LEARNING BRIEF · TANZANIA CLEAN COOKING PROJECT · STUDY 3 OF 3

The Lending Model for Last-Mile LPG Distribution

How village community banks became the backbone of LPG distribution, and why refills are the next challenge

Thematic learning study · Tanzania Institute of Monitoring and Evaluation (TIME), September 2026 · Funded by Sida

~60%
of LPG acquired through VICOBA groups

~44,000
households reached by May 2026, up from ~3,500

450
VICOBA groups engaged by AVAD

TZS 35,000
total installment price of a first cylinder (AVAD)

IN BRIEF

- Village Community Bank (VICOBA) groups have become **the main route to LPG** for households served by TCCP's two LPG enterprises.
- Household reach grew **more than tenfold**, and group-based repayment appears reliable.
- VICOBA works by **closing the distance** between enterprise and household: financially, informationally and physically.
- But installments cover only the first cylinder; **the cost of refills** is now the main barrier to continued use.

About this study

This brief summarizes a thematic learning study (September 2026) from TCCP's end-of-programme evaluation, conducted by the Tanzania Institute of Monitoring and Evaluation (TIME). It covers TCCP's only two LPG enterprises, **TEMA and AVAD**, and examines the role of Village Community Bank (VICOBA) groups in last-mile distribution.

Key findings

FINDING 1

VICOBA is the main route to LPG

AECF's own 2026 reporting credits VICOBA groups, with about 60% of LPG acquired across TEMA and AVAD, the strongest documented evidence for any LPG distribution channel.

FINDING 2

The two enterprises use VICOBA differently

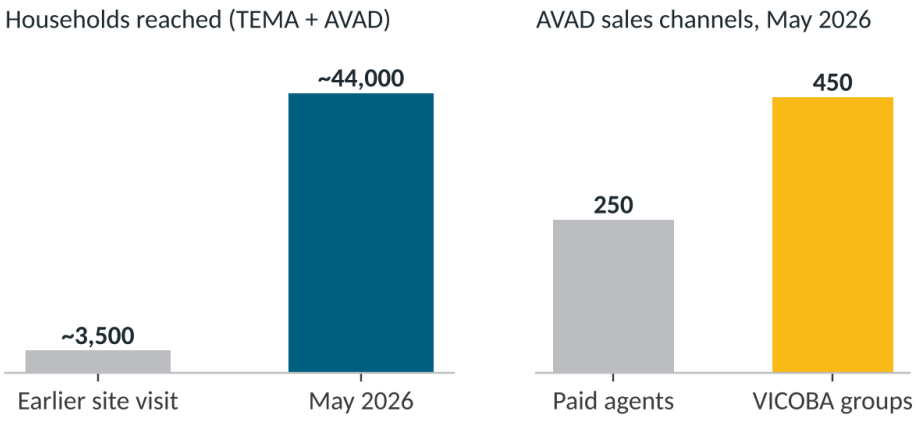
TEMA uses groups to distribute and resell cylinders. AVAD uses group liability to guarantee installments: TZS 20,000 down, then five monthly payments of TZS 3,000, sold through 250 paid agents.

FINDING 3

Reach grew strongly

Combined household reach rose from about 3,500 to about 44,000 by May 2026, and to 48,000 at programme close (TEMA 30,000; AVAD 18,000), according to AECF's final results. AVAD now engages 450 VICOBA groups, nearly twice its number of paid agents; across both enterprises, AECF reports more than 1,450 groups.

Figure 1. Household reach and AVAD's sales channels



Source: AECF site-visit reports, as analyzed in the TCCP learning study (TIME, 2026). Reach figures carry data-quality caveats (see below).

FINDING 4

Repayment appears reliable

Groups recover missed installments from members' savings. No site visit reported a shortfall from non-payment, and AVAD is one of only two enterprises in TCCP's 13-investee portfolio judged confidently viable after the grant.

FINDING 5

VICOBA works by closing distance

Existing trust, grouped demand, combined distribution and finance, and social accountability bring the enterprise closer to households: financially, informationally and physically.

Limits and boundary conditions

- **Refills are not covered.** Installment products cover the first cylinder only, and focus groups in two regions named refill costs as the main barrier to continued use.
- **Price exposure.** LPG is imported, so households remain exposed to world price swings.
- **One-off registration.** Households register at a single community meeting, with no documented way to join later.
- **Data quality.** Reach figures carry caveats, including a formula error in site-visit reports.
- **No comparison group.** Because both enterprises use VICOBA, its specific causal effect cannot yet be isolated.

Table 1. Strength of the evidence

Evidence	Strength	Key limitation
About 60% of LPG acquired through VICOBA	Strong	Portfolio-level; not split by enterprise
450 VICOBA groups vs 250 agents (AVAD)	Moderate to strong	Shows scale, not relative sales or cost
Household reach growth	Moderate	No breakdown by channel

Evidence	Strength	Key limitation
AVAD repayment and viability	Moderate	No default rate by channel

Source: TCCP thematic learning study (TIME, 2026).

Recommendations

1	**Make VICOBA a preferred design feature** Encourage VICOBA-based distribution and repayment in future LPG and other last-mile proposals, adopted voluntarily by enterprises.
2	**Extend installments to refills** Link VICOBA installments to refills, not just the first cylinder.
3	**Open a second way in** Test a fallback registration route for households who miss the community meeting.
4	**Fix the data** Track VICOBA groups and repayment by channel and correct the site-visit formula error before citing figures.
5	**Compare models in the next funding cycle** Compare VICOBA with other last-mile models on cost, reach, repayment, inclusion and sustained use.

THE OVERALL LESSON

Existing community institutions can serve as durable market infrastructure, but sustained LPG use still depends on affordable refills.

About the Tanzania Clean Cooking Project

The Tanzania Clean Cooking Project (TCCP) is a US$5.2 million initiative, funded by Sida and implemented by AECF, that aims to transform Tanzania's clean cooking sector by increasing private-sector participation. It targets hard-to-reach markets with strong potential, where poverty and weak or absent supply chains have kept private companies away, and complements past and ongoing clean cooking efforts.

TCCP provides matching grants and technical assistance to de-risk private investment on the supply side and make clean cooking more affordable on the demand side, so target markets open and other private actors are drawn in. Its goal is to accelerate the adoption of clean cooking solutions by rural and marginalized communities and by urban and peri-urban households. Its three objectives are to:

- Catalyze private-sector participation in clean cooking in underserved markets.
- Accelerate uptake of clean cooking solutions through innovative financing and technical assistance to selected companies.
- Strengthen sector coordination and advocate for a policy environment that supports a market-led clean cooking sector.

ABOUT AECF

The Africa Enterprise Challenge Fund (AECF) is a Pan-African development institution that finances early- and growth-stage businesses in agribusiness, renewable energy and climate-smart technologies. Combining grants, results-based and repayable finance, and technical assistance, AECF helps enterprises innovate, create jobs, and build resilient, sustainable incomes in rural and marginalized communities, with a particular focus on fragile contexts, women, and youth.

Since 2008, AECF has supported more than 700 enterprises across 26 countries in Sub-Saharan Africa, reaching an estimated 37.4 million lives. AECF commissions independent evaluations of its programmes and publishes what it learns, including mixed results, so that evidence shapes future programming.

ABOUT THIS BRIEF

This brief summarizes the thematic study 'LPG Model for Last-Mile Distribution' (TIME, September 2026), part of the end-of-programme evaluation of the Tanzania Clean Cooking Project. The views expressed are those of the evaluators and do not necessarily reflect those of Sida. The full study is available on the AECF website or on request.

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