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‘ Instructor’s Name’

‘ Subject’

NGOs/ Case Method

What are the key trade-offs associated with the US\$65, 000 investment?

What are the implications of pursuing a mass production strategy for the metal stove?

The Key trade -off associated with the US\$65, 000 investment for CHF (Sudan) is to choose between two technologies - metal stove developed by Berkeley and the mud and dung stove it developed in collaboration with ITDG/PA and has been promoting, since 2004. The cost associated with the production and dissemination metal stoves are very high. So, the implications of pursuing a mass production strategy for the efficient BDS metal stoves would be investing on a product with new technology and significantly less fuel consumption. But, it involves high cost and abandoning the other models that were pursued for a long time.

What is the right price for CHF’s metal stove? What makes it the “ right price”? Is the intervention sustainable at this price point?

The current production cost of the BDS is \$35 per stove. But these prices were calculated based on the production of limited number of stoves for the pilot study and the cost would significantly reduce during mass production. However, it is hard to bring down the price lesser than \$10 and it is still high-priced compared to other models produced by various NGOs. The right price for the metal stove would be \$7 initially. Though it is significantly very less than the production cost of the stoves, it is the right price because the ISPs would not be willing to purchase a high priced stove. The other stoves such

as the magic stoves marketed by the NGO Lifeline cost a mere \$1. People might be willing to offer a premium for the superior technology of the metal stove but any price over \$7 will discourage them from purchasing it. Though such intervention is probable only if part of the price must be funded by subsidies, in time, the fixed cost involved in production will be almost completely reduced and the production cost will come down. Also, a lower price might trigger demand and in the long run may bring down the cost price.

What aspects of the CHF portfolio are likely to be affected by this decision? How would the decision influence the current partnerships with ITDG/PA and LBNL? What are the long-term implications of the US\$65, 000 investment for international donors and local organizations?

If CHF Sudan pursues the investments, what reactions do you expect from international donors (e. g. USAID), local communities (especially organizations representing women IDPs) and new entrant NGOs selling cheaper stoves (e. g. Aprovecho and the Lifeline Fund)? How do you anticipate counteract or leverage these reactions?

If CHF Sudan pursues the investments, the international donors like the USAID will support the initiative, because a fuel efficient stove is the need of the hour in Darfur. The other NGOs offering cheaper stoves like the Aprovecho and the Lifeline Fund would continue with their product, because it is cheaply priced and can be helpful to people who cannot afford BDS. The acceptance of this new technology by the local communities is the major roadblock, because for years, various NGOs have been working in providing alternative fuel efficient stoves for the IDPs in Darfur. Some families even

have 2 or 3 stoves supplied by these NGOs and still continue to cook in the traditional model. These challenges can be overcome by educating the housewives about the use of the stoves and how it can significantly reduce their labor and improve health. Manuals with pictures and instruction videos can be used for this purpose.