Market Assessment Context

This Executive Summary is part of the Tanzanian Market Assessment conducted by the Global Village Energy Partnership (GVEP) and Accenture Development Partnerships (ADP) on behalf of the Global Alliance for Clean Cookstoves. Four assessments were conducted across East Africa in Kenya, Uganda, Tanzania and Rwanda as part of a broader effort by the Alliance to enhance the sector market intelligence and knowledge. They are intended to provide a high level snapshot of the sector (based on mid 2012). Further detail on these assessments can be found at the end of this document.

The Tanzanian Cookstove Market

The Tanzanian cookstove sector was kick started in the early 1980s by the development of improved charcoal stoves in Morogoro. That initiated further moves by the government & its partners to introduce local versions of the Kenyan Ceramic Jiko (KCJ). Since then TaTEDO has taken a lead on disseminating these technologies, and numerous other organizations have played a role in the sector. However, the vast majority of these initiatives have been smaller scale with short lived funding and no one appears to have successfully commercialized at scale yet. In recent times, the Program for Biomass Energy Conservation program (ProBEC) was one of the largest sustained initiatives although this has now come to an end. Of the current stove producers, the informal artisanal sector dominates with broader commercialization rather limited. Despite this, a number of players with promise are emerging and expanding the distribution of higher performing stoves.

On a national level 18,900 deaths are attributed to Indoor Air Pollution (IAP) every year[i] and there is increasing pressure on biomass resources. As with many other countries in the region, deforestation is a pressing concern for Tanzania having lost 20% of their forests since 1990[ii]. This has led to an increase in charcoal and firewood prices (where not collected) with the impact in urban centers particularly acute. Dar es Salaam has seen the price of charcoal increase by a staggering 1000% since 2003[iii].

Despite this price pressure, the national penetration of ICS remains low at approximately 5%[iv]. As is often the case, the figures for rural and urban areas vary dramatically. In urban areas, where charcoal is the most widely used fuel, the penetration rate is significantly higher at 47 – 68% depending on the consumer segment[v]. However, in rural areas, the rate is thought to be much lower with one study recording absolutely no ICS ownership amongst its sample base[vi]. Regardless of the precise figure, the adoption of ICS is undoubtedly low, in part due to economic and distribution barriers.

The main conclusions of the Market Assessment are shown in the table below:

		Situation	Hypothesis
Foster an Enabling Environment	*Regulation & Testing*	Standards are not currently in place but are being developed for certain stoves. There are no specific ICS targets in policy but a renewable energy policy & biomass strategy is being developed.	Linking upcoming government policies with cookstove market interventions could significantly increase the impact on ICS adoption figures.
	Awareness	The newly formed Taskforce has done much to engage the sector but consumer awareness remains low.	A coordinated and focused approach to awareness and promotional activities will help to increase consumer awareness of ICS & strengthen demand
	Support & Funding	Funding has been unreliable and mainly program based. The taskforce has secured finance for market research but nothing so far for any future interventions.	Improving the Taskforce's access to expertise and sustainable sources of funding will help maintain the current momentum and increase the overall impact of their interventions.
	Knowledge Capital & Transfer	3 studies have already been commissioned to baseline the sector. Little is known around the role of gender in the sector despite the presence of NSGEN - a prominent national gender advocate.	Aligning upcoming studies with others in the region will help compare results and encourage knowledge sharing. Understanding the role of women in the sector will provide the foundation for increasing their involvement.
Cookstoves Value Chain	*Materials / Fuel*	The use of LPG and briquettes are minimal despite evidence of demand & economic benefits. High raw material prices are pressuring ICS producers to opt for lower quality.	Supporting the development of briquette businesses and raising awareness of alternative fuels (inc. LPG) could raise uptake. Helping producers to buy higher quality materials at lower prices will help push up the quality of ICS in the market.
	Production	The quality of clay liners & stoves in the market is perceived to be poor. Access to credit is relatively limited causing producers to struggle with working capital. There is no production at scale.	Working with producers to improve the quality of stoves & liners will drive up quality in the market. Improving access to finance will allow producers to scale up and access new markets.
	Sales & Distribution	Consumer intent to purchase any large goods, let alone ICS, is very low[vii]. Many stove businesses sell locally & struggle to access new markets due to this low demand and expensive distribution. The carbon finance process appears lengthy.	Linking stove businesses to new markets and improving their access to carbon finance will provide more resources for marketing and help to stimulate demand.

Summary of Illustrative Priority Intervention Options

Raising consumer awareness and stimulating demand for ICS will be crucial to the development of the Tanzanian stove sector. As demand increases, promising stove businesses should be given focused support to help increase the level of commercialization in the industry. Based on the findings, the recommended intervention options can be summarized as:

- Work closely with the Government and sector Taskforce to develop interventions and policies that will support the intended development of the sector.
- Coordinate promotional and awareness raising campaigns across the sector to stimulate demand. These should initially be targeted at the more promising urban and peri-urban groups and focus on quality stoves.
- Work closely with the Taskforce to align the upcoming market studies with others in the region and introduce a gender focus. Following these, the Taskforce should be supported as it looks to develop market strategies and secure the funding necessary to support these.
- Support the promotion of alternative fuels and development of the businesses that promote these. This activity is also likely to focus on urban areas initially, particularly with LPG.
- Partner with potters and other stove producers to improve the quality of clay liners and finished stoves.
- Offer stove businesses improved access to finance for working capital and market development activities. Provide focused support to open up new markets and link these businesses to them.

Market Assessment Approach

- This is one of sixteen such assessments completed by the Alliance to:
  - Enhance sector market intelligence and knowledge; and
  - Contribute to a process leading to the Alliance deciding which regions/countries it will prioritize.
- Four assessments were conducted across East Africa in Kenya, Uganda, Tanzania and Rwanda as part of a broader effort by the Alliance to enhance the sector market intelligence and knowledge.
- Each assessment has two parts:
  - Sector Mapping – an objective mapping of the sector; and
  - Intervention Options – suggestions for removing the many barriers that currently prevent the creation of a thriving market for clean cooking solutions.
- In each Alliance study a combination of GVEP, ADP, and local consultants spent 4-6 weeks in country conducting a combination of primary (in-depth interviews) and secondary research. They used the same Market Assessment 'Toolkit' for each country so that comparisons can be made. The Toolkit is available free of charge to all organizations wishing to use it in other countries.

Acknowledgements

The Alliance wishes to acknowledge the generous support of the following donors for the market assessments: Barr Foundation, Dow Corning Corporation, Shell Corporation, Shell Foundation, and the governments of Canada, Finland, and Spain.

References

[i] WHO Indoor Air Pollution, National Burden of Disease Estimates, 2007

[ii] Market Assessment Sector Mapping, 2012

[iii] Market Assessment Sector Mapping, 2012

[iv] Market Assessment Sector Mapping, 2012

[v] Shell Foundation, Breathing Space Research, 2007

[vi] Shell Foundation, Breathing Space Research, 2007

[vii] Shell Foundation, Breathing Space Research, 2007