

Newsletter VERGNET HYDRO



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6 rue Lavoisier - 45140 Ingré - France
Tél. : +33 (0)2 38 22 75 10 - Fax : +33 (0)2 38 22 75 22
www.vergnet.fr

In this edition:

- Rural water supply in Guinea P2
- RWSN P3
- World Water forum in
Marseille in 2012
- Sustainable development
- R&D
- South Sudan Republic P4
- Sub-regional strategy
- Haiti
- New colleagues in 2011
- New partner



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Edito

WITH THE FRANCE EXPORT TEAM

Unfortunately, French companies still have problems getting a foot in the international business world. Export figures have shown an increasing chronic deficit since the beginning of the 2000s, with a record high in April 2011. Even if this situation can partly be explained by a relatively strong euro and by increasing imports, particularly energy based, export increases still remain very relative.

I cannot say if this lack of business efficiency comes from the companies themselves, being too timid and nervous internationally, or from the Government, who has not put enough means at our disposal, to encourage more to export. Probably a bit of both.

Nevertheless, things are starting to change. Motivated by Anne-Marie Idrac, the then International Trade Secretary of State, some SME have combined their sales and technical strengths to create an Economic Business Group, GIE ACCESS (Alsacian Consortium for Crisis and Emergency SituationS). This idea is strongly backed by the Alsace Region with subsidies, and Alsace International, the operational driving force for export. MEDEF also actively backs this idea.

GIE's first vocation is to identify the UN markets connected to the peace-keeping forces in the world. They alone represent a large potential for export for our companies, from the sheer volume of purchases involved, as well as from the possibility that they have the role of 'first mover' in these countries coming out of critical situations.

As the activities of the SME are necessary but not sufficient, the

originality and efficiency of the State lies in the support given to GLOBAL X, an original initiative, which brings together, alongside the SME of GIE ACCESS, 3 other big French groups, THALES, GEODIS and SODEXO backed up by MEDEF International.

Big groups have also joined forces to efficiently bid on tenders from the UNO as well as to respond to the evolution of the support to peace-keeping operations. Simply speaking, the United Nations have set up a deep reform of the procedures of support of these operations. Known as Global Field Support Strategy, this five-year programme aims to improve the logistic support given to the Blue Helmets, in particular by carrying out more integrated projects.

This change in direction means that every bidder has to reply to a set of precise demands, in terms of cost, quality, efficiency, delivery times, modularisation and interoperability of the equipment supplied. An example of which are the tenders to build the Blue Helmet camps in difficult or dangerous areas needs: safety, accommodation, water, energy, food, communications, etc. One company cannot fulfill all these needs, but together the GLOBAL X partners, including GIE can.

To be able to work on these innovative tenders in these different sectors, GIE is organised into 6 sector-based units: construction, logistics and first emergency, environment, IT and communication, medical, education and social. Joint tenders come from this, as is shown by the definition of the concept of a 'turn-key School'.

This development also shows the need to diversify of GIE: motivated by several of its members, its present objective is now wider as it includes all the UN agencies and the development projects of other international donors.

Amongst all these big international agencies, one town stands out: New York. GLOBAL X opened an office there at the beginning of 2011 and will employ from November 2011 an International Company Volunteer (VIE) to focus on GIE interests. This will allow all the members to be represented daily at the 'heart of the action'.

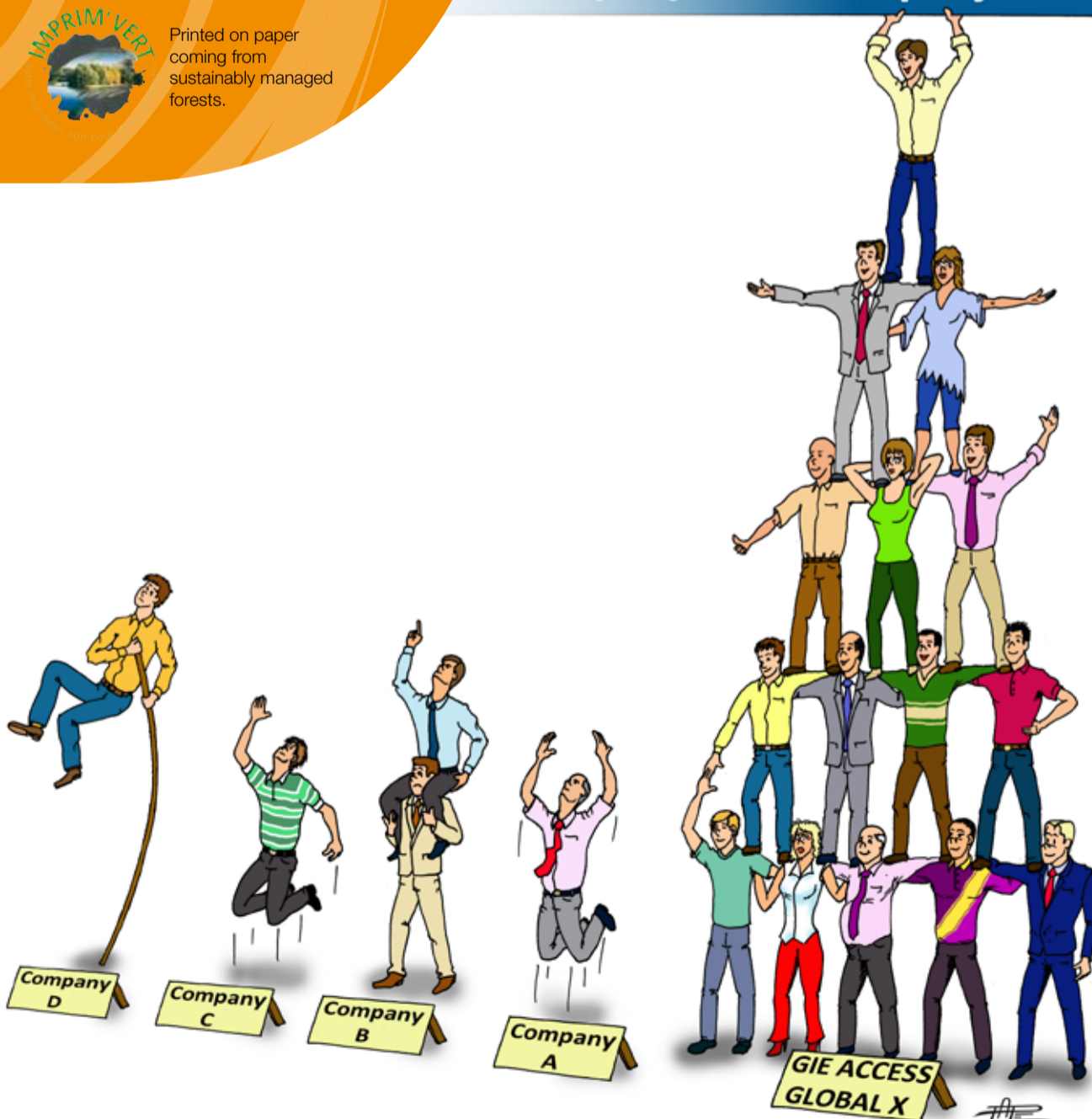
With GIE ACCESS and GLOBAL X, a genuine Big Group/ SME joint effort has been set up. With over half a million employees in over 120 countries, this unique initiative represents a considerable industrial technical and financial strike force. GIE was long to set up, as with the link with GLOBAL X. We had to get to know each other before being able to work naturally together. The foundations are now in place so that as representatives of SME, we can work intelligently together as well as with the big groups, to ensure that the assets of our companies (flexibility, reactivity, innovation) are emphasised, so that we can respect the needs of our clients.

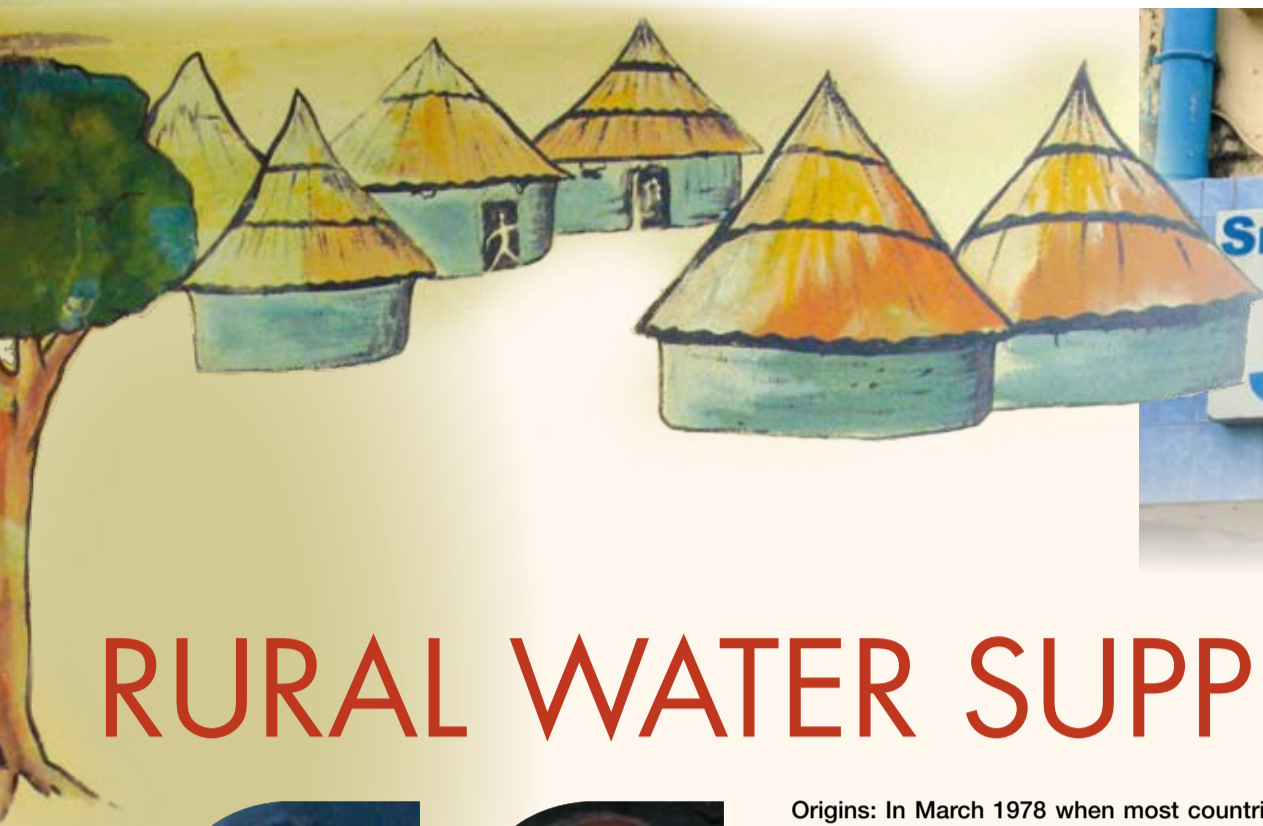
We all want to build up a lasting relationship with the big groups, as well as to exchange and win export markets. This is what we are here for.

The GIE and GLOBAL X adventure is extremely motivating and promising for all who participate in it. VERGNET HYDRO is happy and proud to be one of them.

Thierry BARBOTTE
President GIE ACCESS in 2011
Managing Director VERGNET HYDRO
For more information on GIE ACCESS:
www.gieaccess.eu

- UN projects - UN projects





RURAL WATER SUPPLY IN GUINEA

CONAKRY



Amadou DIALLO :
1979 - 1994



Ibrahima CAMARA :
1994-1998



Hadja Fatoumata Binta DIALLO :
1998-2005



Ibrahima Sorel SANKHON :
2005-2011



Alpha Ibrahima NABE,
Managing director

Origins: In March 1978 when most countries around Guinea already had the infrastructures necessary for rural water supply, the Guinean authorities appointed Mr Amadou Diallo, the Deputy Managing Director for water, so that he could set up a national service to contract rural water supply in Guinea.

The project 'Well brigades' was thus created and it was transformed into the National Service for Water Points (SNAPE) two years later in January 1980.

As part of a national policy for drinking water supply in the rural sector, Mr DIALLO carried out study visits in the sub-region to evaluate the type and operation of pumping equipment set up in villages, which would then be used to find human operated pumps ensuring:

- Reliability
- Low maintenance costs

He saw the VERGNET hydropumps whilst in the Ivory Coast and Togo in 1981. The Kardia pump which had been tested in Sassié (Labé) since 1979 by its manufacturer Pumpenboese had already proven its suitability.

He also noticed when examining the maintenance of the pumps in these countries that the different sorts of pumps led to a number of problems: the suppliers of pumps and parts had low supplies, were too spaced out geographically and the repairmen were not always well trained, all of which meant that users did not have a reliable, cheap service.

SNAPE has therefore concluded that the two principles of the maintenance policy should be:

- 2 types of pumps for the whole area
- Geographic concentration of the pumps installed

This policy is also different to others in the sub-region, as it is decided that the Kardia pumps will be put in High Guinea and Forest Guinea and the VERGNET pumps in Lower and Mid Guinea.

The tender competition is between the drillers who have to, depending on the location of the projects, supply the prices for the boreholes fitted with the right pump.

Sometimes criticised, this policy has been defended with persistence by all the Managing Directors who have been at the head of the SNAPE :

- Mr Amadou DIALLO :
1979 - 1994
- Mr Ibrahima CAMARA :
1994 - 1998
- Mrs Hadja Fatoumata Binta DIALLO :
1998 - 2005
- Mr Ibrahima Sorel SANKHON :
2005 - 2011
- and Mr Alpha Ibrahima NABE :
Since 2011



Results : This policy has guaranteed that there are enough business to ensure the maintenance works well thanks to the number of pumps, suppliers, involvement distributors, installers and repairmen.

Finally, the pump users have equipment respecting their initial criteria: working pumps whose maintenance costs have to be paid for.

SNAPE carried out a study in 2007 on 1007 pumps in the Fouta Djallon (zone VERGNET) which showed that the operating rate of the pumps is 91 % with 60% pumps over 10 years old and 20% more than 16 years old.

It is also necessary to know that in Guinea it is not surprising to find pumps which have been working for over a quarter of a century; The operating costs of the pumps remain on average 20 euro/year.

The success of the VERGNET pump in Guinea is so high that unfortunately we now see pumps stolen from the villages and fraudulent reselling of second hand pumps.

Conclusion:

SNAPE has set up and defended over the years, an original, strong, and efficient policy, which clearly shows the rural water supply can be a sustainable solution to drinking water supplies in the rural sector, under some conditions, despite the occasionally strong constraints such as the fluctuation of the Guinean franc. VERGNET HYDRO is proud to be linked to this 30 year long adventure alongside SNAPE and its main backers who have financed some leading projects : Agence Française de Développement, Islamic Development Bank, European Union, Kreditanstalt für Wiederaufbau, Japanese Funds, Unicef, African Development Bank



SUSTAINABLE DEVELOPMENT

VERGNET HYDRO, whose driving force is sustainable development, works for the respect of mankind and the environment.

Our company has always been committed to the environment and joined the Global Compact in January 2010.

The objective of this commitment to the Global Compact is to improve our daily operations as well as our strategy with ten universally accepted principles, in the areas of social and environmental order.

Since then, every year at the date of our commitment, we publish on-line our « Communication On Progress » (COP) on the Global Compact site. It can also be seen on our internet website. This year we are putting up our second COP.



VERGNET HYDRO TEAM WILL BE TAKING PART IN THE WORLD WATER FORUM IN MARSEILLE IN 2012 ALL WEEK.



Kampala, Uganda
29th November 2011
1st December 2011



VERGNET HYDRO WAS ABLE TO PRESENT HIS EXPERIENCE IN THE FACTORS IMPROVING THE LIFETIME OF RURAL WATER SUPPLY EQUIPMENT DURING A SESSION AT THIS FORUM.

HERE IS THE LAST ARRIVAL

Emeline TALIN, qualified engineer in water resources and layouts from the Engineering National School of Hydraulics and Mechanics of Grenoble, joined the sales team of Vergnet Hydro in November 2011. Having spent a year in Bamako working for the IRD as part of her studies, Emeline TALIN finished off her stay in Mali as a Volunteer (VIE) for our agent, the Sinergie Company.

NEW R&D ACCELERATION IN VERGNET HYDRO!



Solar Electro-Chlorination

Mainly known for its manpowered pumps, VERGNET HYDRO now wants to target the small towns water conveyance network market, as it is also linked to energy supply. No energy, no network! As they could not find an appropriate partner, VERGNET HYDRO, with its lack of experience in producing electricity, used to bid on tenders by proposing barely original, classic and conventional solutions. VERGNET HYDRO believes that this activity is a source of innovations, and so we have decided to work with an energy specialist and even more, a renewable energy specialist, using the sun, a never-ending source of universal power. VERGNET HYDRO's strategy of supplying drinking water to isolated people

away from classic energy networks, has now been completed by combining its R and D activities with those of PHOTALIA, its sister company, VERGNET SA subsidiary, specialised in solar equipment. This connection has created the water-solar centre within the VERGNET group.

VERGNET HYDRO has been developing its field experience and technical knowledge for the people's needs, for over thirty years and this experience added to PHOTALIA's expertise in the photovoltaic sector, alongside a perfectly experienced personnel used to working in difficult areas, means that our association is perfect for R and D projects.

VERGNET HYDRO and PHOTALIA have already worked successfully together on small towns water network conveyance projects (Mali, Burkina Faso, Niger, Guinea) by offering joint pumping and water distribution solutions corresponding to the economic capacities of the beneficiaries and to the specific constraints of the regions concerned. PHOTALIA has developed measuring software which takes into account regional sunshine data and the operating power of the systems, hence ensuring that the solar generators produce the daily water required.

This synergy in the R and D projects between VERGNET HYDRO and PHOTALIA is not however limited to the development of software products or brainstorming the best way to use a water system

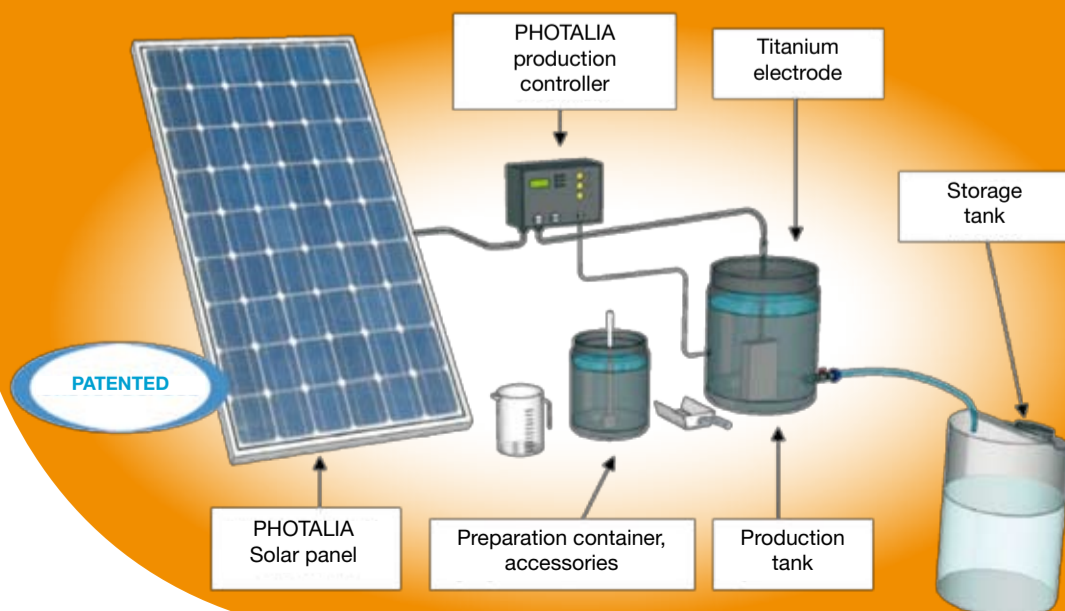
Universal Pumping Invertor(UPI)



or electricity network in rural areas. We have also been encouraged to design and develop products perfectly adapted to the technological capacity and difficulties linked to the distance from urban centres thanks to the observation of needs, analysis and on-field experience. In order to treat water, equipment such as the electro-chlorination kit using a solar direct drive principle have been developed so as to produce a chloride disinfectant solution from water and salt, from photovoltaic energy without needing a battery. It is easy to use thanks to its automatics which ensure a specific management of the operation of the direct drive electrolysis. The development of a new particularly adaptable hybrid invertor which allows the connection of either solar panels or a generator spare diesel considerably increases, both technically and economically, the potential scope of solar pumping stations.

The pooling of our teams of technicians and engineers whose expertise is complementary provides a strength for both VERGNET HYDRO and PHOTALIA, as it stimulates research and innovation. Its main asset is to provide an organisation perfectly able to adapt to the needs of potential customers.

Photalia website: www.photalia.fr



THE SOUTH SUDAN REPUBLIC HAS BECOME THE 54TH MEMBER OF THE AFRICAN UNION AND THE 193RD MEMBER OF THE UNO GENERAL ASSEMBLY



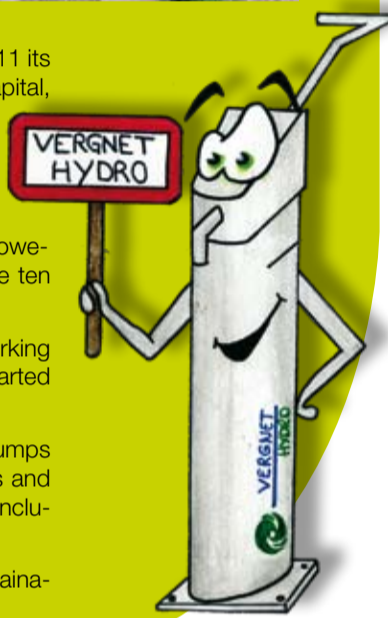
South Sudan officially proclaimed on Saturday 9th July 2011 its independence during an official ceremony in Juba, the capital, in front of foreign leaders and tens of thousands of jubilant locals.

During the transition period before independence, VERGNET HYDRO had signed a contract with the GOSS (Government Of South Sudan) to supply and install 20 man powered pumps. This project is to install pumps in eight of the ten federal states of the new republic.

In Juba, some pumps have been installed and are in working order, even though the town network has only just started reworking in some areas.

The International Red Cross has set up 6 Hydro India pumps and the NGO PACT has purchased 6 Hydro India pumps and 4 HPV 100 for their programme of borehole rehabilitation including the training of around ten repairmen.

We hope that these projects will be the start of a long sustainable relationship with this new country.



DEVELOPMENT OF LOCAL MARKETS IN WEST AFRICA

VERGNET HYDRO ADDS A NEW DIMENSION TO ITS SUB-REGIONAL STRATEGY

We have always wanted to develop our connections with the local private sector in Africa and to make sure this is a real asset. To strengthen this approach, VERGNET HYDRO has decided to set up an ambitious sub-regional sales policy which aims to help its partners and subsidiaries work on local markets in the rural water supply sector.

Frédéric Aresté Lamendour, who has been based in Ouagadougou since the beginning of 2011, Deputy Managing Director of FASO HYDRO, is putting this policy in place, as the Regional Manager of West Africa alongside the Project Managers and our regional representatives.

The first projects made with the help of our partners seem to confirm the advantage of a sub-regional focus as well as demonstrating the following positive points:

- A fair number of tenders have been launched by local authorities, particularly by boroughs. These small or medium-sized projects often need a new organisation and new local partnerships which we have to, if it has not already been done, set up with our representatives and subsidiaries.

- Just like the European Union Water Facility funds, the constant increase for the past ten years in aid allocated to NGOs, makes them essential actors in rural development and particularly hydraulic infrastructures. We therefore need to work more alongside them.

- Non governmental organisations generally work sub-regionally, with as many decision makers, contacts, experiences and different contexts as they need for the future. They are therefore naturally in favour of a sub-regional approach based on exchanges, gaining from experiences and strengthening local competencies.

- Beyond specific country contexts, which we need to adapt to, the problems of drinking water supply are often similar and repetitive. Everyone therefore needs to learn from the experiences of other countries, which illustrate the importance of creating a network of professionals in the drinking water sector in rural zones.

- Centrally located Ouagadougou is an ideal meeting point in the sub region. Due to our local presence we were lucky enough to be invited to participate in different meetings, such as Eau Vive, Global Water Initiative (GWI) and the Crepa. These meetings need to be encouraged even more as they are sub-regional contexts where experiences can be exchanged and know how shared for future opportunities.

Vergnet Hydro is a major player in rural water supply in the sub-region and in Africa in general, due to its historically strong presence in West Africa with its local partners and subsidiaries. This network must be developed and structured so as to respect a win-win logic, to ensure that it can live up to the challenge of supplying drinking water to the greatest number in future years.

HAITI AND VERGNET HYDRO

On the 12th January 2010 Haiti was hit by an unprecedented earthquake and the whole world was moved by the country's plight. International aid quickly flowed in and was initially used to heal the main issues and then to help the Haitian people to rebuild.

There is still an enormous amount of work to do despite all these efforts.

Here at Vergnet Hydro we have known Haiti for a long time. Even though rural water supply has been largely put to one side over the last ten years, we have always kept a keen eye on the situation, knowing that we could put our experience to good use one day.

Paradoxically, the earthquake has changed everything. This is because, amongst all the problems caused by this catastrophe, access to drinking water (as well as sanitation problems) has been one of the most acute and the most urgent. It has been necessary in Port-au-Prince for instance to set up a continual movement of tankers to supply the different districts and the emergency camps. The cholera epidemic which also hit the country (particularly in rural areas) several months later has exacerbated this urgent need to treat water-related problems.

In the midst of this dramatic situation, the DINEPA (Direction Nationale de l'eau Potable et de l'Assainissement) has proven its professionalism and its resourcefulness. It is now in an advanced phase of the definition of a policy for urban as well as rural water supply.

Several site visits and exchanges with the local services concerned have allowed us to accompany the water sector partners and share our experience with them.

This is now demonstrated by a heightened presence in the field, the supply of about one hundred pumps, training sessions with the repairmen and village caretakers and the setting up of a stock of spare parts. We have known this for a long time, as it is the basis of a high quality, reliable, sustainable and cheap rural water supply system.

In 2012 we are carrying on this commitment by closely accompanying our partners, and setting up delocalised spare part shops in Gonaïves and the Cayes for example.

We really want to work towards helping Haiti. We are therefore going on in this way, confident that this will provide drinking water to its people for a long time to come.

NEW COLLEAGUES IN 2011



> **Aurélie DABOUT**, wanted to specialise in logistics after working in sales for two years. Holder of a Logistics degree from an apprenticeship in a big cosmetics group, she joined VERGNET HYDRO in February 2011 as a supplier in the Purchasing Department.



> **Marianne GUTTIEREZ** had several technical and administrative jobs before specialising in logistics. Holder of a Logistics and Transport degree (Management option) since 2007, she started working for KATOEN NATIE & ND LOGISTICS, before leaving her native South at the beginning of September to join us as a Logistic and Sales assistant.



> **Mikael DUPUIS** joined Vergnet Hydro in Burkina Faso as manager of its subsidiary Faso Hydro in May 2007. Since 2011 he has been based in Ingré working as a Project Manager in our dynamic sales team.

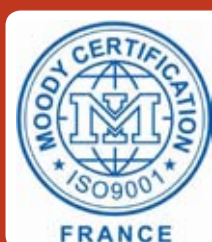


> **Thierry RACON** is an experienced agricultural engineer who has managed and evaluated European projects in rural development. He has also led development operations as the delegated contracting owner of urban and rural land production projects, the instruction of secondary schools and university buildings. Passionate about Africa, he joined the sales team in June 2011 to apply his wide experience to rural water supply.

New partner : SMART VIEW – M. Christian CHABRIAIS
TEL. + 221.77.300.74.93
CHRISCHABRIAIS@GMAIL.COM - SMART_VIEW@HOTMAIL.COM



6 rue Lavoisier - 45140 Ingré - France
Tél. : +33 (0)2 38 22 75 10 - Fax : +33 (0)2 38 22 75 22
www.vergnet.fr



All the design, manufacture, distribution, installation and maintenance services of the hydraulic systems of VERGNET HYDRO are certified ISO 9001 version 2008