



WATER SERVICES REGULATORY BOARD

1. NAME OF APPLICANT

1. The name of the Water Services Provider should be stated in full.....
2. Company registration Number of WSP to be provided
3. County of operation.....
4. List of sub-counties covered(annex map)

2. CONTACT DETAILS OF THE APPLICANT

1. Name of contact person dealing with the WASREB:.....
2. Physical and postal address of main offices:
3. Phone/ of contact person:.....
4. Email of contact person:.....
Should be available for correspondence with the WASREB

3. APPLICANT’S PROFILE

1. Legal status and Statutes of the applicant:

A copy of the most recent amended copy of the Memorandum of objects and articles of association should be attached. This must adhere to the model MOA established by WASREB.

2. Details of board members:

*Name and profession of board members starting with the chairman of the board: Minimum requirement is a degree level for academic qualifications and seven years working experience in Finance, Law, HR, Engineering, and Business Management. See section 79 of the Water Act 2016 ; Only following qualifications, CPA in good standing(mandatory) ; Practising HR professional in good standing (Mandatory); Advocate of the High Court of Kenya in good standing; Engineer in good standing with the IEK ; Any other business oriented degree and a minimum of seven year working experience in a profession and in good standing. Directors **must** meet the Leadership and Integrity Criteria in the Constitution.*

Name	Academic Qualification	Professional qualifications	Current occupation- below 65 years.	Age; gender and county of origin

3. Attach the **last CR7 form** from the Companies Act 2015.

4. List details of key executive staff:

The list shall include the MD and functional heads in level 2 and 3 in Finance, Technical, Commercial Services, Procurement, Legal ,Audit and Human Resource taking into consideration the LN 137 of 2012 on the competence criteria for WSPs managers. For Very Large companies the Legal Officer post is mandatory.

Name	Department / Unit headed	Academic Qualifications	Professional Qualifications	Age; gender and county of origin

5. List staffing details:

The applicant shall list all staff and indicate their terms of service such ass contract and period, professionals or support staff. State the approved establishment of the WSP and those in post.

Name	Title	Department and Position within organisation	Academic Qualifications	Professional qualification	Age and sex and county of origin	Terms of employment

4. INFORMATION ON HUMAN RESOURCE MANAGEMENT

1. *The applicant shall provide information on human resource management including human resource policy, career development schemes, past training measures, recruitment procedures, future training plan and identification of training needs, dealing with HIV, equal opportunity for women.*

Policy Name	Date approved by BOD	Status of implementation	
Human Resource Manual			Attach
Performance appraisal system in place			
HIV Policy			
Code of conduct for staff as per the Public Officer Ethics Act			Attach
Collective Bargaining Agreement			Attach
Template Contract of			Attach

employment for management staff and employees			
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2. Organisation chart of the organisation:

The approved Organisation Chart **must** approximate to the organisation chart created by WASREB in the Human Resource Guideline for the water service sector, where generally, the Managing Director is supported by a Technical Manager, Finance Manager and Commercial Manager with a senior officer managing the audit function administratively reporting to the managing director functionally reporting to the audit committee. Indicate in the organisation the placement of the Non Revenue Water Reduction office and the Pro-Poor office. The chart shall be provided below and must promote the efficient running of the company within the benchmarks in the sector.

5. INFORMATION ON TECHNICAL MANAGEMENT

1. Water source

Provide information on water sources in use; copies of current abstraction permits; or bulk water supply agreements

2. Scheme summary and water production capacity

Provide current information on the water production capacity and scheme summaries of all water supplies and volume of water produced in a day ;

3. Scheme summary and waste water treatment capacity

Provide current information on waste water systems under control of the WSP and volume of waste water treated in a day

4. Compliance with Water and Effluent Quality Guideline

Provide information on compliance with Water and Effluent Quality Guideline and provide how / where equipment for testing is obtained.

5. Provide **copy of Effluent discharge permit** (if any) from National Environment and Management Authority.

6. Provide copy of last year **asset maintenance schedule**

7. In Business Plan ensure there is an annual update of Asset Replacement Schedule.

8. Provide a copy of the approved **Non Revenue Water Reduction Plan**

9. Provide a copy of the **asset register** duly signed between the WSP and the WSB where transfer of assets has not taken place and include the copy of the **signed deed of handover** for all assets.

6. INFORMATION ON COMMERCIAL MANAGEMENT ; CUSTOMER AWARENESS, COMMUNICATION AND PRO POOR POLICIES

Section 86(5) of the Water Act 2016 states that the licensee is supposed to be run on commercial basis and in accordance with sound business practices. The applicant **must** send the **Current Strategic Plan** which is supported by the **operational business plan**. The applicant shall commit to the following sound business practices and provide documents to show the following:

1. Relationship with customers:

- a. As per section 92 of Water Act 2016 describe the consumer complaints handling mechanism.(Guidance- WASREB consumer engagement guideline and sector benchmarks)
- b. Deal with customers in a transparent way and furnish them with reliable information on the services provided, complaints process and billing and payment process including through a website.
- c. Provide a guarantee through a charter on all dimensions of the service to customers, including overall reliability of service, meeting of deadlines, prompt handling of complaints and proactive processes to gather and act upon customer feedback
- d. Develop relationships with customers with a long-term perspective and refrain from abusing the monopoly situation
- e. Adopt a billing system that generates reliable monthly bills to all categories of consumers showing consumption volume and tariff rates.
- f. Attach the customer contract and the service charter to the application**

2. Relationship with shareholders – Corporate Governance

- a. Adherence to the Corporate Governance Guidelines in the water services sector as established in the model memorandum of objects and articles of association which shall be attached under **3a** above
- b. Proper Checks and Balances must be in place in the applicant as evidenced by the model MOA, board charter and schedule of duties and responsibilities between board and management.
- c. An Annual Report must be in place which :
 - i. Includes Audited Annual Financial Statements
 - ii. elaborates on the management structure that fosters information-sharing and some collegiate element in decision-making, to avoid an excessive concentration of power, which could increase the risk of mismanagement or fraud; and must have a performance contract with the county government.
 - iii. Defines the schedule of responsibilities between board of directors' responsibilities and management responsibilities. Procedures to identify and report to the Board; where appropriate, to shareholders situations of conflict of interest affecting Directors, managers or other senior employees of the company- have a schedule of board of directors duties and management duties.
 - iv. Defines processes to enable management to secure effective control of the business and, in particular, to control movements of cash. Have scheduled board meetings and ensure the budget, procurement plan and hiring decisions have board approval.
 - v. Shows the applicant has a competent risk management and internal audit structures and officers reporting to the Board of the company, with responsibility for auditing the compliance with internal procedures as well as for monitoring all aspects of legal compliance, professional good conduct and good business practice;

- vi. Shows independent external auditors taking responsibility for auditing the accounts of the company, for examining and commenting on the integrity of the company's financial systems and procedures, and for monitoring compliance with applicable regulations.
- vii. Shows the Annual Report and an audit report presented to the shareholder annually through the annual general meeting and submit the same to the regulator and the public every year.
- d. Adherence to the disclosure and audit requirements of the Public Finance and Management Act 2012. Applicant shall provide an undertaking to fully adhere to the statute.
- e. Undertake to adhere to the Corporate Governance Standards and undertake the annual governance assessment.
- f. Applicant to send the complete opinion of the Auditor General for the last two years.**
- g. Applicant to send the most recent annual report / or have it uploaded on its website**

3. Relationship with employees as provided for in a comprehensive human resources manual that:

- a. Adheres to sustainability ratios in the water sector and competence criteria in the water sector
- b. Has entrenched performance linked employment including in CBA negotiation.
- c. Has due regard to labour laws and commitment to adequate standards of worker health and safety;
- d. Has a policy of non-discrimination in the recruitment, compensation and promotion of employees and promotes diversity as per the National Cohesion and Integration Act ;
- e. Has effective systems for consultation with employees on employment conditions and other issues that will affect them directly in the workplace;
- f. Clearly stated and transparent policies relating to compensation, benefits, promotions and other employment conditions;
- g. Has concern for employees' long-term welfare, evidenced by diligent payment of necessary or voluntarily committed company contributions to **contributory** employee pension plans and by the strict protection through the use of independent trustees for the management of pension plan assets.
- h. Refer to information which is to be submitted in **3 and 4** above.

4. Relationship with suppliers

- a. Adhere to the Public Procurement and Asset Disposal Act 2015
- b. Have a procurement policy that :
 - i. severely sanction those employees found to be receiving bribes;
 - ii. avoid doing business with suppliers, be they local or foreign, who attempt to divert the purchasing process to their own benefit;
 - iii. maintain arm's-length relationships with suppliers, in particular those connected through ownership links to the detriment of other shareholders, lenders or other interested parties;
 - iv. Be committed to paying suppliers promptly;
 - v. Refrain from purchasing materials whose quality and safety is not guaranteed by the KeBS environmental and other conventions.

5. Relationship with community

- a. Be sensitive to the concerns of the local population;
- b. Have an Annual Stakeholders Workshop and communicate and, when necessary, consult with the local population and with relevant public interest groups; and
- c. Be sensitive to the impact of their activities on the environment and abide by all applicable environmental laws and regulations.
- d. Pay all fairly computed taxes;
- e. Abide by all mandatory regulations;
- f. Obtain all permits and other government licences and approvals required for their business; and

- g. Deal with county and national government authorities in an arm’s-length way without resorting to bribery or improper ways of influencing administrative decisions
- h. Applicant to provide a copy of the minutes and attendance list of the last annual stakeholders workshop.

6. Creation of a culture that fosters sound business standards:

- a. The preparation and dissemination within the company of a code of conduct for employees according to the Public Officers Ethics Act for both board of directors and employees
- b. The continuous training of employees at all levels ;
- c. Have sanctions against misconduct for all employees in the Human Resource Manual.

7. The applicant must Send a copy of the Signed Code of Conduct by all board members and members of the Core Management Team as per the template provided by the Public Officers Ethics Act .

7. INFORMATION ON FINANCIAL MANAGEMENT

1. The applicant shall fill this table with information on current status and form part of undertakings before license is issued.

Indicator	Definition	Minimum Standard/ Acceptable level/Range	Applicant Status
1. Valid Regular Tariff		Tariff for 3-5Years	
2. Maintenance Costs /O&M	Total Maintenance Costs divided by total operations and maintenance expenditure	8%- 15%	
3. Employee Costs /O&M	The employee Costs (inclusive of salary, pension and other employee related benefits) as a % of Total O&M	very large <20% large <30% medium and small <40%	
4. O&M Coverage	Total revenue from water and sewerage sales divided by total operations and maintenance expenditure	>130%	
5. Quick Ratio (Acid Test ratio)	(Cash equivalents + marketable securities + accounts receivables) divided by current liabilities	>=1	
6. Debtor days	Net billed amount outstanding/ Total annual operating revenues excluding grants and transfers *365	<=90 days	
7. Collection Efficiency	Total collection for billed services/ Total Billed	>90	

Indicator	Definition	Minimum Standard/ Acceptable level/Range	Applicant Status
	Services		
8. Debt Service Coverage Ratio	NCAO (NET Cash After Operations)/ Total Debt Service (including interest expense, and/or the current portion of long-term debt-due in the next 12 months)	>=1.25	
9. Performance Guarantee	From a reputable financial institution OR Deposited with the regulator To be posted with regulator before license is issued.	Very large: Kshs. 5 Million Large: Kshs. 2 Million Medium: Kshs. 0.5 Million Small: Kshs. 0.25 Million	
10. Financial procedure integrity	i. Financial accounting policies and procedures in place ii. Financial results and internal controls audited annually	Approved by the BoD	
11. Strategic Planning	i. Strategic plan	3-5	
	ii. Business plan	5-10	
	iii. Investment plan	10- 15 year	

2. The applicant shall describe the WSP’s accounting scheme including the use of accounting and reporting standards, use of management information systems, methodology for depreciation, policy regarding write-off of bad debts, budgeting and investment processes including responsibilities and procurement of spare parts and investments. **(If there is such a policy approved by board of directors include it.)**

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3. **Information on financial and asset management: budgeting, investment planning and procurement process**

The applicant shall describe the WSP’s budgeting process and submit copies of the last year and current year budget and extract of the board resolutions on them.

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4. Information on operation of water and sewerage facilities

The applicant shall describe the operational processes including the recording of processes, collection and analysis of operational data, use of automated systems including a billing system that has the WASREB minimum billing soft ware requirements , the average annual allocation for maintenance costs in the WSP segregated for sewer systems and water systems.

8. ACHIEVEMENTS IN PREVIOUS SPA PERIOD ENDING JUNE –DECEMBER 2017

1. The applicant to fill the table based on achievements in reaching the target for the last five years under the Water Act 2002the date when the SPAs were issued.

Service Indicators	Year 2017	Year 2016	Year 2015	Year 2014	Year 2013	Year 2012	Sector Benchmark = final objective
SI 1a Water Coverage of the Service Area							High density areas >90% Low density areas >80%
SI 1b Sewer Coverage of the Service area							
SI 1 c active water connections							
SI1d active sewer connections							
SI 1 e Number of water kiosks/ locality							
SI 2 Drinking Water Quality							> 95% of tests within norm on total of required tests
SI 3 Service Hours							Large and medium towns 20-24 hours, small towns >16 hours *
SI 4 Billing for Services							Billing ratio 100% (all connections are billed)
SI 5 Client Contacts							Written 5 working days Meter 10 working days New connection<3 weeks Pay bill/file complaint<15minutes
SI 6 Interruption of Water Supply							Unannounced interruption 20-36 hours <15% (calculated 36-48 hours <8% annually) >48hours<3% **
SI 6 Blockage of Sewer							Unblocking within 20-36 hours <15%

							(calculated 36-48 hours <8% annually) >48hours<3% **
SI 7 Pressure in the Network for Water Supply							Insufficient pressure <5% clients towns with > 100,000 inhabitants <20% with <100,000 inhabitants
SI 8 Unjustified Disconnections							Max. 0.2% of clients in towns >10,000 connections 0.4% <10,000 connections
SI 9 Sewer Flooding							Maximum 0.5% of total connections per year
SI 10 Quality of Discharged Effluent (in % of all effluent)							100% of effluent are discharged according to requirement ***
SI 11 Support to Public Institutions -Curb Wastage + Settle Bills on Time							Indicate the number of clients supported every year.
SI 12 Un-accounted for Water							<20%
SI 13 Metering Ratio							100%
SI 14 Collect Efficiency							>90%
SI 15 Staff/1000 connections Large companies medium & small companies							<5 (WSP with ≤ 3 towns and large WSP <9 (WSP with ≥3 towns) - medium/small
SI 16 Unit Operation Cost							Total Operation Cost/Water Produced (comparison)
SI 17 Personal cost is a share cost of O&M. -Large companies -Medium companies -Small companies							<20% <30% <40%
SI 18 Staff turnover							<3%

2. *Using the applicable indicators from above format disaggregate data on basis of sub county where WSP operates.*
3. *List Water supply assets completed and handed over to a water service provider during the SPA period over the last ten years providing a scheme summary of each based on project design.*

4. *List Sewerage supply assets completed and handed over to a water service provider during the last ten years providing a scheme summary of each based on project design.*

5. *Boreholes drilled in WSP area either by County or WSB and handed over to the WSP during the past completed during license period and are operational providing status of operation.(supporting documentation of handing over)*

9. PROJECTED WATER SERVICE PROVISION IN APPLICANT’S SERVICE AREA

1. Small scale service providers ***

The applicant shall describe the situation with regard to small scale service providers within its area with regard to the registration process and collaboration with the county government on their setting up or monitoring in management of assets and water service to ensure quality provision in the county

Register of small scale providers in WSP service area	Location of SSSP	monitoring framework in place

2. Performance Targets for the five year license period projections based on demand, planned infrastructure and tariff charged and conditions of tariff.

Service Indicators	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Sector Benchmark = final objective
SI 1a Water Coverage of the Service Area							High density areas >90% Low density areas >80%
SI 1b Sewer Coverage of the Service area							High density areas >90%
SI 1 c active water connections							
SI 1d active sewer connections							
SI 1 e Number of water kiosks/ locality							
SI 5 Client Contacts – time taken to respond to issues raised							Written 5 working days Meter 10 working days New connection<3 weeks Pay bill/file complaint<15minutes

SI 6 Interruption of Water Supply- length of interruption							Unannounced interruption 20-36 hours <15% (calculated 36-48 hours <8% annually) >48hours<3% **
SI 6 Blockage of Sewer							Unblocking within 20-36 hours <15% (calculated 36-48 hours <8% annually) >48hours<3% **
SI 7 Pressure in the Network for Water Supply							Insufficient pressure <5% clients towns with > 100,000 inhabitants <20% with <100,000 inhabitants
SI 8 Unjustified Disconnections							Max. 0.2% of clients in towns >10,000 connections 0.4% <10,000 connections
SI 9 Sewer Flooding							Maximum 0.5% of total connections per year
SI 10 Quality of Discharged Effluent (in % of all effluent)							100% of effluent are discharged according to requirement ***
SI 11 Support to Public Institutions -Curb Wastage + Settle Bills on Time							Indicate the number of clients supported every year.
SI 12 Non Revenue Water							<20%
SI 13 Metering Ratio							100%
SI 14 Collection Efficiency							>90%
SI 15 Staff/1000 connections Large companies medium & small companies							<5 (WSP with ≤ 3 towns and large WSP <9 (WSP with ≥3 towns) - medium/small
SI 16 Unit Operation Cost							Total Operation Cost/Water Produced (comparison)
SI 17 Personal cost is a share cost of O&M. -very large companies -large companies -medium and Small companies							<20% <30% <40%
SI 18 Staff turnover							<3%

10. INDIVIDUAL COUNTY WATER AND SEWERAGE INVESTMENTS FOR NEXT PHASE

The applicant should provide detailed information on the projects planned for each sub -county in its service area; the scheme summary for each such project; location; mode of financing; status i.e. proposal stage , design stage, expected outputs etc and level of collaboration with county government and level of committed funds. The sources of this information to be also obtained from WSB and the county government.

11. FUTURE STRATEGY

As per section 86(5) of the Water Act 2016, the licence shall not be granted unless the Water Services Regulatory Board is satisfied that the applicant has:

- a. the requisite technical and financial competence to provide the services to which the licence relates;
- b. demonstrated that the water services to be provided will be commercially viable;
- c. has presented a sound plan for the provision of an efficient, affordable and sustainable water service;
- d. proposed satisfactory performance targets and planned improvements and an acceptable tariff structure;
- e. will on a commercial basis and in accordance with sound business principles;

The license application must therefore ensure it submits complete information in its **strategic and business plan** that provides the following:

1. Performance improvements

Based on the success it has achieved in the last 10 years the WSP shall provide the regulator with a definition of its potential to improve its performance in relation to each administrative unit within its service area on the following areas:

- a. *Service quality*.....
- b. *Water quality;*
- c. *Efficiency*.....
- d. *Water Coverage %*
- e. *Sewerage Coverage %*.....
- f. *Non Revenue Water Reduction %*
- g. *Maintenance of Staff Costs at the approved percentage of O&M expenses*.....
- h. *Environmental Protection measure (water source)*.....

In doing so, WSP shall:

- *, set out - and to the extent possible - quantify the potential improvements in each of these areas (e.g. unaccounted for water by x%, Project completion rate x% loan repayment rate %).*
- *Provide evidence on which the improvement potential is based (e.g. investment plan see below).*
- *Set out the implication of these improvements on cost of service and coverage of all segments of consumers.*

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2. Investment plan

Based on success it has achieved in the last 10 years and the existing investment plan on the national level the applicant and upon consultation with the water service board and county government shall come with a more detailed master investment plan for its county in water, sewerage and environmental protection for sustainable use of water. The plan shall contain the following elements:

- a. an analysis of the existing situation and identification of investment needs (taking into account the proposed performance improvements) for the next 5, 10 years*
- b. a forecast on supply and demand for the next 5, 10 years;*
- c. An analysis of present and future water resources*
- d. a description of the investment strategy and the definition of priorities based on sound (financial, technical and socio-economic) criteria;*
- e. Financing Plan / strategy including tariff levels (sources of financing);*
- f. Demonstrate sources of raw water, current ownership and land use around them and how they can be made sustainable in the long term*
- g. A plan of improving services to the underserved*
- h. An environmental and socio-economic impact assessment*
- i. Risk assessment and mitigation plan*

(To be submitted as separate sheet after issue of license as part of license conditions)

3. Socio-economic aspects

Based on the success it has achieved in the last 10 years the WSP is to set out how it intends to achieve the county government's objective to increase access to water services to the most vulnerable households. To this effect, the applicant needs to demonstrate an understanding of the capability of the vulnerable group such as those living in informal settlements, ASALs, Flood prone areas and those living below the poverty level (i.e. below two US Dollars a day) by having a pro-poor policy.

The applicant has to demonstrate that impact on any of the proposed strategies on the situation of women, youth and persons with disabilities and propose a strategy how the specific interests of these groups are actively taken into account in the proposed strategy.

Furthermore, the applicant shall demonstrate that HIV is taken into account.

4. Financial projections

Based on the success it has achieved in the last 10 years the WSP should provide a financial forecast for the region it covers at least the next five years. Provide a status of its debt and credit portfolio as well. It is desirable to choose a period of up to 5 years for financial forecasting. The financial projections shall reflect the applicant's proposals regarding performance improvements, investment and socio-economic policies aspect for the next 5 years.

The forecast shall include a proposal for an average level and structure of tariffs. If cost recovery tariffs are not achieved at the time of submission, the applicant is requested to propose an economically sound and socially acceptable plan for tariff adjustments over the next period and if the county government has indicated that it can provide a subsidy.

The tariffs should be socio-economically accepted (i.e. sensitive to socio-economic activities).

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12. **EVIDENCE OF PRESENTATION OF APPLICATION TO COUNTY GOVERNMENT** – Attach stamped scanned copy of letter of delivery of application to county government; Provide copy of letter of appointment as a county government entity / water service provider under the Public Finance Management Act 2012.
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APPLICATION DIRECTIONS

Applicant shall provide this application as a MS Word document in the font provided;

1. A forwarding letter signed by the Managing Director and the copy of document in 12 above.
2. A soft copy of the completed application from- presenting a flash disk/CD ROM to WASREB clearly marked with the name of the WSP.
3. A signed undertaking signed by all board members of their intention to fully comply with all laws and the regulatory framework under the Water Act 2016.
4. A Performance guarantee from reputable bank to guarantee license performance will be condition precedent to issue of license. (see 7.1.9 of application form for guidance).
5. Application fee of Kshs 100,000 to accompany application
6. Document presented to follow the logical framework of the application form; Any PDF copies attached must be cross referenced to the relevant number in the application form.
7. Where there is a write up required in the form, it should be brief and concise.
8. If where a write up is included the information is already in the Strategic Plan and the operational business plan, the applicant should just provide the cross reference to the document in the section giving the appropriate page.
9. Any inquiries as to the application shall be directed to info@wasreb.go.ke clearly headed "Inquiry on licence application Water Act 2016 fromWSP".
10. As per the Water Act 2016 section 87(6) the license shall be issued six months after application if deemed successful.