

A generous donor: COJEAN SA

A lot of donors finance the development of countries where the needs for basic equipment are the most urgent. We are thinking of the governments of these very countries, of the bilateral banks such as AFD and KfW, of multilateral organisations like the big international banks, of the NGOs, but there are also private individuals, and companies, which from pure humanity want to help too. The company COJEAN, a restaurant chain, is one of them.

To Niger, where its founder is helping restore a first water point. Then to Burkina Faso, where COJEAN SA is helping put into place a brand new concept with VERGNET HYDRO: building water stands which will not only provide water to rural populations but also create jobs in areas where the

young people are strongly tempted to take the roads paved with gold to the cities.

These are not the only projects: tomorrow to Senegal or Benin. Every time a new restaurant is opened, Alain Cojean finances equipment which helps the locals who spend so much time getting water which means that there are 300 to 500 beneficiaries thanking him for it.

So, you too, fellow entrepreneurs, can help these people in need. Don't hesitate to contact NGOs, companies, and organisations which could help you set up your project.



Newsletter of VERGNET HYDRO

Africa water week



We were there

Edito

Looking at the development of the private sector in general and local pump manufacture in particular

It is a well-known fact that the setting up of a private sector in the countries of the South should stimulate the economic development in the long run.

Public aid to development is a good catalyst as it creates a market as a vision of the future to potential entrepreneurs. In the rural water supply sector in particular, many African drilling companies have been created over the last ten years. The local manufacture of human powered pumps has also been greatly discussed.

Vergnet Hydro has been dreaming over a large number of years of transferring the manufacture of all or some of its pumps to Africa, because it continues the story, because it is part of our original philosophy and because we consider ourselves to be actors of development. However, today, we only manufacture the fountains locally, because, unfortunately, their production cost is higher than an identical part made in Europe and transported.

The large majority of the pumps installed in Africa are imported from Europe or India, and possibly from India via Europe. How can we find ourselves in this situation after 30 years of African rural water supply? Why is such a seemingly simple and rudimentary product not manufactured locally?

We have to go back to the design stage and remember that creating a new product based on sturdiness, simplicity of use and operation is actually extremely complicated. The pump must be easy to install, use and maintain as well as reliable. However, who would dare say that such an easy to use product is only made from non technical parts? Some of the pump components need an effective industrial tool and qualified manpower to be made; both of which are also necessary to make sure the quality withstands time.

Even if we could imagine that Africa has, today, all the adequate means of production to make all the components of a human powered pump, let's have a look at the mechanics of local production. The Continent has enormous natural, mineral resources, but it still lacks, today, the industries of transformation. Africa therefore needs to import a large part of semi-transformed materials (galvanised steel, PVC or PEHD granules, rubber joints, stainless steel...) and these are expensive due to customs taxes, and VAT after transformation: from 10 to 15% on arrival in the country and from 15 to 20% for the VAT.

Outside financing on the other hand are generally exempt from taxes and the receiving countries cover them in exchange for the financial aid received. The result is that a finished product imported to Africa is significantly cheaper than the same product manufactured locally. The price of materials depends on international rates and the transport cost is virtually the same for a finished product or a semi-transformed material needed for the production. The only difference of transformation costs, including manpower, does not compensate for the level of taxes.

If we really want to manufacture pumps locally, we need to set up measures, fiscal advantages and other things to reach a viable economic level.

First of all, quality needs to be taken into account. If production sites are multiplied, then the follow-up of production would be necessary to make sure the quality is constant. The price could therefore quickly become too high. Local staff will have to be trained in all the constraints of mass production, following up suppliers, checking the parts made, reporting etc. This human investment should be subsidised to encourage foreign manufacturers to make the first step.

It will also be necessary in Africa to have the same volume of materials as those for European and Indian suppliers. A production unit should therefore be installed on a regional scale and not nationally. The manufacture of the pump parts will also probably be divided between various countries, depending on their own industrial means.

Today however, the products made in African country A and then sold in African country B have import taxes when arriving in B if they are not considered to be locally made. The criteria of the local labelling of the products seem to be in contradiction with a partial production spread out between several countries. This needs to be looked into to encourage regional productions.

It would be important to make sure that the lack of VAT when a product is to be exported or supplied to VAT free markets be generalised in order to encourage cash flow and competition.

Finally, wouldn't it be better, at least for the first few years, to give regional products a clear idea of industrial preference which would help local production with a financial advantage of between 15 and 20%?

In conclusion it seems that local production is not merely a question of the manufacturer's will. It must be involved in a real water supply policy, in each country, giving a global outlook of the future of the rural water supply market. It should also coincide with an economic reality whose conditions are not met today. But, if an administrative and legal approach could be led in this way, then there will be new perspectives created in Africa, for Africa.

Thierry BARBOTTE
Managing Director

2010-2011 : the Vergnet Hydro MTCS Group makes a commitment



As part of the Mali-European Union Cooperation, the VERGNET HYDRO - MTCS group will carry out Works to Supply Drinking Water in 11 semi-urban and rural centres in the region of Kayes, Mali.

This project has been financed by the European Union Water Facility and is divided into several batches, two markets of 1.8 M euros and 1.5 M euros which were won by the group in April 2010.

All of these works represent the installation of more than 63 kWc solar energy (photo-voltaic equipment supplied by PHOTALIA, solar division of the VERGNET group), 10 generators, 46 km of water conveyance network, 110 taps as well as 53 connections to households.

These pumping systems will supply over 46500 people with drinking water, which is the total population of the 11 centres estimated in 2019.



Regional economic programme of uemoa: markets won by vergnet hydro

BENIN : Holder of all the contract, VHY has delivered 240 HPV60-2000 and 60 HPV100 for the Ministry Of Mines, Energy and Water..

IVORY COAST : Holder of one out of two batches, VHY has supplied 140 HPV60-2000 and 10 HPV100 to be installed for the Ministry of Economic Infrastructures

GUINEA BISSAU : Holder of two batches, VHY has supplied and installed 130 HYDRO INDIA pumps in some islands of the Bijagos for the Ministry of Natural Resources and the Environment.

MALI : Holder of two out of four batches, VHY has supplied and installed 176 HYDRO INDIA pumps in the region of Timbuktu for the Ministry of Energy and Water.

NIGER : Holder of one batch, VHY has supplied and installed 80 HPV60-2000 pumps and 20 HPV100 for the Ministry of Water, Environment and the Fight against Desertification.

TOGO : Holder of two batches and then a third, VHY has supplied and installed 260 HPV60-2000 and 40 HPV 100 (including 100 in the Maritime region and 100 in the Plateaux region) for the Ministry of Water, Sanitation and Village Hydraulics

The new face of the VERGNET Water/Solar hub

Together in a water/solar hub, Vergnet Hydro and Photalia moved into a larger and more effective building in Ingré in September 2010.



At the same time, a new website has seen the light of day for each of the companies. More interactive, more user-friendly and more informative. Go on and have a look!

New partners in 2010:

SINERGIE, Mali
M. Salifou BENGALY, DG
Hippodrome
Rue 228
Porte 1164
BP 1516
BAMAKO
☎ : 00 223 20 21 27 22
☎ : 00 223 20 21 25 82

P.F.C (Planning the Future Company), Burundi

M. Jean Bosco NTUNZE, Directeur
Avenue de la Science
Bujumbura
BURUNDI
☎ : 00 257 777 40 527

EDI in Bangui in C.A.R.

Crépin NAMDEGANANA
☎ : 00 236 75 57 35 42
☎ : 00 236 70 18 80 47

New colleagues in 2010:



Aurore GAURIAT, has an Accounting and Organisational Management qualification (BTS Comptabilité et Gestion des Organisations). She took this qualification as part of a sandwich course whilst working for the SICAP company in Pithiviers. She joined VERGNET HYDRO as an Accounting Assistant at the end of September.



Eric CHARPENTIER has an Accounting Higher Diploma (Diplôme d'Etudes Comptables Supérieures). After working for technical and financial enterprises, he then focussed on international structures. He started working for VERGNET HYDRO at the beginning of December as an Administrative and Finance Manager.



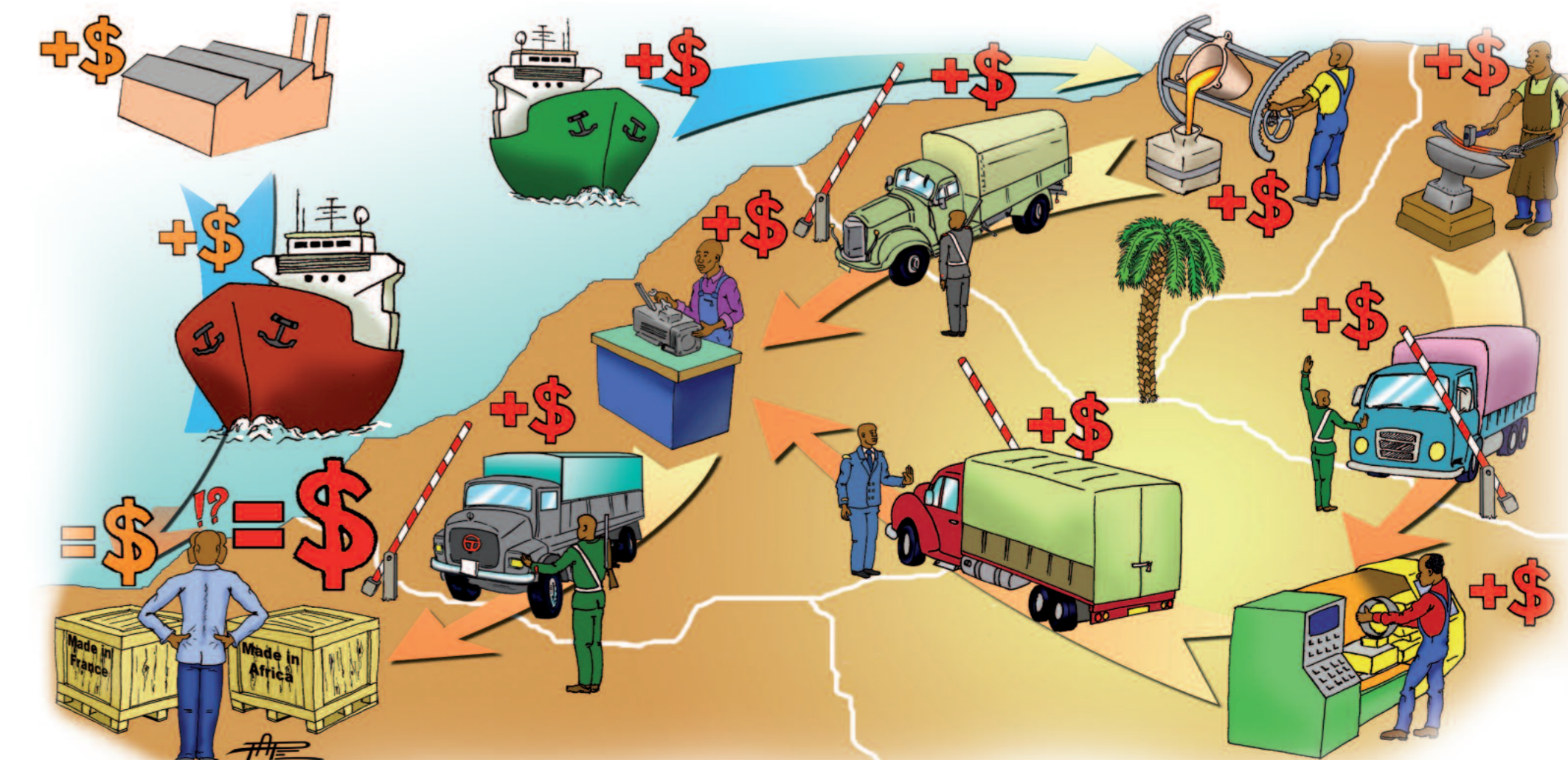
Sébastien FAVIER started working in the Navy where he stayed for 8 years. He then worked for Removal Companies in various African countries. He joined the sales team as a Project Manager at the beginning of December.

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The outsourced management of drinking water schemes in rural Africa: on the way to a winning solution!

Remember in the of Vergnet Hydro Newsletter Number 5 the article titled 'Burkina Faso: after 3 months operation, promising results':

We continued to be wary but also attentive to the movements in the field: the local populations have got used to going to the pumps, have understood that water distribution has to be paid for and there has been an increase in the consumption of water from the network in some villages, despite the forthcoming rainy season. These signs

were all positive. As a private operator we want to meet the needs of the inhabitants of the 7 villages of the appointed area.

The Programme of Reform, started by the Burkina government and financed by the FRENCH DEVELOPMENT AGENCY wants to try out a new approach to manage the networks of drinking water supply in developing countries. Totally new in sub-Saharan countries, the foundation of this innovative approach depends on three hypotheses:

- A BOT market - the construction and operation of water conveyance networks are given to the same operator.
- A market by batches which would insure mutualisation of incomes and charges of several networks.
- A longterm operation: the operator commits to 7 years.



This new model would bear fruit and should be reproduced in Burkina Faso as well as other African countries. After one year of operation, all lights are green to go!

The First lessons

> The average consumption of paid water

Knowledge of the social structure was essential in the choice of villages. A weekly market, a relatively concentrated population who cannot use alternative solutions in the dry season, and an appropriate distribution of taps are all necessary to succeed. The specific consumption of paid water vary greatly however on the various sites. From a couple of litres per inhabitant, they can

reach several tens of litres per site (figure 1). We can nevertheless see a general increase in spite of the limited resources in Gorgadji and the operational difficulties linked to the indifference of the locals of Seytenga to this new equipment (figure 2). Nearly 186 m³ have been distributed every day to the inhabitants of these 7 centres (figure 3).

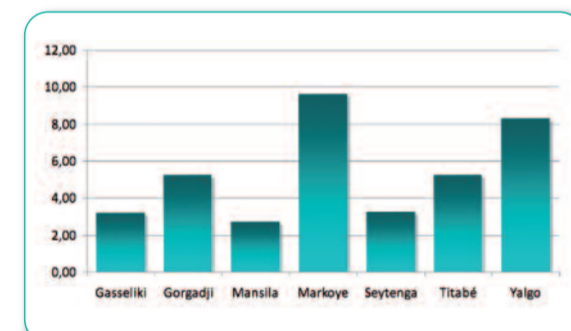


Figure 1 : Average consumption by network during the first year

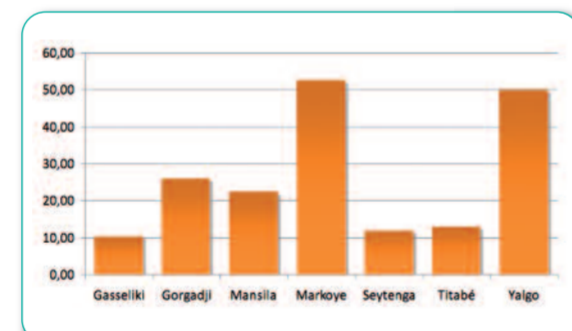


Figure 3 : Daily average volume of water sold per village in one year

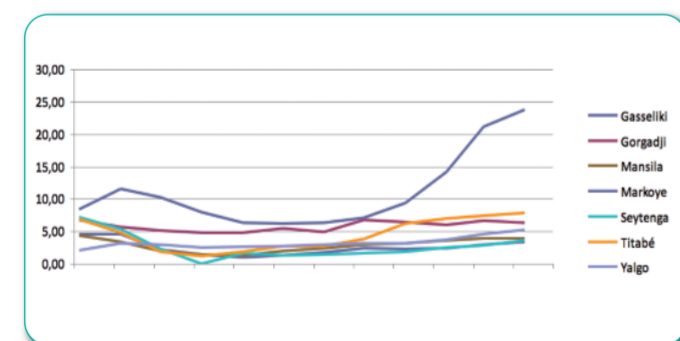


Figure 2 : Change in the average consumption of paid water per day and per person and per network

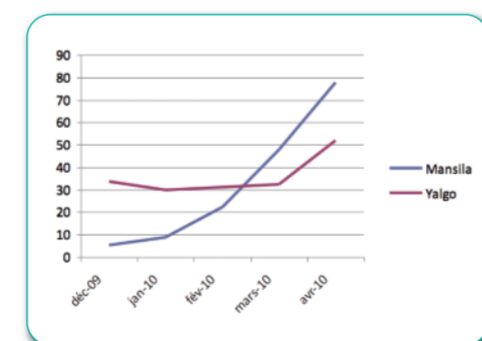


Figure 4 : Change in the monthly consumption of water (m³) to private connections

> The financial results are balanced after one year of operation.

This balance remains fragile. In order to improve this margin, we have to increase if possible the concerned area by including in the batch of the 7 networks other equipment so as to dilute the fixed charges.

PRODUCT OF THE SALES		All 7 networks (in FCFA)
Sales of water at the taps		33 508 170
Sales of water at the human powered pumps		941 905
Sales of water at the private connections and others		2 176 200
Total products		36 626 275
Costs (Personnel, energy, maintenance, everyday management and training)		
Total costs		29 311 706
CASH BALANCE		7 314 569
GUARANTEE		
Guarantee funds for human powered pumps		658 500
Guarantee funds for water conveyance networks		5 060 940
Total guarantee		5 719 440
RESULTS		1 595 129

In conclusion

Burkina Faso has set up a life size experimental laboratory which helps us learn about which way to go. This first step- which has succeeded above all expectations - is the start of a new order in rural areas water schemes. Questions do remain, but we are certainly on the right path.



Rural water supply programme in high guinea (phr-hg)

Co-financed by the African Fund of Development, the Guinean government and its beneficiaries, this programme, under the aegis of the National Service of Water Points Development (SNAPE) as the delegated contracting authority, was initially for:

- 1100 positive boreholes installed with human powered pumps
- 6 solar water conveyance systems
- 5200 latrines

The savings made and the good development of the works have produced:

- 1403 boreholes with VERGNET pumps installed
- 12 solar water conveyance networks, including 6 made by VERGNET HYDRO with PHOTALIA

- More than 8000 latrines, including several thousands by EVG our partner in Guinea, who is also a subcontractor for the water conveyance systems and the water pumps.

EVG, PHOTALIA and VERGNET HYDRO are proud to have contributed to this ambitious project, alongside SNAPE: more than 400 000 people, more than half of whom are women, now have improved access to drinking water and hygiene.

These new water points will be part of the VERGNET HYDRO after sales network which will ensure their long life: a SNAPE study has shown that the working rates are about 90% for VERGNET pumps in an existing park of 1000 pumps where more than half are over ten years old, and a quarter over 16!



250 Hydropumps in the Batha in Chad

VERGNET HYDRO won the contract for the supply and installation of 250 human powered pumps in CHAD, for a total of 822 million FCFA (1 250 000 euros). They will be instal-

led for the 9th FED in the Batha region. This will be the second time that Vergnet has worked in this famous region, as we already won a contract in 2005 for the supply and

the installation of 80 pumps and the setting up 2 spare parts of sales outlets with Kuwaiti funds (FKDEA).

Graduation ceremony



On the 10th July 2010 in Ouagadougou I had the honour to be the patron of the Class 2010 of the Engineers and Masters 2iE (International Institute of Water and Environmental Engineers).

Such emotion in front of these students, exactly 40 years after I myself taught the first years of this school.

My professional life and my attachment to Africa are both rooted in these exchanges, this connection I had at the time to the teachers and their students. We then sought to find solutions to the problems of water and energy.

Through working with these engineers and technicians, I designed the VERGNET pump which today provides water to 45 million people and thanks to its after sales network, which we set up in 350 bush outlets with 3000 trained mechanics working in small African structures, but especially thanks to the involvement of women in African

villages, we have succeeded altogether in finding a real way to sustainable development.

I also invented a thermodynamic solar engine in the Inter- States School of Rural Equipment, which was the first opportunity to produce mechanic energy from the sun. All my professional life has been spent working on water and renewable energies, the sun and wind.



I passionately wanted to tell these young students who are the future of the water, environment and energy of Africa, how much audacity they will need to define or adapt the tools of the development of the Africa of tomorrow.

I also wanted to tell them how fascinating I found the enterprise, how thrilling were the creating, animating, imagining and inventing.

I vow that all these technicians, engineers and masters will build tomorrow's Africa and I congratulate the teaching and the management of the Institute 2iE which has managed such an extraordinary transformation of this Inter-State school.

This school is internationally recognised today and through the partnerships it has committed to, through the engineers it has trained, through the fame it has acquired, it is now one of the highest water and environment schools in the world.

I would like to thank once more the students, teachers and management, particularly Mr Paul GINIES for the honour of this patronage. I will always continue helping this school and its engineers in their prestigious task.

■ Marc VERGNET
President

