

ICS Commercialization in Cambodia

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ICS commercialization in Cambodia today is the result of a long process since the end of 1997. Development has taken place over several years since Cambodia stopped suffering from a long civil war.

Before 1997-1998, ICS had been introduced but not on a large scale, and was mainly designed for palm sugar processing (introduced by GRET).

By the end of 1997, a project called Cambodia Fuelwood Saving Project (CFSP) started to work on ICS in the province of Kompong Chhnang. The project was operated by collaboration between Groupe Energies Renouvelables en Environnement et Solidarité (GERES) and Yayasan Dian Desa (YDD).

This three year-long project was able to set up a basis for national scale dissemination of ICS.

Two of the most important achievements of the three-year project were the decision to choose commercialization for an appropriate ICS dissemination method, and the choice of a portable improved cookstove.

The decisions were made keeping in mind the following factors: most families were using traditional Lao Stoves for cooking, they were burning charcoal and fuelwood in these stoves, and the traditional cookstoves were commercialized. External evaluation of the project also emphasized the importance of working on commercialization of the ICS.

The last consideration was that the design of the traditional Lao Stove in Cambodia is quite similar to that

of a traditional cookstove in Thailand.

Training Stove Producers

The project collaborated with a Cambodian national NGO, Centre d'Etude et de Développement Agricole Cambodgien (CEDAC), and identified and invited a number of producers of traditional Lao Stoves to join the training on Production and Dissemination of Improved Lao Stoves. The training was partly supported by ARECOP and RWEDP-FAO, and the trainers



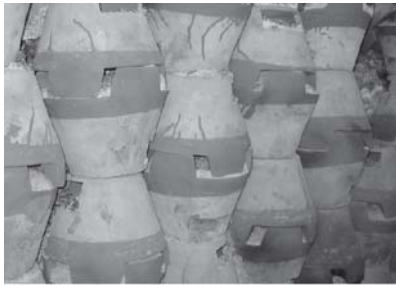
Picture 1. Traditional Lao Stove



Picture 2. New Lao Stove, adopted from Thai Bucket Stove



Picture 3. Training in NLS production



Picture 4. Traditional Lao Stove, the most popular stove in Cambodia

were experts from DEDE Thailand. The training was conducted in October / November 1999. In total, there were 16 people working for 9 production centers who participated in the training.

Status by The End of 2000

At the beginning of 2000, 8 of 16 trained skilled workers in New Lao Stove production stopped participating in the program for several reasons.

The 8 people who left (from 6 production centers) continued producing NLS but they were not confident that NLS would be a profitable commodity. Their NLS monthly production rate was quite low compared to the production rate of traditional Lao Stoves.

To boost the production and sales of NLS, the project developed a series of promotional materials like posters, TV spots, radio spots, etc.

In addition to the marketing efforts, financial support was also provided for the project (credit with low interest). The loans were mainly used to stock raw materials, purchase new working tools and to purchase new means of transportation.

But, all of those efforts did not balance targets as expected; the demand of NLS was increasing, but the supply remained low.

When everyone was celebrating the end of the second millennium, the improved cookstove dissemination project in Cambodia had to face a bitter reality: commercialization did not run as expected. The project believed that NLS commercialization would, however, improve, somehow, someday.

In the mean time, we developed simple monitoring tools to follow-up on the progress of NLS dissemination and to learn from all actors involved in the commercialization process (producers, middlemen, mobile sellers, retailers).

The Second Phase of The Project

New hope for NLS commercialization came at the beginning of September 2002, when CFSP started its second phase of four years. From the project side, there were resources available for interventions on NLS commercialization. From the producers' side, they had increased confidence, though small it was quite significant.

From 6 centers at the end of 2000, it grew to become 10 centers by the



Picture 5. Stock of NLS in a production center

middle of 2002. The four new centers started business on their own initiative. It was a good sign for NLS commercialization.

To response to those good signs, the project conducted two sessions of training in March and June 2003. Totally the project trained 19 people from 11 production centers. Again ARECOP supported the training.

The expected success story, however, had to be postponed again as some of the newly trained centers gave up due to different reasons and others were busy with traditional Lao Stove production.

Production of and demand for traditional Lao Stoves is a reality that all of us should consider an opportunity instead of a threat. Data obtained from regular monitoring done by CFSP in collaboration with Development & Appropriate Technology (DATE), a Cambodian national NGO, shows that demand for a good stove is there, and quite large in quantity.

The Dynamics of ICS Commercialization

To follow the dynamics of ICS dissemination in Cambodia, CFSP developed monitoring tools to follow and record the sales of ICS at the production level (11 producers) and at sales points (59 sample retailers).

At the level of production, within the first 12 months after monitoring began (May 2003 to April 2004), the average rate of sales of NLS was 2,325 units/month, while the average rate of sales of traditional Lao Stoves was 14,595 units/month. The share of NLS was thus only 14.5%

on average of the total number of stoves sold.

The share of NLS at sales points was only 5.5% or 222 units/month on average, while the average rate of sales of traditional stoves was 3,797 units/month.

In the second 12 month-period (May 2004 to April 2005), the average rate of sales of NLS at the level of production increased to 3,614 units/month, while the average rate of sales of traditional Lao Stoves decreased to 9,967 units/month. The share of NLS then increased to become 27.2% of the total number of stoves sold.



Picture 6. Display shelf for ICS retailer on a road side

The share of NLS at sample retailers increased from 5.5% the previous year to 8.9%. The average monthly sales of NLS increased significantly to 391 units/month, while the average monthly sales of traditional Lao Stoves was 3,961 units/month.

The Dynamics of Commercialization Actors

To support sustainable ICS commercialization, CFSP in collaboration with DATE, provided support to ICS producers and distributors in several ways.

Since the beginning of 2004, CFSP provided soft loans to ICS producers for transportation,

production of machine tools, working space & additional working capital. This financial support has allowed a number of producers to boost their NLS production quantity.

On the other hand, CFSP was also establishing a system to assure the sustainability of ICS quality. To achieve this objective, the project has chosen to establish a multi-disciplinary association (association inter-professionnelle) called Improved Cookstove Producers and Distributors Association of Cambodia (ICOPRODAC).

Each member, whether producers or distributors, has similar interests and can benefit economically from the project. They do not have similar backgrounds, however, or perspectives.

Bringing them together into an association allows each of them to communicate in constructive ways rather than competing in “cut throat business” with each other. They realize that they are dependent on one another in order to run their businesses. Producers could not sell in large quantities without distributors, and distributors cannot do business without ICS supply from the producers. The association permits proportional distribution of economic benefit among involved actors.

The common ground for both producers and distributors in the association is a high quality product, reliable supply of ICS, and a standardized price.

Now ICOPRODAC is finalizing a quality control system and mechanism to assure the quality of

ICS, particularly the quality of the New Lao Stove. CFSP and DATE are providing managerial and technical support to ICOPRODAC and hopefully the quality control system will start to be applied by the end of 2005.

One support offered by CFSP and DATE is the establishment of a training center in the province of Kompong Chhnang. This training center will provide free training to any interested person (skilled workers, stove producers, etc.) on commercialized ICS production. Trained, skilled workers can fulfill the needs of production centers for skilled labor.

An increase in employment of skilled labor may enable all production centers to expand production in terms of quantity and quality. So their dreams might come true.

The Commercialization Actors' Dream

With regard to current market opportunities, the dream of commercialization actors is not unrealistic: producing only ICS and yet enjoying more benefit than they previously obtained from traditional cookstove businesses. Three production centers have been producing only ICS for the last two years, and one other has been specializing in ICS for the last ten months.

These people are examples for others that producing only ICS is more profitable than producing ICS mixed with traditional cookstoves. *glow*