



Aba shoes Source: <https://cseaafrica.org/>

## As Nigerian government slumbers, N144bn Aba shoe industry crawls

Business and Economy    Investigations

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**RESEARCHERS estimate the market size of Aba shoe industry at N144 billion (\$350.364 million).**

The estimate is predicated on the production of one million shoes each week and 48 million pairs annually at an average price of N3000 per pair.

The industry is reputed for high employment potential and multiplier effects on other aspects of the Nigerian economy.



Aba Shoes Cluster in Numbers

Some markets leaders in Aba, the industrial hub of South-East Nigeria, say there are more than 100,000 entrepreneurs in the shoe/leather cluster.

But Secretary of the Association of Leather and Allied Industrialists of Nigeria (ALAIN) Ken Anyanwu estimates that there are over 200,000 entrepreneurs in the cluster.

The export potential is enormous as half of the entire production is shipped to West and Central Africa, Europe and the Americas, according to market leaders in Aba.

A shoemaker James Umenweke says that Aba shoes are found in supermarkets and hypermarkets abroad.

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He says a pair of Aba shoes sells between \$19 and \$25 in the United States of America market and between €15 and €25 in European shops.

Shoemakers in Aba also produce designs for manufacturers in various parts of the world and they receive payment for such services, he adds.

But Aba shoe industry supplies only 0.00128 per cent of the \$271.82 billion global shoe market.

The industry comprises 14 clusters, including Powerline, Imo Avenue, Bakassi, Aba North Shoe Plaza, Omemma Traders and Workers, ATE Bag, Nwogu Avenue, and Ochendo Industrial Market (comprising input suppliers), among others.

**High potential, low outcomes**

It is August 19, 2021 at Powerline, beside Cameroon Park in Aba. Ken Anyanwu is in his factory with two staff members designing, cutting, skiving and stitching pairs of shoes.



It is fun for him because he has been in the business for over 20 years. He produces and supplies to customers who place orders within and outside Aba.

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He can produce 1,000 to 5,000 pairs of shoes in a month, and some of his products are found in markets beyond Nigeria.

He is the secretary of Association of Leather and Allied Industrialists of Nigeria (ALAIN) and represents shoemakers in many fora in Nigeria.

To produce a pair of shoes, Anyanwu needs 53 items which include nails, fibre, thread, and synthetic leather/ hides.

Most of the items are imported from various parts of the world and require foreign exchange transactions.

The official exchange rate of dollar to naira today is [N414.9/\\$](#), according to the Central Bank of Nigeria (CBN) and shoemakers say they are unable to have access to the quantity they require.

They can only access five to 10 per cent of their dollar demands. Though some analysts blame the CBN for mismanaging the foreign exchange (FX) market, the major culprit is Nigeria's inability to earn sufficient FX from export of products like shoes.

"Challenges with the exchange rate affect pricing of our raw materials and final products," Anyanwu says.

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He buys from importers of these items and bears the brunt of high exchange rates.

He is also operating with a generator as there is no sign of electricity from a public source in his factory. Whenever his two generators are fully on, he spends at least N8,000 on diesel to keep them running.

The implication of this is that his cost of producing a pair of shoes has nearly doubled since 2014 when Nigeria's naira began to wane in the face of other stronger currencies.

He is not alone in this. Generator smokes and sounds are reverberating through the 14 administrative zones in the shoe cluster.

In 2019, Vice President Yemi Osinbajo commissioned the Ariaria Market Independent Power Plant, which was designed to [power](#) businesses at the Ariaria Market with clean, gas-powered electricity.



But Anyanwu says the power project only serves the traders in Ariaria Market, not shoemakers who are the real industrialists that create jobs for the country.



*Ken Anyanwu*

The Federal Government claims that 4,000 shops have been energised by the power plant, but market leaders say only very few are connected to the plant.

President of the Leather Product Manufacturers Association (LEPMAS) Mazi Okechukwu Williams estimates that only 500 shops benefit from the project.

Anyanwu, on his part, does not believe that the project has beneficiaries yet.

“During the siting of the project, they somehow contacted me and I told them that Ariaria Market is different from the leather cluster.

“The generator is there, but nobody is using it,” he says.

**The ICIR** has asked the Ministry of Power why the leather cluster was omitted from the power plant but is yet to get any response.

A Freedom of Information (FOI) sent to the government ministry asking it to provide details of the power project has not been replied to.

Abia State Governor’s Chief Press Secretary Onyebuchi Ememanka is yet to respond to questions regarding the power situation in Aba leather cluster.

There are, however, expectations that the [Geometric](#) Power Plant in Aba will be operational by June 2022, thanks to a \$50 million facility provided by the [African Export-Import Bank](#) (Afreximbank).



*Anyanwu's factory*

But many are waiting with skepticism, as several past promises made on Geometric Power yielded no positive outcome.

Like thousands of other shoemakers who are mostly micro and small businesses, Anyanwu is struggling to procure standard equipment that will enable him to meet market demands.

Thousands of demands come every day but poor state of production equipment makes it hard for him and others to meet them.

“We cannot meet the demands with the kind of crude tools we use here. That is why we need government to help us,” he says.



*Anwanyu's factory*

“This is our greatest problem in Aba shoe cluster, which is why many of us are not online yet. If you are online and someone makes a big demand, how will you be able to meet up?” he asks.

**Quality has improved**

Anyanwu says contrary to claims in some quarters, the quality of Aba shoes has improved due to research and development.



*Aba shoes*

Source: <https://cseaafrica.org/>

“The quality has improved tremendously as some, who can afford it, have got some modern machines,” he says.

Chief Executive of Mega Colclick Shoe Manufacturing Company Isaac Collins Ogba says shoemakers are beginning to change the mindset of consumers who think that locally-made products are inferior.

“We have succeeded in proving them wrong about quality of our shoes,” he says.

“Before now, we used to brand our shoes as ‘made in Italy,’ but we produce now and proudly label them ‘made in Aba,’” he adds, noting that 20 per cent of his profits are ploughed back for research and development.

**Cameroon Park**

Beside Anyanwu’s factory is a place popularly known as Cameroon Park.



Cameroon Park

It is not owned by the Cameroonians, but it is a exit point for shoes, belt, trunk boxes and other leather products. From there, leather products leave for Cameroon and other markets in Africa. Most of the products billed for export are packaged and shipped out from there.

Anyanwu, who believes that the number of shoes produced each week in Aba is four million ( rather than one million), says that up to a million pairs leave the Cameroon Park for export each week.

He says the shoemakers earn a lot of revenue for the country and deserve government support through policies and incentives.

### **Crude tools hinder progress**

Anyanwu's submission on the use of poorly fabricated tools in Aba shoe cluster is evident everywhere. For Success Hebert, his role in the long line of shoe production is to smoothen the leather soles.



*Success Hebert*

He uses a locally-fabricated machine, which takes 20-30 minutes to complete work on a pair of shoes. The machine, according to him, cost N15,000 in 2017. In India and China, a complex machine would have taken care of this process in a faster and smarter way.

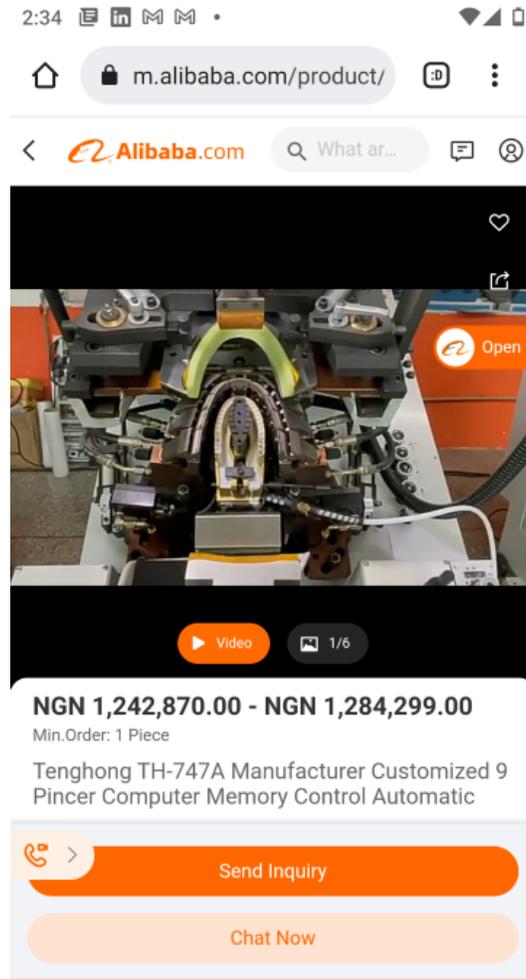
“Such a machine can complete this process for 1,000 pairs of shoes in less than five minutes. But it costs over \$3000 today,” he says.



*Chima*

Chima, a shoemaker pictured on the right side, uses bare hands to gumshoes and carry out some of the production process. He boasts that he is a professional shoemaker widely consulted for different shoe designs.

But a gumming machine could have saved him all the stress and made him more efficient.



Gumming Machine  
Source :Alibaba.com

The gumming machine seen on Alibaba-com costs over N1.2 million – and many micro shoemakers like Chima cannot afford it.

In Aba, so much human energy goes into the production process. Where machines are required, human energy is used. For many shoemakers, this is normal, but for buyers the whole process is time-consuming, inefficient and hinders creativity.



*Okechukwu Williams*

“You just have to wait and wait for your orders for weeks, and sometimes for months,” Lagos-based Moses Adesanya, who buys products from Aba cluster, tells the reporter.

This is impacting the shoemakers’ revenue negatively. A shoemaker Jane Nwokeji explains that her capacity is underutilised because she produces about one-thirds lower than she should.

“For me, the sophisticated machines can produce three times what we do at the moment. This shows you how much we are losing in terms of revenue,” Nwokeji, who admits to making up to N1,000 from a pair of shoes in profit, says.



*Women leather shoes*

In Aba leather industry also, sewing machines are commonplace. They are used to sew leathers and put them in the right shape. Sewing machines in Nigeria cost about N40,000 to N60,000.

But the suitable sewing machine for shoes found on Alibaba-com sells between \$250 (N103,500) and \$1,800 (\$745,200).

Many of the shoemakers cannot afford it and are asking for help from the Bank of Industry (BOI), a bank set up for that purpose.

### **Money everywhere but little for shoemakers**

There is money for so many things in Nigeria, but always little for Aba shoemakers. Anyanwu, earlier mentioned, estimates that it costs over \$25,000 to set up a mini shoe factory in other parts of the world. But the asset value of many shoe factories in Aba are less than \$1,500.

He says the BOI came to Aba in 2011 and handed out N300,000 to few players who struggled to pay back due to poor state of the economy and customer defaults caused by insurgency in northern Nigeria.

“They believe that once they hand out money as loans, they come back the next day to request repayment. It does not work like that because this is manufacturing, not trading,” he notes.

Okechukwu Williams of LEPMAS says the BOI’s N300,000 is not enough for equipment financing, revealing that only 21 members of LEPMAN were given the money in 2011 and nothing since then.

But in its response to **The ICIR** questions regarding the allegation of under-funding the Aba shoe industry, the BOI says as part of efforts to promote entrepreneurial development amongst Nigerian artisans and to project made-in-Nigeria products, it launched the Aba Cluster Finished Leather Goods Financing Programme a few years ago.

“The objective of the programme is to provide working capital facilities to qualified artisans that operate in any of the four leather goods cluster in Aba. In addition to the financing product, the Bank partnered with Fidelity Bank and Ford Foundation to provide complementary account opening services and financial literacy education respectively to the artisans.”

The BOI says in spite of its intention to increase disbursement to Aba cluster artisans, beneficiary loan repayment challenges, which resulted in high default rates, were identified and are being addressed.

“Despite these challenges, the Bank received significant support from the executives of the Leather Products Manufacturers Association of Nigeria (LEPMASS) led by Mr. Okechukwu Williams. In addition, the Bank partnered with other development agencies to provide loan management education to intending applicants and loan beneficiaries as part of efforts to loan default rates,” it explains.

The bank adds that it is working with other financial institutions and development agencies to review the product features, address previous challenges and increase uptake.

But Williams tells **The ICIR** that the money given to Aba shoemakers by the bank was small and will be difficult to measure the impact

Chief Executive Officer of Aba-based Mega Colclick Shoe Manufacturing Company Isaac Collins Ogba Isaac tells **The ICIR** the industry needs money to procure the equipment needed to produce high-quality shoes and other leather products.

### **Substandard raw materials**

Aba shoe industry is also hard hit by substandard raw materials procured from China. They are cheaper, but they are inferior to those from Europe and the United States.

Perhaps, it is more pronounced on the leather space.

The 2011 National Agricultural Sample Survey said that Nigeria was endowed with an estimated 19.5 million cattle, 72.5 million goats, 41.3 million sheep, 7.1 million pigs and 28,000 camels.

The number may have grown since then, but Aba shoemakers are not getting sufficient hides and skins locally.

Coordinator of Made-in-Aba Project Chinatu Nwagbara says tanneries in Kano and Kaduna process animal skins and hides and sell them in the international market, denying Aba shoemakers of the valuable local source of raw materials.

He says Aba shoe and leather makers therefore move to China, Cameroon and other parts of the world in search of raw materials, some of which are sub-standard.

He calls for a law that will enable the tanneries to serve the local market first before selling in the global market.

But a Kano tanner Jubril Dankaka counters the argument, saying that such a law will lower foreign exchange inflows into Nigeria and impoverish players in the value chain.

“It is a market and everyone should be free to sell to whoever they want to,” he says.

But Amara Eberechukwu, who ‘finishes’ shoe products, says a local content law is required. She argues that Nigeria cannot continue to sell its hides to Europe and in turn buy shoes produced from the hides from them.

### **Export raw skins, import shoes**

Over the years, Nigeria’s industrial policies have focused on exporting raw materials and importing finished products made from them.

The leather industry is no stranger to that. In the [fourth quarter of 2020](#), Nigeria exported raw hides and skins, including locally-made shoes, valued at N25.350 billion, according to the National Bureau of Statistics (NBS). The countries that bought these hides and skins were Spain, Italy, China, India and Saudi Arabia, according to the NBS.

But the country imported shoes, animal skins and other types of footwear estimated at N93.118 billion. The footwear import component was 44 per cent.

This means that export is nearly a quarter of imports.

In the [third quarter of 2021](#), Nigeria exported raw skins, hides and ‘furskins’ worth N36.161 billion (year-to-date) but imported shoes and other leather products valued at N83.521 billion.

The Manufacturers Association of Nigeria (MAN) has often encouraged members to add value to their products in order to increase their worth, market relevance and revenue-capacity.

“If you want to build a brand and earn more money, then you have to add value before you export,” says Chief Executive Officer of an export firm Agroeknor, Attah Anzaku.

### **Aba and bad roads are close cousins**

Faulks Road is dotted with faded markings and potholes on the day of this investigation. The road leads to 14 zones of the famous Aba shoe and bag cluster in South-East Nigeria, yet it looks untidy.

It is the middle of a rainy season and the rains are fierce, forcing traffic jams along the axis. The road is said to have been completed by Setraco Nigeria Limited in 2019, but there is no evidence that it is so -two years after.



“We can only thank Abia State government for this kind of shoddy job on a road that leads to the largest leather cluster in West and Central Africa. Even those who live in Aba try to avoid this road when it rains, how much more customers coming from other parts of Nigeria and Africa,” Nzube Agaodi, a shoemaker in one of the 14 zones, says.

Roads are not the only challenge facing Aba leather cluster, but they are among the major issues hurting the industry’s capacity to grow. A shoemaker Onyebuchi Olisamaka tells **The ICIR** that one of his major customers from Cameroon has decided to avoid Aba due to the difficulty experienced while moving goods out of the industrial city.

Major roads in Aba are either ignored by Abia State government or poorly constructed by contractors, says Olisamaka.

Lawyers in the industrial city, on November 23, vowed to protest against the bad roads, saying that roads in the city were in bad shape.

“If you look generally at the roads in Aba, especially Faulks Road, Uratta Road, Port Harcourt Road and so many important roads leading to areas with major industries in Aba, you will find out that Aba has been cut out into two,” Vice President of the Nigerian Bar Association (NBA), Aba Branch, [Victor Onweremmadu](#), said recently.

“Nobody can visit Ariaria like a normal person anymore; you cannot visit Alaoji Spare Parts Market to buy parts anymore if you have a problem. You can’t visit the Building Materials Market at Uratta anymore. If you’re driving on Faulks Road that they told us that took billions of naira to repair, you will think you’re having a nightmare! Port Harcourt Road, those who are living there aren’t living like human beings anymore.”

Lawyers did not eventually protest.

The general impression in Aba, however, is that the government is not taking infrastructure development seriously.

But State Governor Okezie has countered that. He recently defended his position on Channels TV, saying that the Faulks Road contract was still ongoing and would be completed as soon as possible.

### **Disorganised market**



*Bakassi cluster*

The Aba leather cluster is disorganised and several governments in the state have proven to be more interested in collecting revenues from it than providing better structures. It is littered with make-shift shops susceptible to fire outbreaks.

‘It is important to have a permanent place to stay,’ says Chief Executive Officer of Paul Uka Enterprises Ukasanya Paul, who is also public relations officer of LEPMAS.

“The cluster needs to be developed to accommodate raw materials and products. We need a permanent site,” Williams Okechukwu says.

#### **Forward ever, backward never**

The industry needs to move forward, says Anyanwu. But doing that requires some steps. He says there is a need to support Aba shoemakers to acquire the type of machines they need to enhance productivity.

He also asks the BOI to fund the industry adequately, saying that N300,000 given to the players previously can only scratch the surface.

“Commercial banks should be interested in Aba leather cluster, and that is where the central bank comes in,” he notes.

“It should not be about when to pay back, it should be about supporting the micro, small and medium businesses as a policy,” Anyanwu suggests.

Apart from a permanent site, Williams of LEPMAS is asking Nigerians to stop eating their shoes.

“When we consume ‘ponmo’ the way we do, how do we want shoemakers to get one of their raw materials?” he queries.

He also urges the Nigerian government to provide the Export Expansion Grant (EEG) for the leather cluster, like it does to other exporters.

The grant is meant to support exporters to enable them to drive FX earnings. Even though it was recently suspended, Aba shoemakers say they only hear about it.

Ukasanya Paul of Paulo Enterprises calls on government to provide single-digit loans or grants to the shoemakers.

On his part, Chief Executive Officer of Chris Kenzy Industries Christian Nnajiaku wants the government to partner with machine producers abroad for supply of critical equipment to the cluster.

But Aba shoemakers have a role to play, say Sarah Iheoma, a financial expert.

“They are still not organised,” she says.

“Many of them are not registered with the Corporate Affairs Commission and have no business plan,” she notes.

Iheoma, however, says government can support them by providing them with business development experts who will help to structure their businesses and make them ready for investment.

“At the moment, many of them run family business and are too secretive. If you want to grow, you will need to do good book-keeping and open your books to investors. That should start happening.”

“We need to see financial experts driving down to Aba for big-ticket deals. But none is interested because of how the business is run,” he further says.

## Author profile

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