This material is shared as a learning resource to promote awareness and good practice in the provision, use and management of water resources for sustainable social and economic development and maintenance of African ecosystems.

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UDUMA, AN INNOVATIVE AND PROMISING CONCEPT

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Introduction

What we had foreseen!

What we actually have...
SDG: Financing needs for universal access to basic services, water and sanitation: $26,4Bln/year of which $7,3Bln/year for rural areas (WSP 2016)

ODA for water and sanitation: $7,2Bln/year of which $1,6Bln/year for rural (OCDE 2017)

SDG: Financing needs for universal access to basic services, water and sanitation in Africa: $12,4Bln/year of which $5,6Bln/year for rural areas (WSP 2016)

ODA for water and sanitation in Africa: $1,9Bln/year of which $0,7Bln/year for rural areas (OCDE 2017)

Very large financing deficit (8x)
1. Top-up of NFC card at kiosque

2. Electronic payment

3. Maintenance and data collection

4. Use of data

Durable access to water
Lessons from the Burkina Faso pilot
#### Limits of the model

Revenues - Expenses = operator’s profit (including shareholders’)
Operator’s profit = pillar of sustainability
Limits of the model

Hypothesis on initial consumption = 2m³/d (5l/d/p)

Figure 1: cash flow and final IRR for rehabilitation and O&M of 3000 manual pumps at US$0.76/m³ (400FCFA/m³)

Figure 2: cash flow and final IRR for rehabilitation and O&M of 3000 manual pumps at US$0.94/m³ (500FCFA/m³)

Figure 3: Cash flow and ROI rate for rehabilitation and O&M of 40 small piped networks, with 10% co-funding.

Private co-financing not bankable for small piped networks
Limits of the model

IRR and consumption (3000 manual pumps, 15 year)

Little risk scenario

High risk scenario
Limits of the model

Profit margins and consumption (3000 manual pumps, 15 year)

- TRI minimum cherché
- 400FCFA, 50% cofinancement
- 400FCFA, 30% cofinancement
- 500FCFA, 50% cofinancement
- 500FCFA, 30% cofinancement

Little risk scenario

High risk scenario
Limits of the model

Combining IRR, profit margin and consumption (tariff); the key factor is the consumption
Financing

1/ **Subsidy**: International Financial Institution and/or bilateral donor
And/Or
2/ **Beneficiary government**: national budget or loan (export credit)

3/ **Private operator**: own funds, bank loan or project SPV (special purpose vehicle) allowing for debt or project finance by third party investors (risk sharing between the investor and the operator)

For the rehabilitation and O&M of 3000 manual pumps: total costs of €12Mln financed through €2Mln subsidy, €6Mln beneficiary government, €4Mln by the Operator
Scale-up in Mali
Potable water service for 560,000 villagers

Country: Mali
CLIENT: Fifty municipalities of the cercles of Bougouni, Kolondièba and Yanfolila
FINANCING: Uduma Mali via DGIS and loan
PROJECT OBJECTIVE: O&M of 1400 manual pumps supplying 560,000 people with potable water
UDUMA ROLE: Rehabilitation of the water points, provision of high quality service and pump maintenance
PROJECT DATES: 01/09/2017 – 31/08/2032
BUDGET: €5 million

TECHNICAL CHARACTERISTICS
The first large-scale manual pump O&M project in Africa, Private sector co-financing to modernize the water points, based on affermage contracts
High service quality criteria at an affordable tariff: pump repairs within 72 hours, water quality monitoring
Innovative remote monitoring of consumptions and electronic payment facilities for the users
A positive impact on public health, local economy and young girls’ school enrollment

Unexpected administrative obstacles have arisen: how to fit into a set regulatory framework this novel, innovative approach which is ahead of existing legislation?
Without flexibility, it is impossible.
Conclusions

Innovation=Change=Need for Flexibility

In the financing modalities: matching needed between project purpose and financial expectations

In the rules and regulations: venture first, succeed then adjust the policies
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