AFRICAN UNION
INTERAFRICAN BUREAU
FOR ANIMAL RESOURCES

POLICY BRIEF

Building Sustainable and Competitive Leather Value Chains in Africa:

The Strategic Role of Public–Private Partnerships



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Executive Summary

The world leather market did not contract because demand disappeared, rather it changed in composition, with trade shifting toward finished products. Between 2014 and 2024, global exports of raw hides and skins fell from USD 36.4 billion to USD 15.9 billion, while finished leather products rose from USD 76.1 billion to USD 100.7 billion. By 2024, finished products accounted for 86.35 percent of world leather exports. However, Africa, did not capture this migration up the value chain. Over the same decade, the continent's total leather exports fell by USD 1.3 billion, its global market share declined from 1.87 percent to 0.67 percent, raw-hide exports dropped from USD 1.79 billion to USD 426.0 million, and finished-product exports increased only marginally from USD 312.5 million to USD 350.4 million. This is not simply a trade problem, but a structural political economy challenge. Upgrading requires assets that no single firm can build at an efficient scale: common effluent treatment plant, testing and certification systems, traceability, shared manufacturing facilities, supplier development, skills pipelines, and effective trade corridors. This is why public–private partnerships (PPPs) should be treated as a governing instrument, rather than merely as a financing tool for the sector. Properly designed, PPPs can shift incentives, crowd in private capital, reduce coordination risks, and align the leather sector with the Strategic Framework for Sustainable Transformation and Competitiveness of Africa's Leather Value Chain (2025 – 2036).

Market signal	Regional implication	Policy response
Africa is being displaced from a declining raw-material segment while remaining underrepresented in the expanding finished-goods segment.	No Regional Economic Community (REC) currently offers scale, dynamism, and deep finished-goods integration needed to anchor a continental leather-sector take-off.	PPPs should focus on shared infrastructure, de-risked finance, standards, industrial clustering, and AfCFTA-linked production corridors.

1. Context and Purpose

Africa's leather sector holds significant potential at the intersection of livestock production, manufacturing, trade, and industrial employment, yet it continues to capture only a limited share of the value in global leather markets despite its abundant raw materials. Emerging trade dynamics point to a growing mismatch between Africa's base and its participation in higher-value segments of the market. Drawing on ITC Trade Map evidence for 2014–2024, this policy brief demonstrates how shifts in global and intra-African trade underscore the urgency for a recalibrated policy response. It argues that public–private partnerships should be positioned not merely as auxiliary financing tools, but as strategic instrument for building competitive, integrated leather value chains in Africa, aligned with the Strategic Framework for the Sustainable and Competitive Transformation of Africa's Leather Value Chains (2025 – 2036).

Africa's leather sector is constrained less by resource scarcity than by how value is structured and captured across the value chain. Despite its substantial raw material base, the sector continues to generate stronger commercial incentives for exporting raw and semi-processed materials than for investing in processing, finishing, and manufacturing. This pattern limits the sector's contribution to industrialistion and undermines Africa's ability to leverage opportunities under the AfCFTA. At the same time, global demand has shifted decisively toward finished leather products, leaving Africa structurally under-positioned in the segments where margins, employment, and industrial learning are increasingly concentrated.

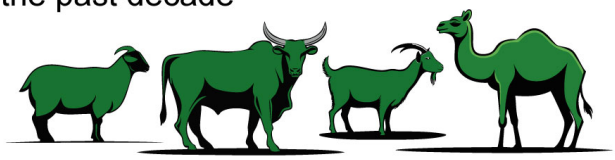
2. Global Value has shifted but Africa has not kept pace

The available evidence shows a global market that rewards value addition far more than the export of raw or semi-processed material. Over the past decade, finished leather products generated an additional USD 24.7 billion in export value, while raw hides and skins declined by about USD 20.5 billion in value. Africa captured only about 0.15 percent of this growth in finished-product demand. This gap underscores a structural challenge that points to the continent's not only underperforming relative to its livestock resource base but also remains largely absent from the finished-goods segment where margins, branding, industrial learning, and employment opportunities are increasingly concentrated.

Global Leather Market

$4.2B

Global leather market expanded over the past decade

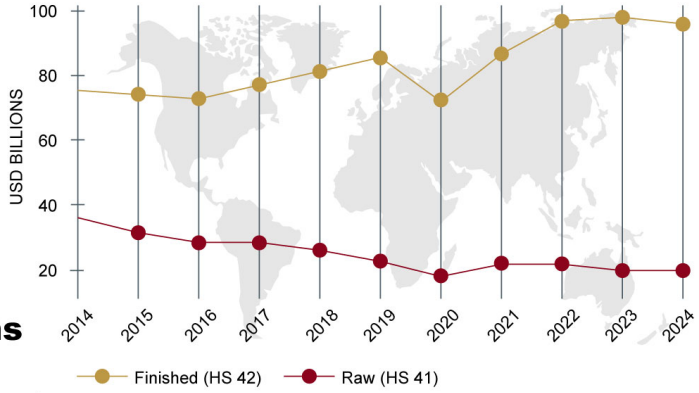


86.35%

By 2024, **finished products** accounted of **global leather exports**

13.65% **Raw hides** and **skins** represented only of **global leather exports**

Global leather trade shifted decisively toward finished products, 2014-2024



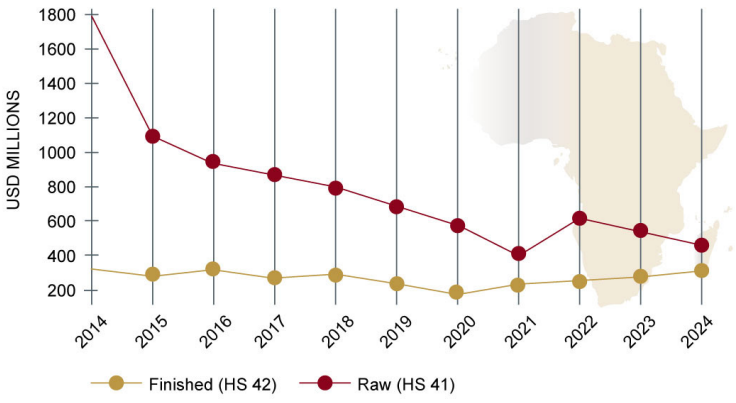
Global leather trade is increasingly driven by **value-added finished products**

The continental export profile reinforces this trend. While raw hide exports declined, this contraction has not been matched by a corresponding expansion in the value of finished goods. Instead, Africa remains caught between two realities: a shrinking lower-value segment and limited entry into higher-value markets due to gaps in standards, process technology, financing, logistics, and market access. The result is a pattern of partial industrialisation without durable competitive depth.

Africa Leather Market

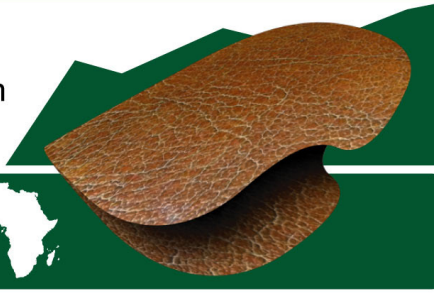
$1.3B **Africa's leather market** declined over the past decade

Africa lost raw-export scale without gaining meaningful ground in finished goods





0.2% Africa captured of the **global increase** in **finished leather product exports**



Africa remains weakly positioned in the **growing market** for **value-added leather products**

3. Regional Trade Dynamics: *Uneven Scale and Limited Value Addition*

Intra-African leather trade remains modest and has declined in absolute terms. Total intra-African exports in HS 41 and HS 42 fell from about USD 180.4 million in 2014 to USD 114.0 million in 2024, a decline of 36.8 percent. However, the composition of this trade has shifted slightly toward finished goods: their share increased from 34.8 percent in 2014 to 44.6 percent in 2024. While this does not yet signal structural transformation, it indicates underlying potential. The regional market is not inherently constrained to raw-material exchange; rather, it remains insufficiently organised to scale.

Regional trade interpretation

Region	Trade signal	Interpretation	PPP priority
SADC	$43.4m raw; $44.6m finished in 2024, down from $92.8m and $57.8m in 2014.	Africa's strongest finished-goods node, but weaker than a decade ago. The issue is industrial renewal, not the absence of productive structure.	Cluster renewal, CETPs, modernisation finance, anchor-firm supplier development, export-quality upgrading.
COMESA	$46.6m raw; $4.5m finished in 2024, up from $2.5m finished in 2014.	The strongest raw-trade corridor, but still weak in conversion into manufacturing value.	Cross-border processing hubs, standards platforms, trade-corridor PPPs, and de-risked upgrading finance.
EAC	$9.9m raw; $1.5m finished in 2024, broadly close to $12.0m raw and $1.5m finished in 2014.	Persistence without take-off. A base exists, but not yet the industrial depth needed for sustained finished-goods scaling.	Skills, design, testing, logistics, shared manufacturing facilities, SME upgrading platforms.

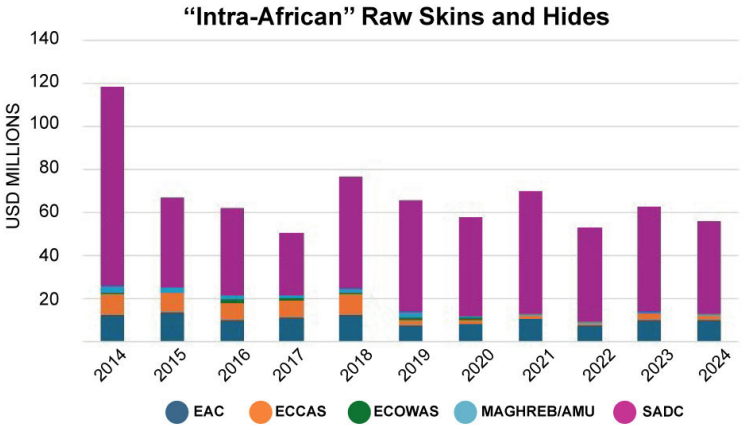
Region	Trade signal	Interpretation	PPP priority
ECCAS	$2.4m raw; $0.67m finished in 2024, versus $9.9m raw and $0.09m finished in 2014.	A thin and fragile corridor. Finished products trade has risen from a low base, but commercial integration remains shallow.	Foundational PPPs: collection systems, grading, first-stage processing, trade facilitation, basic quality infrastructure.
ECOWAS	$0.009m raw; $0.61m finished in 2024, down from $0.43m raw and $2.0m finished in 2014.	A commercially thinned space, suggesting a need to rebuild market organisation before large-scale industrial bets.	Market organisation PPPs, SME aggregation, trade facilitation, targeted industrial pilots.
Maghreb/ AMU	$0.32m raw; $1.9m finished in 2024, versus $3.2m raw and $1.35m finished in 2014.	Small in scale, but more market-facing in structure: finished goods now clearly exceed raw trade.	Gateway partnerships for certification, finishing, upgrading, branding, and external market access.

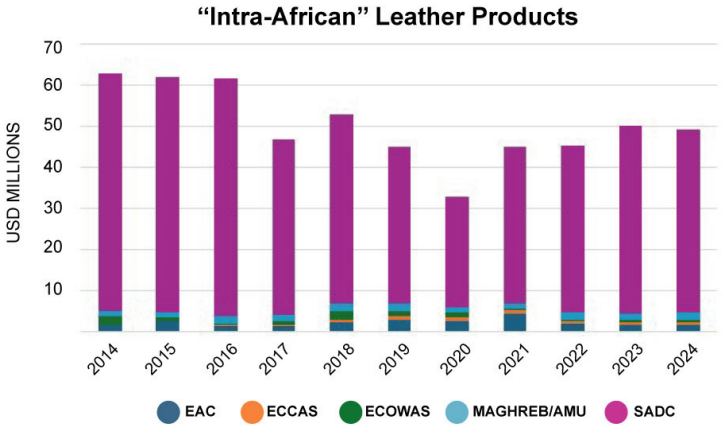
Note: *REC groupings overlap and are destination-group flows, not a partition of total intra-African exports.*

Intra-African Leather Market

36.6% **Intra-African leather trade** declined by between **2014** and **2024**







Raw hides intra-African trade declined from **$117M** TO **$63M**



Finished leather product trade declined from **$62M** TO **$50M**



4. Why PPPs are a Strategic Instrument

Africa's leather-sector underperformance is best understood not as a narrow sectoral problem, but as a wider coordination challenge involving production systems, standards and quality infrastructure, industrial services, finance, and market organisation. Hide quality depends on farm and slaughter practices, but value is realised only if graders, processors, and buyers reward it. Tanneries require environmental infrastructure, yet common effluent treatment plants, certification systems, and waste-management facilities are too capital-intensive and indivisible for fragmented firms to finance independently. Manufacturers need working capital, design capability, and reliable market access, but banks remain hesitate where standards are weak, order books are volatile, and collateral is limited. In this context, private capital alone will underinvest, while the state acting alone often delivers underused assets. PPPs are therefore critical, as they connect public goods to commercial discipline and enable coordinated investment across the value chain.

Economic mechanisms that justify PPPs	**Finance and investment instruments that follow**
• Economies of scale in shared infrastructure and testing • Coordination failure across producers, processors, financiers and buyers • Quality externalities and weak price transmission for better hides • First-mover risk in new processing and manufacturing investments • High transaction costs from fragmented standards and border procedures	• Blended finance and credit guarantees for MSMEs • Project finance for CETPs, industrial parks and testing facilities • Supplier-upgrading windows tied to off-take agreements • Risk-sharing facilities for green technology adoption • Bankable regional cluster and corridor projects

The governing principle is that public capital should absorb early coordination risk and finance non-divisible enabling assets; while private capital scales commercially viable operations once standards, logistics, and market access are established.

5. Implications for the Continental Strategic Framework

In 2025, the African Union InterAfrican Bureau for Animal Resources (AU-IBAR), the Africa Leather and Leather Products Institute (ALLPI), Regional Economic Communities, Member States and Partners validated the Strategic Framework for the Sustainable Transformation and Competitiveness of Africa's Leather Value Chain (2025 to 2036). The evidence reinforces the strategic logic of this continental framework. Africa's central constraint is not raw-material availability, but the weak conversion of raw material into competitive manufacturing value, which directly supports Priority 1 on competitive and integrated value chains. The limited capacity of fragmented firms to upgrade without de-risked finance, stronger market linkages, and investment-ready production systems gives added weight to Priority 2. The growing importance of process technology, standards compliance, design capability, and managerial skills reinforces Priorities 3 and 4 as core foundations of competitiveness. The increasing role of environmental compliance as a condition for market access gives added weight to Priority 5. Finally, the institutional and commercial fragmentation of the sector validates Priority 6, pointing to the need for stronger coordination across governments, firms, financiers, service providers, and regional market actors.

Strategic Priorities of the Strategic Framework for the Sustainable Transformation and Competitiveness of Africa's Leather Value Chain	**What the evidence implies**	**PPP platform**
Priority 1: *Integrated value chains*	Africa is not converting raw supply into finished goods competitiveness.	Clusters, trade hubs, corridor logistics, supplier integration.
Priority 2: *MSME finance and growth*	Thin industrial depth reflects financing gaps and weak enterprise upgrading.	Blended finance, guarantees, shared facilities, export-readiness windows.
Priority 3–4: *Technology, R&D and skills*	Competitiveness now rests on process control, design, standards and trained labour.	Innovation hubs, centres of excellence, and industry-linked training PPPs.
Priority 5: *Circularity and sustainability*	Green compliance is becoming a condition of market entry.	CETPs, chrome recovery, water recycling, certification support.

Priority 6: *Coordination and advocacy*	Institutional fragmentation raises costs and deters investment.	Coordination platform, AfCFTA mainstreaming, and reform compacts.

6. Policy Direction and Priorities

Africa should move beyond treating leather primarily as a livestock by-product and instead govern it as a trade, industrialisation, and investment sector. The empirical evidence shows that the market has shifted toward higher-value segments, yet the continent remains insufficiently organised to capture this opportunity. The priority is no longer general calls for value addition, but the disciplined design and implementation of PPPs that can realign incentives, finance shared infrastructure, reduce coordination failures, and build regional manufacturing depth under AfCFTA. This represents the most direct pathway from raw-material dependence to competitive value capture.

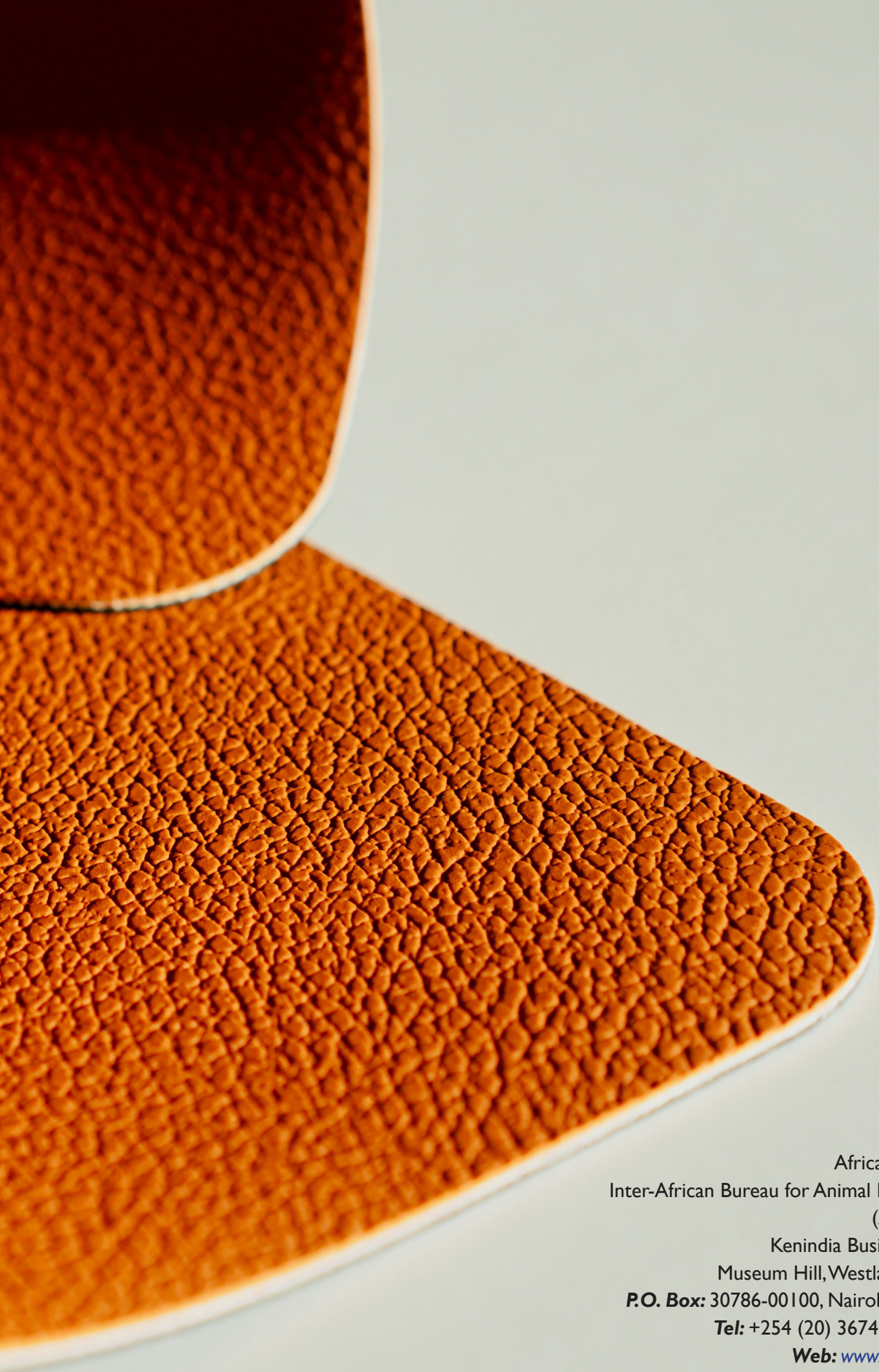
Policy actions for AU institutions, RECs, Member States and Partners

i. Reposition leather within AfCFTA value-chain, industrialisation and investment platforms as a manufacturing and trade competitiveness agenda, not only as a livestock-sector concern.
ii. Prepare a first generation of PPP-ready leather-sector projects, covering common effluent treatment plants, testing and certification facilities, shared manufacturing sites, cluster infrastructure, and SME de-risking windows.
iii. Use REC and continental platforms to secure practical standards alignment, border facilitation measures, supplier-upgrading compacts, and investment-ready regional production corridors.
iv. Bring DFIs, commercial banks, impact investors and private financiers into project design early enough to reduce execution risk, coordination failure and investor uncertainty.
v. Treat environmental compliance as a competitiveness requirement, especially for export-facing hubs where sustainability, traceability and cleaner production increasingly determine market access.

Data note: *This brief uses the ITC Trade Map series supplied for HS 41 and HS 42, covering 2014–2024. REC values overlap and should be read as directional indicators of regional trade patterns rather than additive partitions of total intra-African trade. Strategic framing is aligned to the Draft Strategic Framework for Sustainable Transformation and Competitiveness of Africa's Leather Value Chain (2025–2035).*

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