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Gaining the green advantage

By Leo Johnson

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When number 100 in the BBC and British Museum’s “A History of the World in 100 Objects” was unveiled last year, the judges’ choice was surprising. The list that started with the Olduvai handaxe – man’s first tool to control the environment – would end with the D.Light solar-powered lamp. Acclaim was not universal. But does D.Light, a nominee in this year’s Boldness in Business Awards, represent an evolution both in technology and in our underlying model of economic growth?

The lamp can potentially transform the lives of the 2bn people globally who have no access to power, spending an estimated 70 per cent of their income on firewood and kerosene. The result, according to the World Health Organisation, is more than 2m deaths a year from smoke inhalation, and the release of more than 150m tonnes a year of carbon.

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D.Light’s \$10 “Kiran” light, nicknamed “the kerosene killer”, changes all that – it gets rid of the carbon, cuts out the smoke and eases the burden of fuel gathering. By allowing studying after dark, it raised exam pass rates at a trial in India from 67 per cent to 82 per cent, and it helps increase incomes in the developing world. But could its impact be even broader?

Following the financial crisis and the failed Copenhagen climate summit, three models of growth appear to be battling it out for dominance. The first could be seen as “business as usual”. Its goal is to bring back the boom times and restore growth. The flaw? The assumption of an infinite ecosystem.

The second model is “prosperity without growth”. The goal is to dethrone the obsession with growth, recognise it has social and environmental limits and focus instead on well-being. The problem – issues of political practicality aside – is that reducing growth limits the chances of employment, including those of the 70m poor people a year who migrate from the countryside to the world’s cities in search of jobs.

The third model, emerging as a new orthodoxy, is “green growth”. This involves increasing the productivity of carbon, squeezing it to achieve the same growth from smaller volumes, and lowering emissions. The world can then grow, business as usual, without violating nature’s carbon constraints.

Yet the problem with the green growth model, whether it be biodegradable clothing or hybrid SUVs, is that it entrenches existing distribution patterns, establishing a green plutocracy that is perhaps harder to discern because it is robed in virtue.

Where scarce resources are allocated to the manufacturing of luxuries for the few, the basic needs of the rest remain unmet.

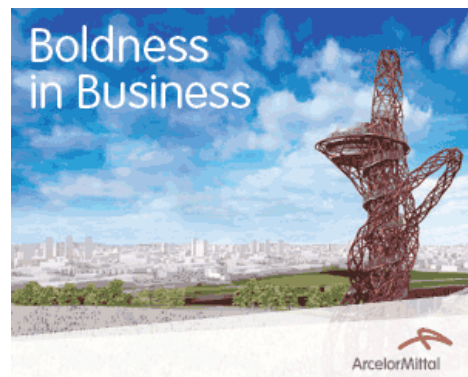
Which brings us back to the D.Light lamp. It represents the birth of a fourth, future-proofed model of growth. Its primary goal is not the delivery of economic growth, with social and environmental problems as the consequence, managed or unmanaged. Instead, the delivery of environmental and social solutions is the primary aim, with economic growth as the consequence.

Is it workable? Can this model deliver returns to shareholders? It is early days, but the level of unmet basic needs is now so high that entrants with a scaleable offering already have a number of advantages. First, the market is huge.

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In D.Light's solar-power sector alone, the poor spend an estimated \$38bn a year on kerosene. Second, it is untapped. The solar market in India, for example, has been growing since 2004 at an average of 36 per cent a year. And third, we do not yet know its limits. Jain Irrigation Systems, one of this year's winners, has seen sharply higher growth in each of the past five years. Although its core business is micro-irrigation, it has expanded into financial services – to increase payment potential and therefore access for the rural poor – and produces solar-powered pumps that will allow it to reach the 85 per cent of the rural market that is off-grid.

We stand at a point of transition from an economic model that dismissed the social and environmental ecosystem as an externality to one that recognises the ecosystem as both a constraint and a vital opportunity. What

D.Light represents, 1.2m years after the Olduvai handaxe, is a blueprint for securing advantage for the species – this time not from controlling the environment, but from co-operating with it.

The writer is a partner in PwC's sustainability and climate change team

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