Profile: Lumos and Overseas Private Investment Corporation (OPIC)

Highly Commended: Achievement in Low-Carbon Urban Transformation
In this series, we profile the winners and commendees of the 2016 FT/IFC Transformational Business Awards to share how they are delivering sustainable solutions and making a difference in their markets, countries and communities.

Waiting for the Light

Flip the switch. Push the button. Turn the light on. Reach inside the refrigerator. Walk inside a brightly lit school, pharmacy or barber shop. These are the things we do without giving it much thought because we rely on electricity we’re sure will always be there.

Yet for many countries in Africa, turning the light on is easier said than done. Because reliable access to electricity can be rare and expensive, 1.3 billion people still don’t have access to the grid-based power. In Nigeria alone, where half the population lacks access to electricity, 92 million people are not connected to the power grid.

To keep the lights on, families and businesses have to rely on kerosene lanterns or generators that are noisy and pour toxic pollutants into homes, soil and water. Generator fuel is also cripplingly expensive: off-grid Nigerians pay more than three times what an average American pays for a kilowatt-hour of electricity.

But what if reliable, clean, affordable electricity was available on demand, exactly when needed and as much as needed? Lumos, a company that developed an innovative “power station in a box” solar technology, is working to provide just that to over 1.3 billion people living in the off-grid world. Lumos (in partnership with OPIC under the auspices of the U.S. government’s Power Africa initiative) won the high commendation at the 2016 FT/IFC Transformational Business Award in the “Achievement in Low-Carbon Urban Transformation” category.

How It Works

Lumos delivers clean, affordable power with the help of a new type of solar panel and an indoor unit that allows off-grid homes and business to buy electricity on demand using their mobile phones. Currently serving over 30,000 homes and small businesses in Nigeria, the company plans to deploy about 250,000 systems to serve over 1,000,000 people and generate over 20MW of clean, reliable and affordable electricity.

“Electricity is not a luxury,” said Ron Margalit, Lumos’ Principal of Impact Investments. “It is a vital part of participating in the global community. In Nigeria, our main country of operation, half the population lives in areas without the electric grid. For the other half, electricity is often unreliable. Lumos provides electricity to those who could otherwise be left in the dark.”
Keeping the Light On

The customers in over 30,000 homes and small businesses in Nigeria currently served by Lumos pay for electricity through their mobile phones using their airtime account. To make that happen, the company partnered with MTN, the largest mobile operator in Africa with 60 million subscribers in Nigeria and a robust sales, marketing, distribution and billing infrastructure that Lumos utilizes to pass the savings along to the customer.

The company’s partnership with mobile operators also means it can operate in markets where mobile money is not available. And because families and businesses can use and pay for the electricity generated by Lumos’ panels on a “Pay as you Go” basis, with small regular payments, the service stays affordable even for low-income customers.

Beyond Household Use

Although Lumos targets primarily rural households, it also offers larger, 80W units that can power small businesses like pharmacies, supermarkets and postal service locations, who currently account for over 30% of the company’s customer base. Local shops, mosques, schools and clinics rely on the affordable clean energy generated by the solar panels to keep the lights on and their doors open.

“Because our system size is larger than most other residential off grid system in Africa, we can power lights, a TV, cellphone chargers, and small appliances all at the same time,” says Margalit. “This allows people and businesses to connect to the formal economy: we help entrepreneurs who had to close stores early, and billions of people who were unable to connect with one another because of uncharged cellphones. We also use data to monitor the performance of every single system, so we can ensure that the power is reliably there for our customers.”

The clients agree. “As we run a pharmacy and supermarket”, says one local entrepreneur, “we have to stay long hours into the night, and the light in this area is very unstable. With the system, we have been able to light up the shop constantly and this has helped improve security, which used to be an issue. It’s definitely a great service for our growing business, and we are happy about it”.

“Our business here normally requires us to work late into the night sorting mails,” adds a local post office worker. “We don’t close until every single mail has left this room. Because light is very unreliable, we had to depend on a generator most times – which was expensive. Since getting the solar system, we’ve completely stopped using the generator because there is simply no need for it anymore! The new system is very reliable, convenient, provides very bright light and we use it until we close up with no problems at all. Today, we can work as late as we want without worrying and we’re saving money by not buying expensive fuel anymore.”
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FT/IFC Award Helps Open Doors, Expand Reach

“The FT/IFC Award is one of the industry-leading recognition programs, and receiving a commendation was a great honor,” said Ron Margalit, Lumos’ Principal of Impact Investments. “Our stakeholders definitely took notice of that, and shortly after the announcement, we had secured the largest-ever financing round of $90 million, including the extension of our OPIC facility for a total of $50 million. The award became a critical part of our story of excellence.”

“Lumos has an ambitious goal: to provide access to affordable, reliable and clean energy to more than 1.2 billion people around the world. When we applied, we hoped the judges would be able to see our vision and path, and it felt great that they have.”

2016 FT/IFC Transformational Business Awards Ceremony

The 2017 FT/IFC Awards are now accepting applications from the forward-thinking organizations and municipalities. Log into the Awards website to learn more and apply.

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