



EAST AFRICAN COMMUNITY



A Self-Assessment Checklist for Quality Management Systems (QMSs) in Small and Medium Enterprises (SMEs) of the East African Community (EAC) - Leather Processing Sector



Implemented by





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Glossary of Terms

BAT	Best Available Techniques
CBA	Cost-Benefit Analysis
CETP	Common Effluent Treatment plant
CPSIA	US Consumer Product Safety Improvement Act
EAC	East African Community
ECO2L	Energy Controlled Leather
ETP	Effluent Treatment Plant
FAO	Food and Agriculture Organisation
ICEC	Institute of Quality Certification for the Leather Sector
ISO	International Standards Organisation
IUE	International Union of Environment
LLP	Leather and Leather Products
LWG	Leather Working Group
METP	Municipal Effluent Treatment Plant
OECD	Organisation for Economic Development
OEKO-TEX	International Association for Research and Testing in the Field of Textile and Leather Ecology
PTB	National Metrology Institute of the Germany – Physikalisch Technische Bundesanstalt
QC	Quality Control
QMS	Quality Management Systems
REACH	Registration, Evaluation, Authorization & Restriction of Chemicals
RSL	Restricted Substances Lists
SME	Small and Medium Enterprises
UNIDO	United Nations Industrial Development Organisation
ZDHC	Zero Discharge of Hazardous Chemicals

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Foreword

The East African Community (EAC) has developed a Leather and Leather Products Strategy: 2019 - 2029, with the aim of transforming and developing the EAC leather and leather products value chain by (i) enhancing the supply of high-quality hides and skins, (ii) improving value addition and (iii) promoting growth in domestic consumption and export of leather products. To this end, the region seeks to improve the quality infrastructure to facilitate better products and processes along the value chain.

The EAC has developed a Regional Action Plan for Quality Infrastructure Development of the Leather Industry (EACRAPQIDLI):2021-2023, which identifies gaps in quality infrastructure for small and medium enterprises (SMEs). The identified gaps include, limited awareness of QI by the private sector particularly the SMEs; lack of understanding of standards and technical regulations and how to operationalize them; inability to receive quality inputs by SMEs; limited testing facilities; lack of collaborative testing services; among others.

Against this background EAC, in partnership with Physikalisch-Technische Bundesanstalt (PTB) (German National Metrology Institute) have developed this Self-Assessment Checklist for Quality Management Systems (QMSs) in SMEs of the EAC-Leather Processing Sector. The tool will enable EAC leather processing SMEs to identify gaps and weigh up the costs and benefits of implementing a relevant QMS. Further, it will give an indication of how the EAC leather-processing sector SMEs are performing in aspects of quality management and which areas they could improve upon; give an indication of their performance in aspects of quality infrastructure and raise their awareness on leather related quality management good practices. The tool was adopted by the 44th Council Ministers meeting held on 22nd November 2023.



Hon. (Dr.) Peter Mutuku Mathuki
Secretary General
East African Community

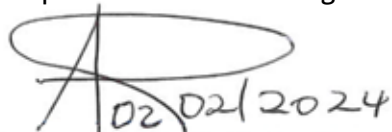
Acknowledgment

The development of the Self-Assessment Checklist for Quality Management Systems (SACQMSs) in Small and Medium Enterprises (SMEs) of the East African Community (EAC) - Leather Processing Sector is a timely response to the regions' aspirations to improve quality infrastructure in the leather value chain in accordance to the EAC Leather and Leather Products Strategy and Implementation Roadmap 2020-2030. The ultimate goal is to transform the sector from not only producing and trading in raw materials, but to producing finished quality value-added products in order to retain value and stimulate sector transformation for developmental impacts in employment, income, poverty reduction, industrial and trade integration in intra- and extra-EAC region, in line with the EAC Industrialization Policy and Strategy (2017-2030).

In recognition of the important role played by the leather industry in the region, the SACQMS has been prepared in close consultation and support of various national, regional and international stakeholders. It underwent a consultative process that took into account the views of stakeholders and ongoing developments in the sector in the region. In this regard, the Secretariat, wishes to acknowledge and thank the participation, dedication and commitment by the EAC Partner States in its development. Key national stakeholders were drawn from national ministries of industry, agriculture, trade, finance, planning and East African Community Affairs; academia, leather manufacturers' and their associations.

The East African Community takes this opportunity to sincerely thank the Federal Republic of Germany, through the EAC-Physikalisch-Technische Bundesanstalt (PTB) project on "Strengthening the Regional Quality Infrastructure (QI) for selected sectors" (2019-2022) for technical and financial support provided in the development of this toolkit. We are grateful to the Industrialization and Standards experts from the EAC Partner States and the EAC Secretariat through the Directorate of Productive Sectors for their contributions in preparing this guide. We call upon the SMEs to utilize this self-assessment tool to improve their operations in the leather industries.

It is envisaged that the SACQMS will support the leather industry to retain value and supply quality products that meet local and international market demand, provide more employment opportunities and contribute to regional GDP through reduced imports and increased exports. In conclusion, I wish to emphasize that the Secretariat will take lead responsibility in mobilizing and optimally deploying the necessary resources to support SMEs to utilize the Checklist while the Partner States will drive the implementation in their respective countries through their national budgets.



Hon. Andrea Aguer Ariik Malueth
Deputy Secretary General
Infrastructure, Productive, Social & Political Sectors
East African Community

Introduction

The East African Community is currently implementing the Leather Strategy (2020 – 2030), with the aim of transforming and developing the EAC leather and leather products value chain by (i) enhancing the supply of high-quality hides and skins, (ii) improving value addition and (iii) promoting growth in domestic consumption and export of leather products. In response to the strategic need to improve quality infrastructure in the leather value chain, the EAC in partnership with the German Metrology Institute (PTB) is implementing the **East African Community Regional Action Plan for Quality Infrastructure Development of the Leather Industry (EACRAPQIDLI): 2021-2023**.

This self-assessment tool/checklist has been designed as a first step towards understanding the necessary requirements to implement Quality Management Systems (QMSs) in small and medium enterprises (SMEs) in the EAC leather-processing sector and ensure sustainable quality leather and leather products manufacturing.

It has been developed to identify quality gaps and weigh up the costs and benefits of implementing a relevant QMS among small and medium enterprises (SMEs) in the EAC leather-processing sector. It is based on a comprehensive technical analysis of the East African leather industry and aims at;

- provide the EAC leather-processing sector SMEs with an accessible introduction to the relevant quality management practices.
- give an initial indication of how the EAC leather-processing sector SMEs are performing in aspects of quality management and which areas they could improve upon to become more responsible manufacturers.
- serve to raise awareness of all SMEs, individuals and brands purchasing leather or leather products from or within the EAC to gain insight into the leather-related quality management good practices.
- provide a cost-benefit analysis of the implementation of the recommended QMS (relevant best industry standard(s) for quality management) (see Annex)

How to use this self-assessment questionnaire.

The EAC leather-processing sector SMEs shall use this tool to assess how they are performing in meeting their customers' expectations and their organization requirements and to evaluate what policies, procedures and data records should be put in place to ensure acceptable quality manufacturing practices.

Each section of this self-assessment tool identifies the basic requirements and allows the SMEs to self-assess how well they meet these requirements and the areas for improvement to consider the implementation of QMSs.

The self-assessment tool primarily addresses quality management issues, however, there is additional best practice information relating to environmental management aspects, occupational health and safety, and social, ethical responsibility.

After completion of all topical areas, the SMEs shall be able to pinpoint and prioritize overall gaps and challenges in quality management, environmental, and sustainability areas for further improvement.

By completing this questionnaire your results will allow you to self-assess your organization and identify where you are in the implementation or transition process concerning the main requirements of the leather standards.

With each question, mark your answers (✓) for Yes, No or Not Applicable

Yes	We meet this requirement fully i.e all requisite documents and implementation requirements have been met.
No	We do not meet this requirement at all.
N/A	This requirement does not apply to our operations.

Questions for which an enterprise is required to possess documented/ recorded evidence are identified.

Structure and Instructions

The self-assessment tool is structured in the following parts:

- Part 1: Each section in this part contains the majority of essential elements of the leather-processing sector. By evaluating whether an enterprise fulfills these criteria, the SMEs will be able to identify what areas require significant improvement and how ready they are to implement a relevant QMS.
- Part 2 and 3 provide critical good practice elements of environmental sustainability performance that the EAC leather-processing sector SMEs shall consider if they are striving for excellence.
- Part 4 provides data and information concerning social and ethical responsibility that leather –processing sector SMEs should consider.

Categories

The leather processing industry is stratified under the following categories;

Code	Category
A	Leather Processors (Rawhides Producers & Tanneries)
B	Footwear & Leather Goods Manufacturers

The links to websites contained in this QMS- checklist have been provided solely as a source of information on topics that may be useful to the individuals and organisations using this document. The mention of names of specific organisations will not imply any intention to infringe on proprietary rights, nor shall that be construed as an endorsement or recommendation on the part of the PTB and EAC.

If you experience difficulties completing this checklist, please contact: eac@eachq.org

General Information

1. Company Name:
2. Company Physical Address:
3. Email Address:
4. Telephone number:
5. Principal Contact Name and Position:
6. Category i.e. Leather Processors (A) or Footwear & Leather goods (B)

Important Notice

Please answer honestly and accurately according to your current procedures and operations. You can use the "Plan for Improvement" boxes to comment on any actions you should take and then use this as a tool to become better informed about the quality gaps to bridge and sustainably manage your manufacturing operations.

1. Part 1

1.1 Operating Licenses/Permits

The laws require that Leather and Leather products are made in facilities that possess the necessary operating licenses and permits, and as such fulfill all the applicable legal conditions and requirements of the country in which they operate. You should therefore contact your local authority to ascertain which operating permits are required.

Self-evaluation questions:

		Yes	No	N/A
A	Does your facility possess all of the mandatory licenses/permits issued by local/national regulatory authorities? (e.g. certificate of incorporation, trading license, environmental permits, customs licenses etc.). (documentation required)			
B	Is your facility compliant with the designated limits/requirements of its licenses and permits or any other applicable legislation or restriction?			
C	If your facility has been subjected to any violations, regulatory enforcement actions or fines in the last 18 months, have you carried out corrective action(s) within the time prescribed?			

Inadequacies and Plans for Improvement

For guidance on possible improvements and more information:

1. The internationally recognized OECD Guidelines for Multinational Enterprises state:

'Obeying domestic laws is the first obligation of enterprises.'

<https://www.oecd.org/daf/inv/mne/48004323.pdf>

1.2 Quality Management Systems (QMS-ISO 9001)

A good quality management system assists an organization in defining and controlling its operations. A QMS is specifically structured towards the quality aspects of a company's operations. A good QMS, properly executed, will help an organization with the continual improvement of its quality management performance.

Self-evaluation questions:

		Yes	No	N/A
A	Have you evaluated how the company's operations might affect the quality of your final product?			
B	Do you have a quality policy in place? (documentation required)			
C	Do you have a set of written procedures for addressing the quality aspects of the company's operations? (i.e. quality management, quality assurance & quality control). (documentation required)			
D	Have you implemented the procedures for addressing the quality aspects of the company's operations?			
E	Do you regularly review your company's quality management performance?			
F	Is there a senior member of the management team with a defined responsibility and authority for ensuring that there's a management system related to quality?			
G	Do you ensure that customer requirements are determined and met to achieve customer satisfaction?			
H	Do you keep your customers and stakeholders informed?			

Inadequacies and Plans for Improvement

For advice on possible improvements and more information:

1. ISO 9001:2015 <https://www.iso.org/iso-9001-quality-management.html>

1.3 Production Data

The ability to record the origin of supply is important when demonstrating good quality control management, ethical sourcing and environmental practice. It is important to consider the environmental impact of your raw material sourcing decisions and to minimize that impact.

Self-evaluation questions:

		Yes	No	N/A
A	Do you keep accurate records of the raw materials bought (i.e. hides/skins or leather) that are converted into your final products?			
B	Do you keep accurate records of the input products bought (i.e. chemicals, textiles, soles, accessories, etc.) and used in the manufacture of your final products?			
C	Do you keep accurate records of the final products produced and sold?			
D	Do you consider the environmental implications of your manufacturing processes?			
E	If your company buys salted raw hides, do you consider and attempt to minimize the environmental impacts associated with the condition of the material (i.e. excess salt)?			
F	Do you consider the environmental responsibility of the suppliers you purchase your material from?			
G	Do you consider the environmental responsibility of the manufacturers or suppliers of your input products referred in (B) above that are used in your manufacturing processes?			

Inadequacies and Plans for Improvement

For guidance on possible improvements and more information:

1. Leather Working Group

<https://www.leatherworkinggroup.com/how-we-work/audit-protocols/main-protocol>

1.4 Raw Material Traceability

Consumers and brands consider it important to understand the origin of the hides and skins processed into leather and leather products. Traceability involves gathering, storing, and reporting detailed relevant information about the supply of raw materials and the production of out-going products. Leather and Leather products manufacturers should aim to demonstrate transparency of supply and as far as possible that there is no connection between their products and areas of environmental abuse or labour rights abuses. Additionally, the manufacturers should aim at demonstrating the ability to trace their raw material through their manufacturing processes. Leather manufacturers may adopt traceability methods, e.g. physical marking of hides/skins, robust paperwork, etc. to provide evidence of supply and manufacturing traceability.

Self-evaluation questions:

		Yes	No	N/A
A	Do you have a written policy / procedure for the purchase of raw material (i.e. hides/skins or leather)? (documentation required)			
B	Does your company's policy require your suppliers to provide information about the origin of the raw material being supplied?			
C	Does your policy require your suppliers to declare that the raw material is not sourced from endangered or protected areas? (i.e. deforested areas, reclaimed wetlands and game reserves).			
D	Do you have a written procedure that describes the way the company ensures traceability of materials through its manufacturing processes? (documentation required)			

Inadequacies and Plans for Improvement

For guidance on possible improvements and more information:

1. Leather Working Group <https://www.leatherworkinggroup.com/contentfiles/LWG-822.pdf>

1.5 Chemicals-Restricted Substances

Consumers of leather products want to use them without putting their health at risk. Restricted substances are substances that are not permitted to be present in the final leather product above a certain designated level. While there are mandatory restrictions on these substances such as REACH in the EU and CPSIA in the USA, many brands have drawn up their own Restricted Substances Lists (RSLs) to set limits on the occurrence of certain chemicals in leather products. Therefore, it is important to ensure you ask your customer for more information.

Self-evaluation questions:

		Yes	No	N/A
A	Are you aware of the potential negative effects of some residual chemicals in your leather or leather product(s) for consumers?			
B	Have you developed a procedure to manage the restricted substances specifications? (documentation required)			
C	Do you have a list of restricted substances and their limits in your products or have your customers specified their restricted substances specifications? (documentation required)			
D	Do you ensure that your restricted substances specifications meet all of your customers' specifications?			
E	Do you test your leather following such a restricted substances list (RSL)? (documentation required)			
F	Do you ensure that the labs you use are competent to undertake the testing required? (i.e. ISO 17025 certified). (documentation required)			
G	Do you update your restricted substances specifications and review the procedures and results periodically?			

Inadequacies and Plans for Improvement

For guidance on possible improvements and more information:

1. Apparel and Footwear International RSL
https://www.afirm-group.com/wp-content/uploads/2021/03/2021_AFIRM_RSL_2021_0226a.pdf
2. List of Restricted Substances in Shoes, CADS RSL <https://www.cads-shoes.com/en/documents>
3. EU regulation on Registration, Evaluation, Authorization and Restriction of Chemicals
<https://echa.europa.eu/regulations/reach/understanding-reach>
4. USA's The Consumer Product Safety Improvement Act (CPSIA)
<https://www.cpsc.gov/Regulations-Laws--Standards/Statutes/The-Consumer-Product-Safety-Improvement-Act>
5. Websites of international leather brands, which often publish their RSLs.
6. Your chemicals suppliers.

1.6 Operational Processes

Ensuring control of manufacturing processes, adopting best practices, use of measuring equipment and regular calibrations, etc. contributes to the consistency of quality, reduction of re-works and waste, resulting in reduced resource requirement, e.g. energy and water, and therefore contribute to improved environmental performance.

Self-evaluation questions:

		Yes	No	N/A
A	Do you regularly calibrate all the measuring instruments such as weigh scales, flow meters, pressure gauges, temperature gauges, area measurement machines, thickness gauges etc.? (documentation required)			
B	Is the company operating in a manner that could be considered to conform to globally recognized standards?			

Inadequacies and Plans for Improvement

For guidance on possible improvements and more information:

1. Framework for sustainable leather processing

<https://leatherpanel.org/content/framework-sustainable-leather-manufacture-second-edition>

2. Part 2

2.1 Environmental Management Systems (EMS-ISO 14001)

A good Environmental Management System (EMS) assists an organization in defining and controlling its operations. An EMS is specifically structured towards the environmental aspects of the operations. A good EMS, properly executed, will help an organization with the continual improvement of its environmental performance.

Self-evaluation questions:

		Yes	No	N/A
A	Have evaluated of how the company's operations might affect the natural environment?			
B	Do you have a written environmental policy in place? (documentation required)			
C	Has the policy been communicated effectively to all staff of the company?			
D	Do you have a set of written procedures for addressing the environmental aspects of the company's operations? (documentation required)			
E	Have you implemented the procedures for addressing the environmental aspects of the company's operations?			
F	Do you regularly review the company's environmental performance?			
G	Is there a senior member of the management team responsible for environmental issues?			
H	Do you train or educate your staff about environmental management practices?			

Inadequacies and Plans for Improvement

For guidance on possible improvements and more information:

1. ISO 14001 <https://www.iso.org/iso-14001-environmental-management.html>

2.2 Water Usage

(To be answered by "Category A" SMEs only)

Conserving water which is a natural resource reduces water footprint levels. Leather processing is a water consuming industry with some parts of the leather-making process using more water than others. Water consumption can be an indicator of a leather manufacturer's environmental performance and should be managed and controlled.

Self-evaluation questions:

		Yes	No	N/A
A	Do you measure all sources of water input? (documentation required)			
B	Do you evaluate the water usage against the volume of material produced?			
C	Do you take measures to minimize the usage of water?			

Inadequacies and Plans for Improvement

For advice on possible improvements and more information:

1. UNIDO's Leather Panel Framework for sustainable leather processing
<https://leatherpanel.org/content/framework-sustainable-leather-manufacture-second-edition>
2. Best Available Techniques (BAT) Reference Document for the Tanning of Hides and Skins: Industrial Emissions Directive 2010/75/EU:(Integrated Pollution Prevention and Control), <https://ec.europa.eu/jrc/en/publication/reference-reports/best-available-techniques-bat-reference-document-tanning-hides-and-skins-industrial-emissions>
3. IUE 1 - Recommendations on Cleaner Technologies for Leather Production
http://www.iultcs.org/pdf/IUE_1.pdf

2.3 Energy Usage

Consumption of fossil-fuel based energy sources results in the emission of greenhouse gases which affect the environment and contribute to global warming. Energy consumption in leather manufacturing facilities is due to the use of electricity, fossil fuels, biomass, etc. Energy efficient manufacturing results in more production per unit of energy used.

Self-evaluation questions:

		Yes	No	N/A
A	Do you measure all forms of energy consumption, e.g. electricity, diesel, fuel oils, coal, biomass, etc.? (documentation required)			
B	Do you evaluate the energy consumed against the volume of material produced?			
C	Do you take measures to reduce energy consumption?			

Inadequacies and Plans for Improvement

For advice on possible improvements and more information:

1. UNIDO Leather panel website: <https://leatherpanel.org/content/energy-savings-tanneries-through-solar-energy-use-solar-water-heating-and-electrical>
2. UNIDO Leather panel website: <https://leatherpanel.org/content/framework-sustainable-leather-manufacture-second-edition>
3. Some comparisons of thermal energy consumption in a temperate versus a subtropical zone <http://leatherpanel.org/content/some-comparisons-thermal-energy-consumption-temperate-versus-subtropical-zone>
4. Best Available Techniques (BAT) Reference Document for the Tanning of Hides and Skins: Industrial Emissions Directive 2010/75/EU:(Integrated Pollution Prevention and Control), <https://ec.europa.eu/jrc/en/publication/reference-reports/best-available-techniques-bat-reference-document-tanning-hides-and-skins-industrial-emissions>

2.4 Air and Noise Pollution

Responsible manufacturers of leather and leather products must comply with regulatory requirements and further undertake preventative maintenance programs such as establishing relevant management procedures to minimize polluting emissions. Air and noise emissions from industrial sources are subject to regulatory control by local/national authorities.

Self-evaluation questions:

		Yes	No	N/A
A	Has your company performed an air/noise emissions sources inventory?			
B	Based on the air emissions inventory, do you conduct periodic testing of your emissions to the environment?			
C	Have you installed emission reduction/control devices for significant sources of air/noise emissions within your production facilities?			
D	Do you have a preventative maintenance program and cleaning schedule for the emissions reduction/control devices?			
E	Do you regularly measure the ambient air quality of the production facilities?			
F	Do you regularly measure sound levels inside and outside your production facilities?			

Inadequacies and Plans for Improvement

For advice on possible improvements and more information:

1. UNIDO's Leather Panel Framework for sustainable leather processing
<https://leatherpanel.org/content/framework-sustainable-leather-manufacture-second-edition>
2. Best Available Techniques (BAT) Reference Document for the Tanning of Hides and Skins: Industrial Emissions Directive 2010/75/EU:(Reference Document for the Tanning of Hides and Skins),
<https://ec.europa.eu/jrc/en/publication/reference-reports/best-available-techniques-bat-reference-document-tanning-hides-and-skins-industrial-emissions>
3. EU Council Directive 199/13/EC on Determination of VOC emissions
4. IUE 8 - Recommendations for Odour Control in Tannery

2.5 Waste Management

Responsible manufacturers of leather and leather products must ensure that waste materials generated from the manufacturing processes are disposed of safely and appropriately, complying with regulatory requirements. In the manufacturing processes of leather and leather products, a proportion of input material will not be fully incorporated into the final product, resulting in waste. Some waste materials can be reused or recycled into other products where possible. Process-integrated measures are essential for an optimized waste treatment system.

Self-evaluation questions:

		Yes	No	N/A
A	Do you have a written policy/procedure for waste management? (documentation required)			
B	Do you measure/weigh the quantity of all waste material produced, e.g. offcuts, fleshings, shavings, packaging materials, etc.?			
C	Do you take measures to control or reduce waste quantities?			
D	Do you segregate hazardous and non-hazardous wastes and store them appropriately before they are disposed of?			
E	Are all of the wastes disposed of in a legally and environmentally acceptable manner?			

Inadequacies and Plans for Improvement

For advice on possible improvements and more information:

1. UNIDO's Leather Panel website:
<https://leatherpanel.org/content/framework-sustainable-leather-manufacture-second-edition>
2. Best Available Techniques (BAT) Reference Document for the Tanning of Hides and Skins: Industrial Emissions Directive 2010/75/EU:
<https://ec.europa.eu/jrc/en/publication/reference-reports/best-available-techniques-bat-reference-document-tanning-hides-and-skins-industrial-emissions>
3. IUE 2 - Recommendations for Tannery Solid By-Product Management: http://www.iultcs.org/pdf/IUE_2.pdf

2.6 Effluent Treatment

(To be answered by "Category A" SMEs only)

Responsible manufacturers of Leather and leather products must ensure that Industrial Effluents generated from the manufacturing processes are treated using the right technology and discharged to the environment safely and appropriately, complying with regulatory requirements. Leather processing generates large quantities of wastewater as effluent. If the effluent is not properly treated it poses a threat to the environment and public health. The pollutant characteristics of effluent from leather manufacturing facilities arise due to the release of unwanted materials resulting from leather production, e.g. unfixed chemicals, products of the reaction, impurities present in the chemicals, solids, etc. Treatment of effluent can be done within the tannery's own Effluent Treatment Plant (ETP), in a Common Effluent Treatment Plant (CETP), or a Municipal Effluent Treatment Plant (METP).

Self-evaluation questions:

		Yes	No	N/A
A	Do you measure the quantity of effluent generated from the tannery operations? (documentation required)			
B	Do you conduct water balance (output volume Vs input volume) in your tannery to ensure all inputs are accounted for?			
C	Is the treated effluent tested to ensure it meets all regulatory requirements? (documentation required)			
D	Do you submit reports to the authorities demonstrating your compliance with regulatory requirements?			
E	Do you check the functioning of your effluent treatment system regularly?			
F	If the treated effluent is used for irrigation, are the pollutant levels in the soil measured periodically?			

Inadequacies and Plans for Improvement

For advice on possible improvements and more information:

1. UNIDO's Leather Panel website: <http://leatherpanel.org/content/introduction-treatment-tannery-effluents>
2. UNIDO's Leather Panel website: <http://leatherpanel.org/content/assessment-performance-zld-operations-and-analysis-flow-and-energy-aspects-zero-liquid>

3. Part 3

3.1 Occupational Health and Safety (OHS-ISO 45001)

Responsible manufacturers of leather and leather products must ensure that their products are made in safe working conditions, which includes safe buildings to meet the requirements of consumers and brands. Emergency plans are required to guarantee safety and evacuation from buildings. Everyone in the company should be familiar with the emergency plans and they should be rehearsed frequently.

Self-evaluation questions (Category A&B):

		Yes	No	N/A
A	Have you evaluated how the company’s operations might affect the health and safety of the employees and visitors?			
B	Do you have an Occupational Health & Safety (OH&S) policy in place? (documentation required)			
C	Do you have a set of written procedures for addressing the health and safety aspects (i.e. incidents, hazards, and risks) of the company’s operations? (documentation required)			
D	Have you implemented the procedures for addressing the health & safety aspects of the company’s operations?			
E	Do you regularly review your company’s health & safety management performance?			
F	Is there a senior member of the management team with defined responsibility and authority for ensuring that there’s a management system related to health and safety?			
G	Have you identified all possible emergencies that could occur in your facility?			
H	Do you have a list of emergency contacts that is accessible to all employees? (documentation required)			
I	Do you have an emergency response team trained to deal with emergencies?			
J	Have you conducted risk assessments for potential exposure to hazards or risks in areas of risk within your company? (fire, gas leak, chemical spillages, etc.) (documentation required)			
K	Have the risk assessments been undertaken by a competent, qualified assessor?			

Inadequacies and Plans for Improvement

For advice on possible improvements and more information:

1. ISO 14501: <https://www.iso.org/iso-45001-occupational-health-and-safety.html>
2. Online interactive risk assessment (OIRA) tool for leather and tanning industry: https://oiraproject.eu/en/search-site?search_block_form=leather

3.2 Housekeeping

Good housekeeping minimizes the risk of environmental incidents and hazards (e.g. spillages) and health and safety incidents and risks (e.g. tripping) occurring on the work floor.

Self-evaluation questions (Category A&B):

		Yes	No	N/A
A	Do you have a written procedure in place to ensure regular/ongoing cleaning/housekeeping of the production and external areas of the site? (documentation required)			
B	Is the machinery in all departments kept clean and in good order?			
C	Do you have a traffic management system for controlling the motor vehicle and pedestrian movement both inside and outside your production facilities? (documentation required)			
D	Are chemicals labelled and stored safely in designated places? (documentation required)			
E	Do all personnel use appropriate personal protective equipment (PPE)?			
F	Are the moving parts of the machines adequately guarded with auto-cut off mechanisms, wherever necessary?			
G	Are all platforms and overhead working areas (including access stairs) appropriately and sufficiently guarded?(documentation required)			
H	Do the electrical systems (wires and distribution panelboards) appear to be suitably enclosed to prevent electrocution? (documentation required)			

Inadequacies and Plans for Improvement

For advice on possible improvements and more information:

1. IUE 11 – Occupational Health and Safety in the Use of Chemicals in Tanneries:
http://www.iultcs.org/pdf/IUE_11.pdf

4. Part 4

4.1 Social and Ethical Responsibility

Consumers and brands want to be sure that leather and leather products manufacturers who make their leather products are responsible, transparent, and act ethically. Therefore, companies must ensure that all workers have equal rights and can freely choose to do their work, and are allowed to voice their opinion on work-related matters. They must not hire any worker below the legal minimum age and should provide special protection to any workers that are not yet adults. Enterprises must treat all people, including vulnerable groups in society equally and should not discriminate against workers, or in the hiring process, in terms of race, colour, sex, religion, political orientation, nationality, or social origin. Enterprises should not participate in any form of forced servitude and must behave ethically and not tolerate any acts of corruption, extortion, embezzlement, or bribery.

Self-evaluation questions:

		Yes	No	N/A
A	Do you pay men and women equally, i.e. equal pay for equal work?			
B	Do you take care to avoid discrimination against vulnerable groups, e.g. disabled workers, pregnant women, young workers, or migrant workers?			
C	Do you discourage discriminatory behaviours, particularly when workers are hired, promoted, dismissed or assigned benefits?			
D	Are workers free to leave the premises when they want?			
E	Are workers free to quit and receive their last salary and retrieve deposits when they wish to?			
F	Are workers free from fines or wage deductions as disciplinary measures?			
G	Do you keep records of the ages of all workers? (documentation required)			
H	Is the youngest person working in your facility older than the legal minimum age?			
I	Do you have restrictions for workers under the age of 18 regarding heavy work, the use of dangerous machinery, exposure to hazardous chemicals, and waste?			
J	Are your workers free to join trade unions and other associations?			
K	Does your management have regular meetings with workers or the workers' representative on work-related issues? (documentation required)			
L	Do you provide a suggestion box for your workers? (documentation required)			
M	Do you pay the minimum wage (or more), as set by the government for every worker and in line with the minimum reference for a 48-hour working week?			
N	Are the wages you pay sufficient for your workers to meet their basic needs (living wage)?			
O	Do you ensure that wages are paid in the local, valid currency and that payments occur at the time and frequency that has been stipulated by laws or agreed with workers?			
P	Do you pay contributions for all workers to social security funds such as; NSSF.			
Q	Do you provide permanent contracts to all workers who do permanent work?			
R	Do you allow your workers to take their leave entitlements? (i.e. annual leave, maternity leave, sick leave)			
S	Do your workers work eight hours or less per day?			

		Yes	No	N/A
T	Do workers have at least one day off after six days of work?			
U	Is overtime properly compensated, e.g. paid at a premium rate or as time off?			
V	Does your company have a group workman insurance policy?			
W	Does your company have an employee grievance policy?			
X	Do you pay a fair level of tax as mandated (i.e., no tax evasion)?			
Y	Have you been sure not to offer or accept undue financial or any other advantages to or from public officials?			
Z	Have you ensured appropriate and regular oversight of third parties such as agents and other intermediaries and ensured that remuneration is appropriate and for legitimate services only?			

Inadequacies and Plans for Improvement

For advice on possible improvements and more information:

1. Labour Chapter of the UN Global Compact:
https://www.unglobalcompact.org/docs/issues_doc/labour/the_labour_principles_a_guide_for_business.pdf
2. Work Discrimination:
http://ilo.org/declaration/info/publications/eliminationofdiscrimination/WCMS_122372/lang--en/index.htm
3. Child Labour:
https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_gpn_childlabor
4. ILO working time standards:
<http://ilo.org/global/standards/subjects-covered-by-international-labour-standards/working-time/lang--en/index.htm>
5. Corruption: <http://www.unodc.org/unodc/en/treaties/CAC/index.html>.

Critical Evaluation

Please use the following guide to evaluate preparedness for a QMS Implementation:

Evaluation Result	Remarks	Ranking
Answered "Yes" and "N/A" to all the above questions	Enterprise likely to be ready for a QMS Implementation process	A
Answered "No" to less than 5 questions but "Yes" to all legal permit questions	Enterprise should be capable of a QMS Implementation process	B
If you answered "No" to more than 5 questions	Enterprise is not yet ready for QMS implementation and should implement necessary measures to work on the improvements as identified in the plans for improvement completed above.	C

Enterprise Ranking Class: _____

Supplementary Self-Evaluation Question:

	Yes	No
Do you require technical support or guidance from external parties in setting up plans or actions, and in the subsequent implementation phase?		

Completion of this self-evaluation tool should indicate whether an Enterprise is sufficiently prepared to proceed with the implementation of an appropriate QMS.

Date Completed:	
Name of Evaluator:	
Signature:	

Annex

The Cost-Benefit Analysis for Quality Management Systems (QMSs) Implementation in Small And Medium Enterprises of the Leather Processing Sector of the East African Community

Background

The East African Community (EAC) is currently implementing the Leather Strategy (2020 – 2030), with the aim of transforming and developing the EAC leather and leather products value chain by (i) enhancing the supply of high-quality hides and skins, (ii) improving value addition and (iii) promoting growth in domestic consumption and export of leather products. In response to the strategic need to improve quality infrastructure in the leather value chain, the EAC in partnership with the German Metrology Institute (PTB) is implementing the East African Community Regional Action Plan for Quality Infrastructure Development of the Leather Industry (EACRAPQIDLI): 2021-2023.

Introduction

This report presents the cost/benefit analysis of implementing Quality Management Systems (QMSs) and explores several of the possible ways that the Leather Industry SMEs of the EAC can use to analyze the value of investing in QMSs.

Definition of Cost-Benefit Analysis (CBA): The cost-benefit analysis is a process of comparing the projected or estimated costs and benefits (or opportunities) associated with a project decision to determine whether it makes sense from a business perspective. The Cost-Benefits of the QMSs are achieved through a time-process gradually from the “short-term, Medium-term and Long-Term”. It is therefore important for the user to bear in mind that the QMS tool is not a magic bullet that turns the business around overnight.

Like any tool, a QMS can be a success or failure depending on how well it is planned, implemented, measured, and encouraged. As a basic tenet of all QMSs, continuous improvement can enable manufacturers to meet the competitive pressures of the global economy head-on and to develop strategies for making products that are both high in quality and commercially successful. Therefore continuous improvement offers substantial benefits for manufacturers.

For leather and leather products manufacturers faced with a competitive marketplace made up of increasingly demanding customers, continuous improvement can be more than merely a formal system of business management. Companies that do not continuously improve everything they do for their customers may soon find themselves out of business.

The challenge for the leather sector SMEs is how to determine whether implementing QMSs or continuous improvement is a worthwhile effort.

This cost-benefit analysis was carried out through stages of identifying benefits and costs based on their classification, estimating the value of benefits and costs, and finally analyzing the final value of cost benefits.

The consultant performed interviews and limited discussions with experts in the leather industry quality assurance, academia, and International Standards Organisation (ISO) internal auditors to identify the benefits and costs.

Costs of implementing Quality Management Systems

The money that a company invests in a Quality Management System is generally spent in one of two ways: either as part of the initial costs of implementation such as training, education materials, people’s time away from work, and so on; or as part of the ongoing expenses required to maintain the program without significant changes.

Initial Costs

Before seeking QMS certification, the Leather and Leather products SMEs will have to set up their QMSs based on the requirements of multidiscipline quality management systems such as ISO 9001, ISO 14001, ISO 45001, etc.

The costs involved in initiating the QMS program consist of two major items: training and team development. The majority of initial training costs are opportunity costs, including the time of both the trainees and their employee trainers. These costs do not involve cash flows out of the company but are a trade-off for productive time. Secondary to these opportunity costs are the costs of the development of the quality manual and procedures for certification, training materials, and off-site activities used during the training cycle.

To create a common baseline, all employees should receive a basic level of QMS training focusing on concepts and examples whereas those in leadership and technical roles should receive specialized training. Implementation is considered to require more than formal training. Team skills and team development are also considered major ingredients for success. This team development cost is by far the most significant cost of implementation.

The cost for first setting up a QMS is here below described in Table 1

	Activity	QTY	Unit Cost (USD)	Cost (USD)
A	Cost of an ISO standard	1	155.0	155.0
B	Development of a Quality Manual and Procedures for Certification	L/S	1,500.0	1,500.0
C	Training Costs	5	141.0	705.0
D	Internal Audit fees/day*	2	141.0	282.0
E	Application fees	L/S	141.0	141.0
F	Precertification fees/ day	2	141.0	282.0
G	External Audit fees/day	3	141.0	423.0
H	Certification fee to Certification Agency (covers 3 years)	L/S	1'126.0	1'126.0
	Total (USD)			4,614.00

Subject to the turnover of a typical leather /leather products SME, such a setup cost of a QMS may appear to be excessive or not.

Continuing Investment in QMS (Ongoing Costs)

The continuing costs of reinforcing initial training and keeping teams in place are incurred annually. The most critical issue then usually becomes how much an SME will have to spend on keeping the QMS running as this could directly erode into the profit margin of the company should the running cost prove to be too high. However, actual out-of-pocket expenses are usually negligible; the majority of the costs occur through lost opportunities to manufacture products.

Therefore the SMEs that will implement the QMS program should ensure that all operators are members of their assembly-line team and also members of specialized teams, such as employee suggestion programs and task-oriented teams in order to enhance continuous team development through the typical employee's team-related activities that include regular team meetings, additional training sessions, management communication meetings, and meetings to prepare investigations and reports. The cost for continuous investment in a QMS is described in Tables 2 & 3

* Activity may be done by trained staff without incurring a direct cost.

Table 2: Annual QMS maintenance Costs

	Activity	QTY	Unit Cost (USD)	Cost (USD)
A	Annual Working Procedure Improvement*		141.0	141.0
B	Annual Training Costs/ day	3	141.0	423.0
C	Annual Internal Audit fees/day*	2	141.0	282.0
D	Annual Audit surveillance fees	2	141.0	282.0
	Total (USD)			1'128.0

* Activity may be done by trained staff without incurring a direct cost.

Table 3. Periodical QMS maintenance costs

	Activity	QTY	Unit Cost (USD)	Cost (USD)
A	External Audit fees/day	3	141.0	423.0
B	Recertification fee to Certification Agency (After 3 Years)	L/S	1'126.0	1'126.0
	Total (USD)			1'549.0

Benefits of implementing Quality Management Systems

Having examined the cost of developing and implementing a QMS, it was necessary to ascertain the benefits from using such a system specifically whether there will be an increase in tangible benefits. The benefits of implementing the QMS program will include the following;

Tangible Benefits

Reductions in non-compliance items

The amount of non-compliance items is significantly high in the leather processing SMEs without the use of a QMS. The laws require that leather and leather products are made in facilities that possess the necessary operating licenses and permits, and as such fulfill all the applicable legal conditions and requirements of the country in which they operate. Implementing a QMS facilitates an increase in compliance status.

Reductions in Material Waste/Scrap

Reductions in Material waste/scrap are usually the improvements most apparent to production line teams. Programs to reduce material waste/scrap enable companies to draw a direct correlation between the contribution of a particular production team or operator and the output of their production line. The money saved through such efforts can be readily measured, giving employees an immediate sense of value, accomplishment, and ownership.

Reductions in material scrap represent actual cash flow savings that take the form of fewer component lots ordered.

Reduction of Manufacturing Costs

Enterprises may record a reduction in their manufacturing costs following the implementation of a QMS and adopting resource efficiency programs to reduce energy and water consumption. This, however, depends on the level of operations and technology used as in some instances resource efficiency and cleaner production programs encourage technology substitution which comes at a cost that may not be affordable by small enterprises.

Reductions in Overhead Costs

One of the QMS strategies used to attain continuous improvement on the manufacturing floor is to place both responsibility and authority for an activity as close to its source as possible. A significant application of this strategy will be the integration of the traditional quality control (QC) function into the production line. Product and process quality can be made the responsibility of each production line, to be carried out as an in-process effort rather than as a separate QC function. In turn, the QC group will be organized and given the task of auditing the production lines for compliance with their procedures. As a result, there will be a reduced need for QC personnel thereby reducing production overhead by cutting both direct labor costs and employee benefits.

In conjunction with the QMS program, the company could also negotiate new supplier agreements requiring quality improvements that will permit savings to be found in the area of incoming inspections. In some cases, assured supplier quality enables the company to eliminate incoming inspection, and to move incoming materials directly to the production area. The incoming inspection area also reduces overhead by implementing improved inspection methods.

Acceleration of access to the niche Brand market

Brands control the global leather market and their reputation is more important than anything else. It is what matters most because it determines how they sell. About 85% of the leather produced worldwide is consumed by international brands in footwear, leather products, and upholstery (car & furniture). Leather processing SMEs that implement a QMS can easily achieve sustainability and social certifications associated with brands such as LWG, ICEC, ECOL, OEKO TEX. In turn, these SMEs will be able to sell their products at premium prices that are over and above the ordinary market price of small retailers by 25+%.

Intangible Benefits

While companies always look for tangible benefits, they often forget to determine or appreciate intangible benefits.

Change in culture

One of the biggest benefits of implementing a QMS is the culture change; that is, in the way people think, speak, and conduct day-to-day business in the organization. Because of their heightened awareness and skill level in the organization, the employees who receive QMS training are better prepared to capitalize on opportunities for improvement.

Improved Efficiency and Performance

Similarly, such employees are also better prepared to solve problems most efficiently and effectively. Any time there is a problem or issue, a cross-functional team is formed to follow the plan-do-check-act cycle of problem-solving. Because these employees are empowered by the QMS philosophy, their self-esteem is higher and they feel recognized and respected. The final effect is that they feel good about themselves and the company, and they contribute at a higher level towards meeting organizational goals.

Improved delivery of products and services

Another intangible benefit is that the organization as a whole is better prepared to satisfy customers with its products and services. The team spirit developed during the implementation of the QMS process removes functional barriers in the organization; employees look at one another as customers and strive to meet each other's requirements. These are only a few of the intangible benefits that can be gained by implementing QMS principles.

Other benefits include; greater consistency of products and services, demonstrating improved transparency, access to new markets, and reducing incidents that result in liability.

Common Approaches used to evaluate the Performance of a QMS

There are several commonly used methods for evaluating the performance of a business management system that can be applied to QMSs. However, not all such methods reveal enough information to enable the manufacturer to determine whether implementing such a system is the right strategy for the company. Following are the several ways to look at QMSs, with a brief commentary on the advantages and disadvantages of each.

Overall Business Performance

One approach that companies sometimes use to evaluate the contribution of QMSs is to watch the overall performance of the company as the strategy is implemented. According to this method, any change in business performance can be traced to the QMS, and any company whose business is improving will find that implementing a QMS is an excellent strategy.

Cost of Quality (COQ) Approach

The cost of the quality approach is scientific and logical, but it is also a technique that is difficult to implement. As a result, few companies have successfully implemented QMSs and used the cost of quality approach to determine and explain its success.

Return on Investment (ROI) Approach

This method is essentially a further elaboration of the cost of quality approach that emphasizes the financial aspects of a company's investments in a QMS. It enables the manufacturer to determine how much was invested, how much return there was on that investment during a specified period, and what the rate of return was. With this information, the manufacturer can also calculate how long the payback period will be for the investment. In simple terms, the ROI approach enables a company to determine how much it spends on the QMS each year, and how much it saves through that investment.

Since these were the questions that were ultimate of interest to us, we selected this method to evaluate the implementation of a QMS program in the Leather processing sector SMEs in the East African Community.

Conclusion

In this case, the consultant found that the implementation of QMSs will be a wise and worthwhile investment. If implemented properly and in a true spirit, a QMS can keep an organization at the leading edge in the marketplace.

It's the consultant's emphasis that the success of QMSs comes with a commitment from the company's management. Once management is committed to supporting the program, careful strategic planning, implementation, and continued effort can readily make it a success year after year. It is the considered view of the consultant that QMSs should become part of the company culture.

The quality consciousness, awareness, and commitment to total quality should come to employees as naturally as breathing.



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