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The Energy Context

Globally, approximately 1.8 billion people lack access to electricity and 2.4 billion people use wood fires for cooking. The poor are spending roughly \$20 billion per year for ad-hoc solutions, such as kerosene lamps, candles, charcoal, firewood, dung fires and batteries, just to meet basic energy needs (*World Development Report, 1999*). *Lack of modern forms of energy, particularly electricity, keeps people from escaping poverty and becoming more productive*, and these substandard substitutes are often more expensive and more damaging than modern alternatives. For these reasons, electricity access has been a top priority for world governments, multilateral development organizations and non-governmental organizations (NGOs) for over 50 years. However, the number of people without access to modern forms of energy has remained approximately the same despite these efforts.

THE INNOVATION

It is possible to provide clean and affordable energy to the poor using sustainable distributed (off-grid) energy technologies. The success of E+Co's investment in Tecnosol, a rural distributed energy company in Nicaragua, demonstrates that local entrepreneurs can succeed with market-based solutions to solve critical problems at the bottom of the pyramid.

In 1994, E+Co (pronounced "E and Co"), a rural energy finance company, was formed to pioneer a different approach to the global energy problem. Focusing on local entrepreneurs, E+Co combines the traditional training and support services of an NGO with the capital investment strategies of private equity and banking firms. The result has led to a dramatic rethinking on how to reach and provide access to energy for the world's poor.

Over 10 years, E+Co has invested in 90 energy enterprises, reaching more than 200,000 people with modern energy across a variety of technologies and geographical contexts.

LEADING IN THOUGHT AND ACTION

This report was written by Scott Baron and George W. Wilmann under the supervision of Professor C. K. Prahalad. The report is intended to be catalytic for discussion and is not intended to illustrate effective or ineffective strategies.

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