for women and child labour, and take care that there is equal payment of men and women for the work done. As exemplified by a case story below:

*“We are an NGO and we help communities in agribusiness planning and we focus on agri-business products. When we are working with the companies, we ensure that they incorporate social responsibility activities. For instance, we have worked with the tanneries to develop the Tannery of the Future tool – a checklist for companies to comply with. The*

*leather sector is somehow polluting and the government is somehow not aware, or it is slow to respond, so...this tool helps industries to check pollution levels. Regarding child labour, there is no child labour; there is some improvement on payment for women and we encourage companies to address issues related to women, e.g., involving them in decision making and giving them better pay. Human rights for workers are safeguarded through the workers union. We have trained the labour union leaders in collective bargaining. Currently workers are not forced to work eight hours a day as it was before, women are not forced to do hard labour and there is no child labour. We encourage women and men earn same pay for same job. I cannot totally say there are no abuse of human rights, but there is something happening towards upholding human rights and good labour practices” (key informant).*

**Due Diligence steps:**

1. We identify the most important opportunities and risks in our own business operations
2. We identify the main opportunities and risks associated with the activities of our customers and suppliers in the (value) chain
3. We have formulated policies on these and apply them in our management systems
4. We have set targets and indicators for these
5. We keep track of our results
6. We report on our results according to international standards (such as GRI)

**Involvement of other stakeholders, such as civil society, in the development and execution of the programme and projects?**

There are different stakeholders in the GTI project. These are the potential leather and leather products buyers, the input suppliers, the tanneries (skin collection centres, slaughterhouses), the

<sup>5</sup> Overview provided by MVO Nederland.

government of Ethiopia, among others, apart from MVO NL and Solidaridad. MVO NL developed the project and Solidaridad joined later. The involvement of the stakeholders in the development and execution of the project is a function of their roles. To the chemical suppliers, the tanneries are key stakeholders involved in the trials, because they supply the raw materials. Timely participation was hampered by customs delays, as well as the outbreak of COVID-19.

GTI has a direct involvement of civil society, the international NGO Solidaridad. Collaboration between Solidaridad and MVO Nederland has been good. From the beginning, it was considered “that the roles of Solidaridad and MVO NL would be very complementary. MVO NL had contacts with companies in Europe that wanted to work with the sector in Ethiopia on improvement. Solidaridad was working with actors in Ethiopia and was looking with them what could be done to improve sustainability.”<sup>6</sup>

Solidaridad has worked closely with Government and the three companies in the tannery business and has offered training to the tannery companies. In particular, Solidaridad has worked with the Ethiopian labour and textile apparel federation, giving a chance to other stakeholders to participate in influencing the way the project is run. The involvement of the government stakeholder in all activities of Solidaridad, training, research, reviews and planning, is part of the exit strategy for the project. However, there needs to be a clear framework in which all the relevant stakeholders can meaningfully participate, and there seems no clear involvement of the farmers where the tanneries source their products, yet their products can to a great extent determine the quality of the leather.

So far, there has been only limited involvement of CBI. There were discussions between Solidaridad and CBI even before the project started and also later on. At some point it was agreed that CBI would work together with Solidaridad (and other project stakeholders), but this never actually happened. CBI is not a formal project partner. The same holds for the Ethiopian entities ELIA – important for marketing of the sector – and LIDI, which is an important partner in technical work, such as technical support to tanneries.

### 3.2 Outputs

The majority of the planned outputs specified in Appendix 2 have been realized, though with some delay. Several output goals have been either met or surpassed. Sometimes they had already been met or surpassed in 2019 and no further progress was made. Other goals have been partially met or not met at all, sometimes for lack of progress in 2020, and in some cases, there is no data (Solidaridad 2021). Table 4 gives an overview of the findings on realisation of each planned output. Some output has not been achieved, because the corresponding activity has not (yet) been carried out, or replaced by other activities (such as the organization of webinars).

**Table 4: Planned and realized output**

| Planned OPs of AC1 activities – Scope defined; relationships built/strengthened; support provided  | Evaluation Findings  |
|--|--|
| 1.1 3 Abattoirs are linked as suppliers to 3 tanneries   | No data on this is available   |
| 1.2 3 Abattoirs trained on improved slaughter practices, new tools and measures  | This has been realized.  |
| 1.3 3 Tanneries improve knowledge and capacity regarding sourcing of raw hides and skins within the tanneries  | No data on this is available   |
| 1.4: 3 Tanneries have developed and implement 3 local sourcing plans for purchase of improved hides and skins  | No data on this is available   |
| <b>Planned OPs of AC2 activities – Technical support and training provided; TOTF developed and tested; environmentally friendly technology and products introduced</b> |  |
| 2.1 Improvement plans developed to strengthen tanneries capacity and apply SCP   | No data on this is available   |
| 2.2 Workers are trained in different technical skills and knowledge on labour rights   | This has been achieved, and key informants talked reasonable work hours, no child labour, women earning same pay as men for similar work |
| 2.3 Tanneries have increased knowledge on SCP in trade expectations, business management practices and product quality   | This exposure has been made,   |

<sup>6</sup> Interview results.

|   |  |
|---|--|
| <b>2.4</b> Self-assessment tool applied by tanneries to measure performance.  | The tannery of the future tool developed and being used.   |
| <b>2.5</b> Environmentally friendly technologies introduced in tanneries  | Some technologies have been introduced including those to reduce water waste to the environment, reduced waste discharge to the environment            |
| Leather manufacturers:<br><b>2.6</b> Manufacturers have knowledge on environmentally friendly products in leather production and processing   | This training has been provided  |
| <b>2.7</b> Manufacturers and tanneries trained on recycling of production waste   | The Ethiopian Leather Industry Development Institute (LIDI) has been trained on Waste recycling  |
| <b>2.8</b> Manufacturers trained on health and safety regulations   | Key informants talked having exposed workers to their rights and responsibilities as well as those of workers unions                                   |
| <b>2.9</b> Manufactures trained on labour conditions, secondary benefits and gender measures at the work floor  | This has been accomplished but there is need for details on the actual beneficiaries.  |
| <b>Planned OPs of AC3 activities – Matchmaking organized; testing scheme set up</b>   |  |
| <b>3.1</b> 3 Tanneries and manufacturers participated in matchmaking sessions with 4 EU buyers  | Not yet achieved due to disruptions in implementation of activities due to COVID-19. The companies haven't produced yet and will only produce on order |
| <b>3.2</b> Testing scheme with LIDI for chemical and mechanical performance tests set up  | This has been delayed to COVID-19 disruptions  |
| <b>3.3</b> 3 Tanneries and manufactures participated in matchmaking sessions with 4 local buyers  | Not yet done   |
| <b>Planned OPs of AC4 activities – Workshops organized; Best practices/lessons shared; Press release published</b>  |  |
| <b>4.1</b> Tanneries and leather manufacturers participated in exchange workshop lessons and best practices on SCP practices on various topics including the self-assessment tool, cleaner production and labour issues | Not data is available on this  |
| <b>4.2</b> Staff members from 20 tanneries have exchanged lessons and experiences through peer-to-peer group sessions   | Not data is available on this  |
| <b>4.3</b> Best practices have been shared at different (national/regional) platforms, including the national leather   | Not data is available on this  |
| <b>4.4</b> Project is presented as a best practice in international working group of the government<br><br>(trade) media outlets and on international trade fairs.  | Not data is available on this<br><br>Some publications   |
| <b>Planned OPs of AC5 activities – Local capacity built</b>   |  |
| <b>5.1</b> LIDI and ELIA are trained on technical capacity on SCP practices   | Not data is available on this  |
| <b>5.2</b> Sustainability report developed showcasing the performance of 3 tanneries and 3 leather manufacturers  | Not yet achieved.  |
| <b>5.3</b> Business cases developed   | Not yet achieved   |

The validity of some of the assumptions regarding the link between activities and output (listed in appendix 2) cannot not be judged for lack of data on output. Other assumptions, such as assumptions AS1.1.1 and AS1.1.3 with respect to the supply of hides and skins to the tanneries and assumption AS1.2.1 with respect to capacity and technical knowledge appear to be correct. AS1.4.1 regarding quality and standards is apparently also valid.

### 3.3 Outcomes

The project set out to achieve outcomes related to the following: quality and traceability of hides; improved performance of tanneries and leather manufacturers; market uptake and sales of sustainable leather products; and improved support services to the leather industry. Outcome indicators were formulated, but they are not monitored yet (possibly also for lack of data). Nonetheless, there are some indications of outcomes that have been achieved, as highlighted in Table 5.

For **OC1**, rejection rates at slaughterhouses were reduced by 17% (compared to a target reduction of 10%). In relation to **OC2**, tanneries have made important social improvements (Solidaridad 2021). So far, nothing has been achieved in terms of **OC3** (Ensured market uptake and sales of sustainable leather products of targeted tanneries & leather manufacturers by 4 local & 4 EU buyers for the consumer

market in Ethiopia and Europe), as the chrome-free leather has not reached the commercial production phase yet. However, in one of the interviews it was pointed out that recently some samples were sent to potential buying companies in Europe. Progress in the area of **OC4** has been limited. Only 7 out of 20 targeted tanneries have adopted SCP practices. No progress was made in 2020. The COVID-19 crisis implied an increased difficulty to sustain SCP. **OC5** had already been largely met in 2019; no improvement in the indicator was recorded in 2020 (Solidaridad 2021). The assumption underlying the links between output and outcome (listed in Appendix 2) appear to be broadly valid, but it is clear that more time is required for the outcomes to materialize.

**Table 5: Findings regarding expected outcomes**

| Expected Outcomes   | Key Findings  |
|---|---|
| <b>OC1:</b> Improved quality and traceability of hides and skins by 3 abattoirs & 3 collection centres used by Ethiopian tanneries & manufacturers in 2 districts of Addis Ababa and Tigray regions   | This result has not yet been achieved, though there is a process towards this. With the involvement of Stahl to provide chemicals, trials towards chromium free leather were planned, and due to COVID-19, the trials in were delayed, some trainings were conducted remotely and halted until it's possible to do them practically. Batu, Wallia and Sheba tanneries will participate in these trials.   |
| <b>OC2:</b> Improved environmental, economic & social performance of 3 tanneries & 3 leather manufacturers benefiting 1,500 workers (60% women) in 2 districts of Addis Ababa and Tigray regions.   | There are processes started towards these results, trainings to minimize water and chemical usage, giving trainees necessary skills to ensure improved environmental and social performance of the tanneries and leather manufactures.<br><br>Within the Ethiopian labour industry, workers and leaders of companies are now sensitized to responsible business, (including consciousness to issues of child labour, fair wages, gender equality, collective bargaining) and ensuring a greener way of leather manufacturing.<br><br>Waste discharge to the environmental is reported to have been reduced, but it was emphasized that the greener way of leather production cannot be achieved in three years.   |
| <b>OC3:</b> Ensured market uptake and sales of sustainable leather products of targeted tanneries & leather manufacturers by 4 local & 4 EU buyers for the consumer market in Ethiopia & Europe   | This result is not yet achieved, as production is aimed for a niche market in Netherlands; the international prices comparison is not yet possible, as the products have not yet been produced.<br><br>Only recently, some samples were ready to be sent to potential buyers.   |
| <b>OC4:</b> Ensured wider uptake, scale and improved policies supportive of SCP practices by 20 tanneries benefiting 15,000 workers (60% women) at a national level [NOTE: inconsistent with formulation of SO1, which relates to 32 MSMEs] | The exposure to sustainable practices and engagement with government has exposed tannery leaders and workers to SCP practices. While not all the planned 20 tanneries have been reached, a considerable number of workers have been reached.<br><br>“We give modules on the theory and the practice of making leather from the beginning to the end and making it different ways, using different practices. So, it was a fairly intensive schedule... I think they still retained a lot of that knowledge and certainly they had all the notes on the modules between that and the presence of the technicians on screen at least, showing them and telling them what to do.” (Key informant Interview). While the practical classes were planned for Ethiopia, these were not undertaken due to the disruptions caused by COVID-19. |
| <b>OC5:</b> Improved business support services provided by 1 local service provider & 1 government institution and access to finance through 2 financial institutions for MSMEs at national level   | Due to delays in the implementation, and adaptations to delivery of the project due to COVID-19 effects, this outcome is still way far off.   |

### 3.4 Impact

This section focuses on the programme’s impact.<sup>7</sup> The relevant evaluation sub-question in the ToR with respect to Pillar 1 is: to what extent can project results be seen as (potential) contributions to the SDG’s?

**Contribution to SDGs:** As described in the project summary (MVO Nederland 2018a), “The project aims to contribute to SDGs 8 (decent work and economic growth), 11 (sustainable cities and communities), 12 (responsible consumption and consumption), 14 (life below water) and 15 (life on land).” As

<sup>7</sup> The adjusted OECD/DAC definition of impact is “The extent to which the intervention has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects.”, see OECD/DAC (2019).

mentioned earlier, the three most important SDGs on which the project focuses are SDGs 8, 12 and 15.

One interviewee emphasized that “it will be very difficult to say after a few years what the exact impact will be. Impact will hopefully be realized after the project. This is something that cannot easily be measured within the project timeline.” Other interviewees agree with this. Although the key informants in the evaluation noted that it is “too early to talk of impacts”, partly because the project implementation activities have been disrupted and halted by the COVID-19 pandemic, but also due to the short-term nature of the project (i.e., three years), there are outcomes supporting the planned project impact as elaborated below.

**On a social level:** The project set out “to empower and improve current working conditions for 1,500 workers in the targeted SMEs and generate (as spill-over effect) new sustainable jobs in the leather industry”: The impact is not well documented, however, decent work is reflected in the GTI, NGO focus on workers’ rights, which has resulted in better pay for women, gender equality for equal pay, elimination of child labour, decent work conditions (e.g. wearing protective workwear while in factories).

**At technical level:** It was anticipated that the project would result into “full adoption of energy, water and chemicals saving systems and technologies by the tanneries and the manufacturers to produce eco-friendly leather products and develop a niche market of Ethiopian leather goods for the EU market”. The main technology promoted is the chrome free leather, but also technology to reduce water consumption, reduced waste, better treatment approaches.

*“People are eager and the government is also pushing aggressively, so as to reduce pollution. At the All-African Leather Fair – annual event in November every year – in Addis, in 2019, we had delegates from Europe who came to Ethiopia, visited tanneries to validate issue of environmental management and quality issues” (Key Informant).*

However, due to the COVID-19 disruptions, not much can be said of the extent to which these impacts have been realized. Moreover, the period of the project is perceived as too short to realize the impacts “to go from conventional to greener way of leather production so that environmental pollution is minimized, this is a process, it won’t come in two to three years.” (Key informant)

**On an economic level:** The project was planned to “contribute to increased sales and exports of sustainable products to the EU market and contribute to national government targets set on export earnings”: This impact is not realized at all, because no agreements have been made with European markets. It is also limited because there are inputs that have to be imported. Not everything is produced in Ethiopia. Some inputs in the making of shoes for example are imported from Italy, China, and Portugal. The leather can be 100% produced in Ethiopia. But even then, there is a need to improve the quality of the leather right from breeding to care.

*“The farmers are used to production for agriculture, cows are whipped, if you think back, how to deal with it, after slaughter at tanneries, we’ll see the scars ---such products will be rejected, a lot go waste. Another case is that technology is not on high level as in Europe, the tanneries, they are to learn how to treat leather in the high standards that are recommended” (key informant).*

The above limitations reflect a need for more time for the GTI in order to realize increased production and sales of leather in the medium and long term.

**On a policy level:** The project envisioned “to set the example, influence policy makers through communicating the results and influence the discussions at Ministry level and via ELIA, to develop a national code of conduct for the industry”. To some extent this has been achieved: a “**Tannery of the Future tool**” has been developed. It is a checklist for companies to comply with, to ensure a sustainable leather industry where methods for processing, production follow high quality standards that meet international markets, while ensuring environment protection.

It is probably too early to assess the validity of the second and third key assumptions regarding the link between outcome and impact listed in Appendix 2, but there are clear doubts regarding the first assumption, given the current difficult political situation in Ethiopia (including political unrest in the Tigray area) and the COVID-19 pandemic. As also mentioned in an interview, absence of political stability and the COVID-19 situation do not help to achieve results.

### 3.5 Unexpected results

Some unexpected results were achieved. For example:

- Empowered workers' union: Often changing behaviour and practices requires support of management. According to one of the Key Informants, there was a pleasantly positive change in the way of managing the tanneries and workers organisation. "When we started with this project, one of the tanneries did not allow workers to have a worker's union; we separately gave training to management and workers, on the laws of Ethiopia on labour, the advantages of the workers union. The management allowed workers to have a workers' union, this was not intended in our outcome" (Key Informant). This is an important outcome in relation to future practices within the tannery with regard to workers' rights. The workers are likely to pursue and demand their rights following the sensitisation to their rights and roles of the employer.
- Increased demand for greening tanning services: Solidaridad works with other partners, who have been approached for services to build capacity to appreciate green tanning. However, such as service is not possible due to a limited contract, which does not have funds to add on additional beneficiaries. This reflects a good foundation for scaling the initiative and it is quite surprising, given that the project implementation has been so hampered by the COVID-19 crisis. As noted by an interviewee, "there is a lot that could be done, we worked with 3 out of the 27 tanneries in the country; you can see the gap".
- A webinar was held in 2020, replacing a planned seminar in Ethiopia. Another webinar is now planned for 2021.
- A group of Ethiopian technicians received training from Stahl in Waalwijk. During their stay, presentations were given, which also attracted Dutch potential leather buyers.
- Running trials remotely went very well (in one tannery at least).

## 4. Relevance and sustainability

This section addresses the evaluation questions with respect to relevance and sustainability of the project. The general evaluation questions addressed in this section include:

1. Are interventions of the project consistent **with the beneficiaries and stakeholders needs?**
2. To what extent did the project **result in lasting trade/investment** relations between the Dutch SMEs and the local trade partners?
3. To what extent is the GTI project suitable **for up scaling?**

### 4.1 Relevance

The evaluation set out to assess how relevant the GTI project has been in terms of (expected) programme impact versus identified challenges. However, interviewees noted that it is too early to talk of impacts. Therefore, this report considers relevance to be the extent to which the objectives of the intervention were consistent with the beneficiaries' needs and needs of other stakeholders in the GTI project. This also concerns appropriateness of GTI, the stakeholder participation and the adaptation to changing implementation environment.

Literature on the leather industry of Ethiopia refers to challenges of quality and quantity of raw hide and skin, surface defects of hide and skin, weak value chains among stakeholders, lack of supporting

industries such as chemical factories, accessory/components, relying on imports for supporting inputs, pollution associated with tannery wastes/treatment costs, poor markets/low prices.<sup>8</sup>

The (ex-ante) relevance of the project was also expressed in the Project Summary (see Box 1:).

**Box 1: Value-added of the project**

“Ethiopia is a developing country that wants to stimulate its own leather industry to develop products for the international market, higher up in the value chain. For many Western buyers, Ethiopia is known as a country with an already established leather industry, which mainly supplies semi-finished products ('crust': undyed and unfinished leather). The export of these semi-finished products is restricted by the Ethiopian government, but the tanners in Ethiopia do not yet have the knowledge and contacts to be competitive in the world market for finished leather.

A group of Dutch companies has shown interest in the special quality of the raw hides in Ethiopia (mainly sheep) and the favourable production costs for leather and leather products. They want to buy leather and leather products in Ethiopia, or they are already doing so, and they want to help their business partners move up the value chain, especially by introducing a production line of eco-friendly, chromium-free leather. This addresses a major CSR problem in Ethiopia: the discharge of tannery waste. Moreover, Ethiopia can profile itself on the global market with this special leather.”

Source: MVO Nederland (2018a)

According to one of the interviewees, GTI addresses some of the above challenges through the project’s objectives, “...for instance the main objective of the project is to introduce the environmental way of the tanning industry...because they consume more labour, more water, more chemicals, so we have a new tanning approach, to enable tanning to minimize the consumption of water, chemicals. This is the main objective, but we have specific objectives, such as enabling some MSEs to penetrate the European and western market by introducing sustainable production methods, influencing and contributing to sustainable production of quality leather, so that the government of Ethiopia can take it up”... “We have developed the Tannery of the Future tool – a checklist for companies to comply with.” In part, this tool addresses the environmental concerns such as pollution of the environment.

It is evident that the GTI project’s goals are aligned to the challenges facing the industry in Ethiopia, making the intervention highly relevant. Further, by working with the stakeholders, such as the abattoirs, collection centres, manufactures, tanneries, the government local buyers, foreign buyers, and government and financial institutions, GTI stakeholder engagement can address multiple problems in the value chain. However, an important actor, farmer and breeder are overlooked, yet these would play an important role in improving the raw materials that go to the market.

## 4.2 Sustainability

OECD/DAC (2019) defines sustainability as the “extent to which the net benefits of the intervention continue, or are likely to continue.” This definition includes “an examination of the financial, economic, social, environmental, and institutional capacities of the systems needed to sustain net benefits over time.” However, this evaluation focused on assessing how the more immediate results of the project (may) lead to lasting trade relations, whether the project networked with other institutions for sustainability purposes and whether the results can be scaled up.

### Lasting trade/investment relations between the Dutch SMEs and the local trade partners

Based on the interviews with MVO Nederland, Solidaridad (an NGO) and Stahl (a chemical supplier company) and reviews of progress reports of the GTI project, it is too early to give a fair judgment of the connectivity between SMEs and local trade partners. However, a lot of this is largely dependent on the extent to which the local partners are able to comply with the standards expected by the Dutch SMEs. MVO Nederland (and Solidaridad) have a guiding tool, which Ethiopian companies in the tannery sector are expected to follow, “the Tannery of the Future Tool - and have enlisted the support of the Ethiopian government. No specific agreements have been made with Dutch SMEs, but there are indications that such agreements can be made, when the COVID-19 crisis is over.” As reported by MVO

<sup>8</sup> [Ethiopian Leather Sector-Current status and future prospects \(unido.org\)](https://www.unido.org/en/our-work/industry/leather)-accessed 7 July 2021

Nederland (2020b), by April 2019 a “group of 5 Dutch buyers and suppliers had been formed” and have the likelihood of joining the local trade partners? Dechase is an international brand working in the GTI project and with local supplies, Dechase aims to be the “first to introduce chrome-free leather products from Africa” to the rest of the world.

Working with government is an indication that there is a process to relieve the SMEs’ dependency on MVO NL. Regular updates on GTI ensure that the SMEs are in touch with what is happening:

*“Two implementing partners—under ministry of trade and industry, leather industry development institute...we involve them in all our activities so they can sustain this project. We do capacity building and research and development. Invite them to our training, they are our exit strategy, we do advocacy, so they adopt proper way of leather manufacturing. Through MVO-agency, we do a bit of linkages with buyers in Europe, business to business linkages. (Key Informant)*

The above approach, if sustained through the project implementation, will support the SMEs to rely less on MVO NL. The formed networks, government and business companies seem to have a shared vision.

As explained in one of the interviews, after the project, the chemicals supplying company will continue supporting the customers who want to produce this environment-friendly leather, because hopefully they have demand in Europe because of this project. The interviewee is quite optimistic regarding sustainability of the project: “I think there's a good prospect here for this to continue and for the objective of the project to be met, even if it's way after the project has officially ended.”

### GTI project suitable for **up-scaling**

The GTI project started with a focus on three tanneries, while one of the expected outcomes is an up-scaling to an additional 20 tanneries. There are opportunities for scaling up, as explained below:

- **Working with government:** Working in partnership with government agencies offers the most promising foundation for scaling. However, this will require a strategic approach rather than involving them in programme/project activities that have been planned without government funding. The goal needs to focus on how to ensure government integrates green tanning practices as an economic development strategy in the overall industry.
- **Organic demand:** As already mentioned, there is demand for services provided by Solidaridad to build capacities of the tanneries. One way is to demonstrate to the tanneries the long-term economic gains of green tanning so that they invest in it.
- **Learning from promising businesses like Dechase:** From the literature, Dechase was an existing successful company where GTI could leverage its activities, as part of the exit strategy. A successful brand with a goal of changing the image of African leather products (shoes) in the international market, exposing SME to high-quality international standards, including issues of human rights, integrating women and persons with disability in the sector, Dechase offers a unique platform for learning and improvement for the SMEs. Learning events for leather processing, networking and market access would be some of the unique services to get from this brand.
- **Capacity building:** Building on the already existing capacities, in government and the three tanneries, there are a number of possibilities to sustain the outcomes of the GTI so far realized. The knowledge and skills for responsible business, once integrated in the practices of the tanneries and copied by others, can open markets for the products of the SMEs.

In addition, one of the interviewees considers that in principle it is possible to scale the project up to other tanneries and expressed that “if anyone has equipment and a setup like a Batu or Pittards, then this should be possible for all of them” The unexpected result is that remote instruction is likely to help in this.

However, there are some challenges to scaling up:

- **COVID-19 Crisis:** So far, the COVID-19 crisis-related travel restrictions and related financial constraints of tanneries have made it difficult to scale-up activities to other tanneries (Solidaridad 2021).
- **Limited financial capacity of the tanneries:** “The factories could go bankrupt if there is no demand for products –there is need for intervention here, e.g., a revolving fund which such a companies could have to absorb the crisis (i.e., COVID-19 crisis).” (Key Informant)
- **The limited approach of GTI:** According to one key informant, GTI does not consider the value chain of the industry. “If you see the value chain, it starts from animal breeding, husbandry, and animal health and so on, and these contribute much to the quality of leather. Therefore, you need to start from the beginning; the quality of leather before the animal is dead will contribute 75% to quality. Yet the GTI initiatives address the 25 % of quality, because the target is the slaughterhouses, tannery industries.” The fact that 75% of the value chain is not addressed can limit market opportunities, so there is need to reflect on this.

## 5. Additionality and leverage

The evaluation sought to answer two main questions in the ToR on additionality and leverage. These questions relate to financing, cooperation, ability of the SMEs to take responsible business without the project and the independence of SMEs:

- To what extent would the SMEs that are part of the project have taken **similar** actions related to the identified RBC risks and sustainable business opportunities **without the Business with Impact programme**, and how dependent were the SMEs on MVO NL throughout the projects?
- How much ownership of the **project lies with the SMEs and with MVO NL?**

### 5.1 Additionality

According to the proposal submitted to the EU (Solidaridad 2017), the total indicative budget was 1.3 million Euro, to which EU Switch Africa Green was to contribute 89.8% and Solidaridad, MVO Nederland and Stahl the remaining part.

The Project Summary (MVO Nederland 2018a) explains that, leaving out the contribution of 180,000 Euro committed by Stahl, the project budget is 1.2 million Euro and that over the three years of the project, MVO NL was to receive 180,000 Euro from the project subsidy and to contribute 20,000 Euro from own resources.

In comparison, the *Annual Plan 2020* (MVO Nederland 2020a) mentions a total of 1,459,065 Euro (up to 2019), which includes the EU subsidy of 1,166,723 Euro, Solidaridad’s contribution of 112,342 Euro, and Stahl’s contribution of 180,000 Euro, but is excluding the MVO NL contribution from the Business with Impact programme. Various stakeholders interviewed consider that this financial contribution from the programme is additional. For example, one interviewee stated very clearly that “it would definitely not have been possible to do this project without the financial contribution from the Business with Impact programme. Participation of buying companies in Europe is a crucial part of the project. The budget of the project itself was by far not enough to also finance activities in Europe, to involve companies, to inform companies, to do the marketing and other work that is being done by MVO NL.” The financial contribution from the Business with Impact programme was especially important in the project development phase.

MVO Nederland budgeted approximately 134 thousand Euro for the GTI project in 2019-2020, which was mainly externally financed from the Switch Africa Green subsidy (Table 6). In addition, in 2019 MVO NL assigned 4,200 Euro from the Business with Impact programme budget to the Tannery of the Future tool (MVO Nederland 2018b).

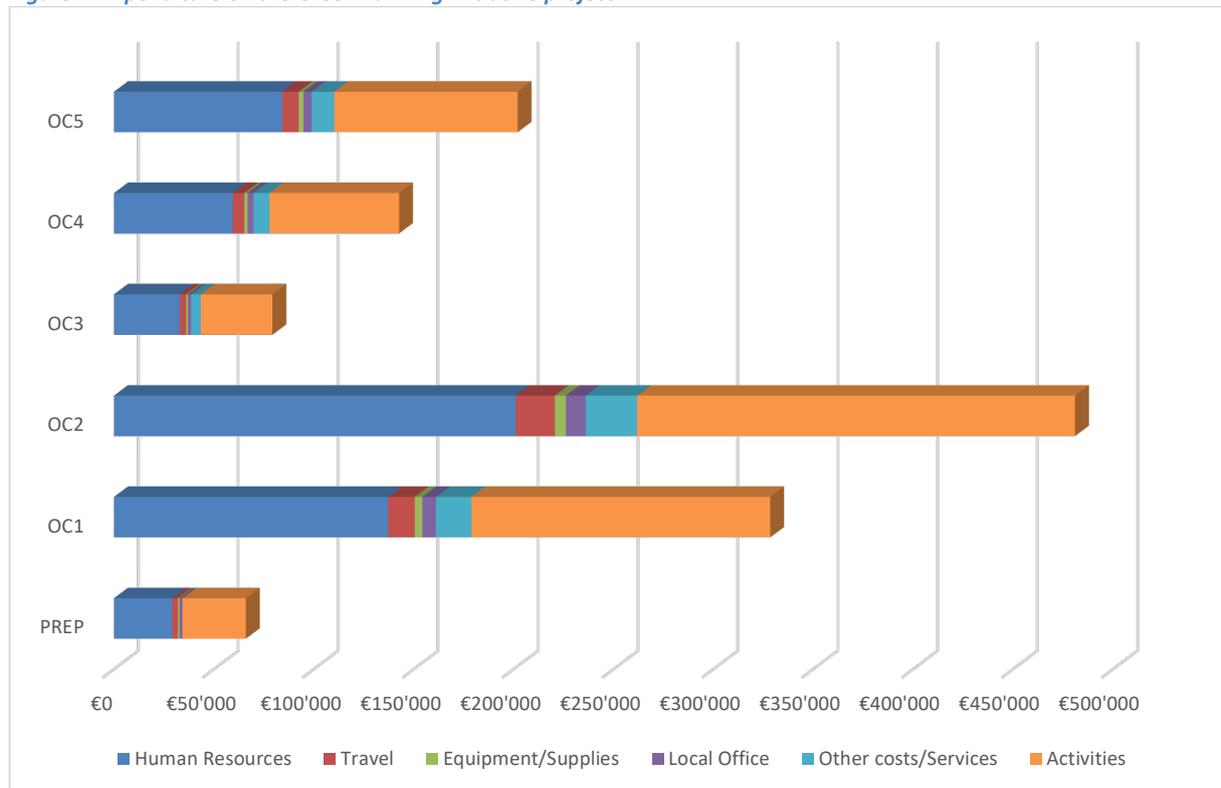
**Table 6: Budget for Involvement of MVO NL in Green Tanning Initiative**

|  | 2019            | 2020            |
|--|-----------------|-----------------|
| Personnel cost   | € 28,874        | € 51,815        |
| Various Out-of-Pocket expenses                             | € 27,261        | € 35,846        |
| <b>Total</b>   | <b>€ 56,135</b> | <b>€ 87,661</b> |
| <i>External financing Switch Africa Green (EU-subsidy)</i> | € 55,374        | € 78,812        |
| <i>Remainder (Oml)</i>                                     | € 761           | € 8,849         |

Source: MVO Nederland (2018b, 2020a). Annual Plans 2019 and 2020

In total, 1.3 million euro was spent on the project (Solidaridad 2021). A large part of the project budget was spent on achieving outcomes 1 and 2. Cost of personnel (human resources) and specific activities related to the respective outcomes made up the larger part of the expenditure on the project (Figure 1).

**Figure 1: Expenditure on the Green Tanning Initiative project**



Source: Solidaridad (2021).

Solidaridad and MVO Nederland were responsible for the coordination of the project. Data on cooperation in the development and financing of the actual project activities is hazy, but based on the interviews, one can say that the coordination was mainly through Solidaridad:

*“I think the tanneries may take some time to understand what the project was about, because they weren't, let's say, directly involved in the concept of the project at the beginning. So, the coordination of the project was really between MVO and Solidaridad”.* (Key Informant)

As one stakeholder who was interviewed said: “officially, as lead applicant, Solidaridad is responsible for the actions. It is responsible, but not accountable completely”. That is because also other partners have responsibilities in the project: “The project is a partnership. All are equally responsible for success or not of the project.”

The chemicals supply company Stahl was involved right from the beginning, but not **Batu and Pittards**, which came in later during implementation, thereby claiming a limited sense of ownership, but rather participation. Stahl sees it “as a responsibility to contribute and be involved in any projects that are designed to improve the livelihood and well-being of people who live and work in the manufacturing clusters where leather is made” and feels “some responsibility to make sure that the chemicals they are using, or even the ways that they're using those chemicals, or handling the chemicals, is done in a responsible way and consistently around the world”.<sup>9</sup>

In any case, it is through Solidaridad that the project extension was made, so there was limited involvement of others.

Meetings for the project involving stakeholders were held in 2020 and these were held more regularly than in previous years of the project:

*“They organized regular meetings. Maybe not so much at the beginning of the project, but certainly since the beginning of 2020, which is when we were hoping to really step up the activity and get the trials done, etcetera. There's monthly meetings, very regular updates.” (Key Informant)*

Interestingly, one of the participating stakeholders did not like the name of the project, the “Green” aspect:

*“And the other thing that I was insisting on at the beginning of the project, was, I don't like the word green....I don't think it should be used in any project name that is trying to reduce the environmental impact.... The green tanning initiative to me is incorrect, because any tannery can become more environmentally responsible by changing their practices, by changing the processes. They don't necessarily have to adopt a specific technology that's chrome free, for example, which is the one chosen in this case.”*

### **Possibility of SMEs taking on RBC risks and sustainable business opportunities without the Business with Impact programme**

Findings on whether the SMEs could have taken similar actions related to the **identified RBC risks** and sustainable business opportunities without the Business with Impact programme, and how dependent the SMEs were on MVO NL throughout the projects, suggest that to some extent, the project reinforced what was happening. The government of Ethiopia had already set standards towards a more sustainable industry for Ethiopia, for a more sustainable way of leather production, which the GTI seeks to reinforce, with the work of SMEs through Solidaridad leadership.

*“...the NGO [Solidaridad] is going to be more focused on creating an environment to trying to replicate that those technologies of those cleaner practices elsewhere at other manufacturing locations. And then of course to link the leather and this case that was made with these practices, with some interested brands in other countries around the world. I think in Northern Europe who would be interested in taking the leather that was made this way and promoting it in the market, as you know, sustainable Ethiopian leather.” Key informant*

With Solidaridad, it was emphasized that responsible business is a principle integrated in the work of the organisation.

*“When we are implementing a project with a company, we work with it to incorporate social responsibility.... We have developed Tannery of the Future Tool – we have a checklist for companies to comply with...there being no child labour, we encourage companies to address issues related to women, e.g., involving them and better pay some improvement on payment for women”, training and advocacy for workers' rights, capacity building of leaders of workers unions, companies.*

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<sup>9</sup> Interview result.

One interviewee remarked that “part of the work that MVO NL has done could have been done by Solidaridad. But both played complementary roles. MVO NL has a network of [buying] companies in the leather sector that Solidaridad did not have at all when the project was started. Solidaridad has more ‘boots and brains’ on the ground. That is what MVO NL does not have.”

The chemicals supplying company also considers that the goals of the project are “something that we could not achieve on our own, by just going to these customers. We do need partners and companies with links to the public sector and NGOs, to achieve the kind of goals that we're talking about here.”

With Dechase, there is consciousness to expose Ethiopian firms to the sustainable practices producing for a high-quality demand market “high-quality, high-standard shoes produced in Ethiopia, to export to European countries, what is produced in Ethiopia, via sustainable wise criteria and social enterprise – creating jobs, for women, those with disabilities.”

Accordingly, the SMEs are reported to practice no child labour, women have equal pay, though pockets of human rights abuse may happen “couldn't say there is no abuse of human rights but there is something happening in the happening in the sector.”

The review of the documentation and the interview results indicate that the contribution of the Business with Impact programme to the project seems to have been additional. Without the involvement of MVO Nederland and Solidaridad, it would not have been possible to do all the things that have been done in the project, at least not at the same scale. In this context, one of the interviewees expressed that: “I think the reason that the project is agreed and put together and launched is because without each other we wouldn't be able to reach the objectives.”

### **Ownership of the project between SMEs and MVO NL?**

Interviews with Solidaridad representatives revealed that implementation follows what has been agreed upon in the plan, leaving the project managers to guide the SMEs as agreed in the plan. This is also evident in the structure of the project – where there is an office in Ethiopia, headquarters in the Netherlands, a country director in Ethiopia supported by departments and project managers. Reporting to the Country director, the project manager has autonomy to implement what has been planned; and as put by one interviewee, “*In Solidaridad no one interferes.*” One of the projects supported also had a positive view of the management; “*it was very well coordinated and communicated. We always knew what our role was. And I think that side of it was quite clear and well organized from MVO and Solidaridad*”, Key informant interview, Tannery Project.

## **5.2 Leverage**

It is possible to look at leverage in financial terms as the overall project expenditure relative to the financial contribution of MVO Nederland from the Business with Impact programme. This would be high, given the relatively small financial contribution of MVO Nederland. The preparatory activities financed by the Business with Impact programme paved the way for a successful application for EU funding of the project.

Leverage of the project in terms of ‘the ability to influence behaviour beyond the applicant’ or ‘the influence of Dutch policy on various actors’ (see IOB 2019: 16, 25) can be seen as the extent to which behaviour of various actors in the project (or of actors beyond the project) is influenced. It is likely that the actions of the MVO Nederland staff involved in the project influenced the behaviour of other project stakeholders, as MVO Nederland was one of the coordinating parties.

Influence on actors beyond the project cannot yet be observed. There does not yet seem to be influence on stakeholders in the first part of the leather value chain, i.e., livestock farmers, but there may have been some on local leather-buying companies in Ethiopia, who participated in a seminar held in Ethiopia and through that seminar got in contact with leather producers and learned about RBC.

## 6. Conclusions and recommendations

This section presents the conclusions based on the observations. It must however be noted that interview reach was somewhat limited, as some of the potential interviewees could not be reached. Green Tanning Initiative (GTI) which focuses on “promoting technologies that reduce the environmental impact of leather processing and creating sustainable employment in the industry in Ethiopia” was intended to be a three-year project. However, the three years have been largely disrupted by COVID-19 restrictions leaving a part of the activities not implemented, yet they are essential to the realisation of the project goal and objectives (although some planned activities were replaced by others).

The project contributes to Ethiopia’s vision for the leather industry; while it only worked with three tanneries and has not reached the 20 planned tanneries, it has laid a foundation for revitalising the sector, with potential to tap into the European and other markets with high-quality products. However, for this to happen, there needs to be government commitment to integrate GTI activities in the relevant sectors. Embracing the Tannery of the Future tool in supporting the leather actors can help the government strengthen the oversight role.

Critically important is the need to consider the whole value chain, thereby expanding the categories of the stakeholders to include farmers and aligned ministries who are in the livestock for agriculture and not necessarily the leather industry. This may require incentives, and other non-punitive measures to attract farmers to use better care and management practices for livestock. Such an initiative requires national-level stakeholder collaboration and a long-term vision. Therefore, it’s important for GTI to assess the practicability and undertake preliminary activities before the closure of the project.

Challenges to the implementation of the GTI included the political unrest in Ethiopia and COVID-19 restrictions, which left critical activities unimplemented, as well as lack of funds for the SMEs to absorb the shocks of the COVID-19 pandemic. A minimum rescue package could be given to the SMEs given the future benefits of the project. This proposal can be deliberated by both government of Ethiopia and GTI. This is important given the evident benefits associated with the project, including the unintended positive outcomes as outlined in this report. These funds could be provided as interest-free loans with a grace period attached to market access for the products made. This would mean that firms start paying back the rescue funds when they have secured a market for their produce.

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## Appendix 1: Stakeholders interviewed

| Name                | Position  | Organisation             |
|---------------------|---|--------------------------|
| Michael Costello    | Responsible for Environment, Social & Governance                          | Stahl                    |
| Tewodros Dechase    | Founder and CEO   | Dechase                  |
| Laura Miguel Ayala  | Donor Relations Manager   | Solidaridad Network (NL) |
| Daniel Tesfaye      | Green Tanning Initiative project manager                                  | Solidaridad Ethiopia     |
| Frans Tilstra       | Sustainable business developer, Initiator of the Green Tanning Initiative | MVO Nederland            |
| Gert van der Bijl   | EU Policy Advisor   | Solidaridad Network (NL) |
| Marjolein van Gendt | Project Manager IRBC  | MVO Nederland            |
| Irma van Leeuwen    | Monitoring & Evaluation Officer   | MVO Nederland            |
| Petra Veeneman      | Manager Business with Impact Programme                                    | MVO Nederland            |

## Appendix 2: Theory of Change

| Green Tanning Initiative (GTI): <i>Promoting technologies that reduce the environmental impact of leather processing and creating sustainable employment in the industry in Ethiopia</i> |   |   |  |   |  |
|--|---|---|--|---|--|
| <b>Impact</b>  | <p>At <b>technical level</b>: “full adoption of energy, water and chemical saving systems and technologies by the tanneries and the manufacturers to produce eco-friendly leather products and develop a niche market of Ethiopian leather goods for the EU market”</p> <p>On an <b>economic level</b>: “contribute to increased sales and exports of sustainable products to the EU market and contribute to national government targets set on export earnings”</p> <p>On a <b>social level</b>: “to empower and improve current working conditions for 1,500 workers in the targeted SMEs and generate (as spill-over effect) new sustainable jobs in the leather industry”</p> <p>On a <b>policy level</b>: “to set the example, influence policy makers through communicating the results and influence the discussions at Ministry level and via ELIA, to develop a national code of conduct for the industry”</p> <p><b>General (Narrative Report 2020)</b>: “To contribute to a sustainable, quality, and environmental-friendly value chain that generates green business growth and creates jobs in the leather industry in Ethiopia by 2020”</p> |   |  |   |  |
| <i>Specific objectives</i>   | <i>SO1</i>  |   |  | <i>SO2</i>  |  |
|  | <i>Promote adoption of SCP practices by 32 MSMEs (comprising 16,500 workers) in the leather supply chain and facilitate market entry at domestic &amp; EU level</i>   |   |  | <i>Contribute to an enabling environment in the Ethiopian leather industry supportive of SCP practices and green growth targets set by the Ethiopian government</i>   |  |
| <b>Outcome</b>   | <b>OC1<sup>a</sup></b>  | <b>OC2<sup>a</sup></b>  | <b>OC3</b>   | <b>OC4</b>  | <b>OC5</b>   |
|  | Improved quality and traceability of hides and skins by 3 abattoirs & 3 collection centres used by Ethiopian tanneries & manufacturers  | Improved environmental, economic & social performance of 3 tanneries & 3 leather manufacturers benefiting 1,500 workers (60% women)   | Ensured market uptake and sales of sustainable leather products of targeted tanneries & leather manufacturers by 4 local & 4 EU buyers for the consumer market in Ethiopia & Europe  | Ensured wider uptake, scale and improved policies supportive of SCP practices by 20 tanneries benefiting 15,000 workers (60% women) at a national level   | Improved business support services provided by 1 local service provider & 1 government institution and access to finance through 2 financial institutions for MSMEs at national level  |
| <b>Output (OPs)</b>  | Scope defined; relationships built/strengthened; support provided   | Technical support and training provided; TOTF developed and tested; environmentally friendly technology and products introduced   | Matchmaking organized; testing scheme set up   | Workshops organized; Best practices/lessons shared; Press release published   | Local capacity built   |
|  | <p><b>1.1</b> 3 Abattoirs are linked as suppliers to 3 tanneries</p> <p><b>1.2</b> 3 Abattoirs trained on improved slaughter practices, new tools and measures</p> <p><b>1.3</b> 3 Tanneries improve knowledge and capacity regarding sourcing of RHS within the tanneries</p> <p><b>1.4</b> 3 tanneries have developed and implement 3 local sourcing plans for purchase of improved hides and skins</p>   | <p><b>2.1</b> Improvement plans developed to strengthen tanneries capacity and apply SCP</p> <p><b>2.2:</b> Workers are trained in different technical skills and knowledge on labour rights</p> <p><b>2.3:</b> Tanneries have increased knowledge on SCP in trade expectations, business management practices and product quality.</p> <p><b>2.4:</b> Self-assessment tool</p> | <p><b>3.1</b> 3 Tanneries and manufacturers participated in matchmaking sessions with 4 EU buyers</p> <p><b>3.2</b> Testing scheme with LIDI for chemical and mechanical performance tests set up</p> <p><b>3.3:</b> 3 Tanneries and manufactures participated in matchmaking sessions with 4 local buyers</p> | <p><b>4.1:</b> Tanneries and leather manufacturers participated in exchange workshop lessons and best practices on SCP practices on various topics including the self-assessment tool, cleaner production and labour issues</p> <p><b>4.2:</b> Staff members from 20 tanneries have exchanged lessons and experiences through peer-to-peer group sessions</p> | <p><b>5.1:</b> LIDI and ELIA are trained on technical capacity on SCP practices</p> <p><b>5.2:</b> Sustainability report developed showcasing the performance of 3 tanneries and 3 leather manufacturers</p> <p><b>5.3:</b> Business cases developed</p> |

|   |   |  |  |   |   |
|---|---|--|--|---|---|
|   |   | <p>applied by tanneries to measure performance.</p> <p><b>2.5:</b> Environmentally friendly technologies introduced in tanneries</p> <p><b>Leather manufacturers:</b></p> <p><b>2.6</b> Manufacturers have knowledge on environmentally friendly products in leather production and processing</p> <p><b>2.7</b> Manufacturers and tanneries trained on recycling of production waste</p> <p><b>2.8</b> Manufacturers trained on health and safety regulations</p> <p><b>2.9</b> Manufactures trained on labour conditions, secondary benefits and gender measures at the work floor</p> |  | <p><b>4.3:</b> Best practices have been shared at different (national/regional) platforms, including the national leather</p> <p><b>4.4:</b> Project is presented as a best practice in international working group of the government (trade) media outlets and on international trade fairs.</p> |   |
| <b>Activities/Interconnected activity clusters (ACs):</b> | AC1   | AC2  | AC3  | AC4   | AC5   |
| 1   | Scoping assessment of slaughterhouses related to the tanneries  | Provide technical support to tanneries on cleaner production   | Organize international matchmaking between buyers, tanneries and leather manufacturers (EU market entry)                   | Organize 2 workshops to raise awareness of the TOTF self-assessment tool and to connect with 20 tanneries   | Provide capacity building of 2 local business service providers (LIDI & EILA) on sustainable tanning to ensure sustainability of the intervention |
| 2   | Build and strengthen relationships between abattoirs and tanneries  | Provide technical support on labour issues and gender  | Set up testing scheme with LIDI for chemical and mechanical performance tests and support with sample making and logistics | Organize 8 peer-to-peer group sessions (user groups) on specific environmental or social topics among 3 tanneries and facilitate dialogue and exchange of lessons and practices   | Develop sustainability report   |
| 3   | Provide 3 abattoirs with technical in-house support (incl. trainings), to improve slaughter facilities and management practices | Provide technical support on SCP in trade expectations, business management practices and product quality.   | Local match making between tanneries and local buyers organized to facilitate local market development                     | Share best practices and tools through multi-stakeholder platforms in Ethiopia and the government to influence policy makers on the importance of   | Develop business cases for 2 tanneries/ leather manufacturers on sustainable leather production and   |

|   |  |  |                         |  |   |
|---|--|--|-------------------------|--|---|
|   |  |  | (national/local market) | green business development in leather<br><br>Share lessons, examples and replicate best practices through UNEP networks between Ethiopia and other Africa<br>Switch Green Partners on sustainability practices in the leather manufacturing industry | presenting this to 2 financial institutions to facilitate access to finance |
| 4 | Identify and support 3 collection centres for hides and skins  | Develop and test self-assessment tool (ToTF) to monitor CSR progress                 |                         | Publish press releases and engage trade media on products and project results on at least 1 international trade fair, e.g., Africa Fashion Week  |   |
| 5 | Support tanneries to develop sourcing plans for improved hides | Introduce technology that will reduce the environmental impact of leather processing |                         |  |   |
| 6 |  | Introduce environmentally friendly products in leather production and processing     |                         |  |   |
| 7 |  | Training on recycling of production waste (both tanneries and leather manufacturers) |                         |  |   |
| 8 |  | Training on health and safety regulations  |                         |  |   |
| 9 |  | Training on secondary benefits and gender  |                         |  |   |

<sup>9</sup> In 2 districts of Addis Ababa and Tigray regions.

There are various **assumptions** underlying the links between the results at the three levels – output, outcome and impact listed in the Narrative Report 2020 (Solidaridad 2021).<sup>10</sup> It should be noted that the list is not exhaustive.

The assumptions presented in the Narrative Report include three key assumptions **regarding the link from outcome to impact**:

1. Stable political climate and absence of any natural disasters [AS3.1]
2. Production improvement will lead to increase employment positions in MSMEs [AS3.2]
3. The Ethiopian government is willing and actively promoting green growth strategies in the leather industries and supports the development of a national code of conduct [AS3.3]

<sup>10</sup> Numbering of assumptions added: first digit refers to the level of the results (1=output; 2=outcome; 3=impact); for the assumptions underlying the achievement of output and outcome, the second digit refers to the number of output or the expected outcome in the result chain.

In addition, the report refers to various assumptions **regarding the links between output and outcome.**

Regarding **OC1**, the report lists two assumptions:

1. Improved quality of hides and skins is required for environmentally friendly leather products [AS2.1.1]
2. Supply at slaughterhouse level needs to be of good enough quality to become Grade-A leather. [AS2.1.2]

There are also two assumptions listed regarding **OC2**:

1. Tanneries and leather manufacturers have poor SCP practices and systems in place with limited access to service providers for knowledge transfer. [AS2.2.1]
2. The Ethiopian leather industry has no ultimate goal to reduce the amounts presented specifically but has set a discharge limit [AS2.2.2]

In comparison, only one assumption is listed for each of the outcomes OC3-OC5. The assumption with respect to **OC3** is:

1. Tanneries and manufacturers are not yet exporting and through a pool of buyers a guaranteed market is assured [AS2.3.1]

Regarding **OC4**, is it assumed that:

1. The project will generate a spill-over effect on other manufacturers and tanneries willing to invest in green growth strategies [AS2.4.1]

Finally, the assumption specified with respect to the achievement of **OC5** is:

1. Local service providers have limited capacity and knowledge on new green innovations and solutions in the leather industries [A2.5.1]

In a similar fashion, assumptions have been specified **regarding the links between activities and output.**

Re **OP1.1-1.4**

1. Tanneries have a base of existing abattoirs from which they are sourcing raw hides and skins. [AS1.1.1]
2. Abattoirs are willing and committed to participate in this project [AS1.1.2]
3. Quality of hides and skins of abattoirs is poor [AS1.1.3]

Re **OP2.2-2.9**

1. Tanneries and leather manufacturers currently lack the capacity and technical knowledge to implement SCP [AS1.2.1]

Re **OP3.1-3.3**

1. Tanneries and manufacturers currently lack marketing intelligence especially on demanded qualities and international standards (including EU Reach) [AS1.3.1]

Re **OP4.1-4.4**

1. Sharing best practices will lead to increased uptake of SCP and scaling up. [AS1.4.1]
2. Media engagement will improve the commitment of buyers [AS1.4.2]

Re **OP5.1-5.3**

1. Capacity building of local service providers is a good way to promote replication of best practices. [AS1.5.1]
2. Tanneries lack access to finance. [AS1.5.2]