

DUAL KEY PIPELINE: INVESTING WITH IMPACT

SOCIAL ENTERPRISE FINANCE



ASILIA LTD LEATHER PROCESSING FACILITY



Asilia Limited is a privately owned small growing business based in Arusha, a city of in Northeast of Tanzania situated at the foot of Mount Meru, Africa's 5th highest mountain. The altitude of the city gives it a pleasant climate

and lush green environment. Asilia Ltd is the only leather tanning company in the country which uses eco-friendly artisanal vegetable leather tanning technology. Along the value chain, Asilia is further involved in designing, manufacturing and selling of leather products. Tanned leather is further processed into a range of final products for a growing market mainly from the domestic tourism industry (e.g. hotels, lodges, tourists etc.). The company also sells to other companies and intermediaries including enterprises and community based organizations who buy leather for further processing into various goods and decorations.

Leather Sector

Although Tanzania has the second largest livestock in Africa, the country's market share in leather exports in the African region is remarkably minimal International Monetary Fund (2020).

Most of the livestock keepers in Tanzania live in rural, less developed areas with limited infrastructure such as access to good roads, electricity, water supply and industrial facilities. Lack of these facilities signify limited processing

and value addition opportunities resulting into either export of raw skins and hides or total waste. The existing slaughterhouses and abattoirs in urban areas have limited processing and storage facilities for skins and hides which further slow down the sector's contributions to the local economy.

The Project

To overcome some of the mentioned challenges, United Nations Capital Development Fund was able to provide technical and financial support (reimbursable grant of USD 80,000 and seed capital grant of USD 20,000) to enable the company to develop a modern leather processing facility. The funds supported construction of factory house, procurement of various machines, and integration of marginalized women from pastoralist communities in the leather value chain through identification, training, equipping and market linkages. The factory now accommodates a leather processing unit with two drying sheds, staff washrooms and a changing room.

Location: Arusha City, Arusha Region, Tanzania

Project Cost: \$347,687

Development Impact: Local Economic Development



Figure 1: A collection of Asilia's leather products on display in a store.

Financial Leverage unlocked by UNCDF: The UNCDF's seed capital grant and the reimbursable financial support has proven to be critical in providing access to sufficient financing for capital investment from a local commercial bank. This is crucial for SMEs, like Asilia, to secure a new asset base, which is important for future scale up and replications. Overall, \$52,174 in local development finance has been unlocked.



Figure 2: Local women during the training on Asilia's leather process, using its innovative vegetable tanning process.

Investment Impact:

- With the support from UNCDF, Asilia has accomplished the following:
- Acquiring 9 different leather processing machines to bolster processing capabilities from 48,000ft² to an average of 110,000ft² over five years.
- Construction of a new 2-floor building structure in Moshono to expand the factory to a total of 360M².
- Generated source of revenue streams for the local community, especially for women and the youth.
- Contribute to the central and local Government through taxes, land rent, and the service levy.
- Unlocked private funding from a local commercial bank. Through the UNCDF support, Asilia was able to secure 140% above the biggest loan amount the Company has been able to borrow in the last 15 years of operation.
- Through the UNCDF's support, which resulted in a fixed capital formation, a new asset base was established in the Arusha region. This will harness businesses in the future to scale up and replicate

within the region.

- Overall creating a rippling effect on small scale entrepreneurship and employment generation across the district.
- Asilia Ltd will continue to increase its contribution to central and local Government taxes, service levies and utility payments. As the leather products are highly linked to the tourism sector hence providing more multiplier effects on the local economy.

Social Impact:

- Direct Employment – Asilia hired 11 additional full-time staff (5 men and 6 women) and 8 part-time staff (6 men and 2 women). This has brought the total number of employees to 29.
- Indirect Employment – Through its continued partnership with Maasai Community Based Organizations (CBO), 40 marginalized women from rural communities were trained through the tanning process.
- Training – Successfully used an ongoing training program with the intention of integrating marginalized groups in the leather value chain and mostly to improve the participation of women from rural maasai community in the leather sector. Asilia's program has been able to reach out to 270 rural women providing leather tanning and production, also providing skills on leather products decorations using beads to suite various customer needs.
- In 2022 the emphasis has been on leather product development and marketing linkages. The business is again picking up post COVID-19 coupled with surging number of tourists. Some of Asilia's most demanded products includes furniture (sofas, safari chairs), bags, belts, shoes and other leather accessories.

Environmental Impact:

- Sustainable Practices: The innovative tanning process utilizes the solid waste for farming (farm manure). As the company expands, it plans to train more people on the use of this eco-friendly technology.
- Safer waste – Unlike chemical-driven technology that produces hazardous waste, vegetable tanning only uses lime in very limited quantities, which can be mixed with maize brain to lower the PH for disposal. By sharing knowledge of this process, Asilia is helping the local community and the environment.



Figure 3: The constructed factory



Figure 4: Trained Maasai women



Figure 5-6: The Maasai women working on their products.



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