



LICENCE GUIDELINES

JUNE 2023



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PREFACE

This guideline is in line with the following laws;

- 1) Constitution
- 2) Water Act 2016
- 3) Water Services Regulations, 2021
- 4) Water Resources Regulations, 2021

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1.0 BACKGROUND

The Water Services Regulatory Board (WASREB) is a regulatory state corporation established by the Water Act 2002; this law was repealed by the Water Act 2016 operationalized in April 2017. Section 70 (1) of the Water Act 2016 established WASREB with the principal object to protect the interests and rights of consumers in the provision of water services, while ensuring other stakeholders' interests are also safeguarded.

Accordingly, WASREB sets standards and enforces regulations that guide the sector in not only ensuring that consumers are protected and have access to efficient, affordable and sustainable services, but also, provide for financial sustainability of Water Service Providers (WSPs), by allowing financing of operations, capital cost recovery and a return on capital that sustains services through ongoing investments.

WASREB'S statutory mandate is provided for under Section 72 of the Water Act 2016. The regulator sets, monitors and reviews rules and regulations to ensure water services provision is affordable, efficient, effective, and equitable. The powers and functions of WASREB under the Act are to:

- a) Determine and prescribe national standards for the provision of water services and asset development for water services providers
- b) Evaluate and recommend water and sewerage tariffs to the county water services providers and approve the imposition of such tariffs in line with consumer protection standards
- c) Set license conditions and accredit water services providers
- d) Monitor and regulate licensees and enforce license conditions
- e) Develop a model memorandum and articles of association to be used by all water companies applying to be licensed by the regulatory board to operate as water services providers
- f) Monitor compliance with standards including the design, construction operation and maintenance of facilities for the provision of water services by the water works development bodies and the water services providers
- g) Advise the Cabinet Secretary on the nature, extent and conditions of financial support to be accorded to water services providers for providing water services

- h) Monitor progress in the implementation of the water strategy and make appropriate recommendation
- i) Maintain a national database and information system on water services
- j) Establish a mechanism for handing complaints from consumers regarding the quality or nature of water services
- k) Develop guidelines on the establishment of consumer groups and facilitate their establishment
- l) Inspect water works and water services to ensure that such works and services meet the prescribed standards
- m) Report annually to the public on issues of water supply and sewerage services and the performance of relevant sectors and publish the reports in the gazette
- n) Make regulations on water services and asset development which shall include business, investment and financing plans in order to ensure efficient and effective water services and progressive realization of the right to water services
- o) Advise the cabinet secretary on any matter in connection with water services
- p) Make recommendations on how to provide basic water services to marginalized areas.

Among the key functions of the WASREB is to license water service providers for the provision of water services. The objective is to have commercially viable water utilities operating within sector standards and to champion universal access to water and sanitation in line with SDG 6 and vision 2030. The Regulatory Board will apply these Guidelines when licensing Water Service Providers (WSPs) in their Service Areas. The WWDAs and the WSPs must follow these guidelines when submitting a licence application.

2.0 RATIONALE FOR LICENSING

Article 43 (1)(d) provides that every citizen has a right to clean and safe water in adequate quantities and reasonable standards of sanitation.

The state is under obligation to protect consumers under article 46 of the constitution. Section 72(c) of the Act vests the Water Services Regulatory Board with the mandate

of setting license conditions and accrediting water service providers. The license is granted to a water service provider by the Regulatory Board after complying with the requirements set out under section 86 the Act and regulation 20 of the Water Services Regulations 2021.

Section 72(d) mandates WASREB to monitor and regulate licensees and enforce license conditions.

The licence is meant to provide the procedural and administrative framework for the Water Act 2016 and the Water Services Regulations 2021, with a view to ensuring that water services in Kenya are developed, conserved, managed and controlled in ways which take into account the following factors: -

1. Meeting the basic human needs of the present and future generations,
2. Promoting equitable access to clean and safe water
3. Promoting the efficient, sustainable and beneficial use of water in the public interest,
4. Facilitating social and economic development,
5. Providing for the growing demand for water use,
6. Reducing and preventing pollution and degradation of water which is supplied to consumers
7. Meeting local and international obligations, safeguarding the water services infrastructure.
8. Waste water disposal in an environmentally friendlier manner
9. Increasing the awareness by the public of the responsibilities and rights of all players in relation to the provision of water and sewerage service
10. Defining rights, responsibilities and obligations of WWDA, Water Service Providers and water consumers.
11. Providing for fines, penalties or restitution in case of offence on either of the parties.

Section 85(2) of the Act makes a license a mandatory prerequisite to enable one to provide water services. Operating without a license amounts to an offence.

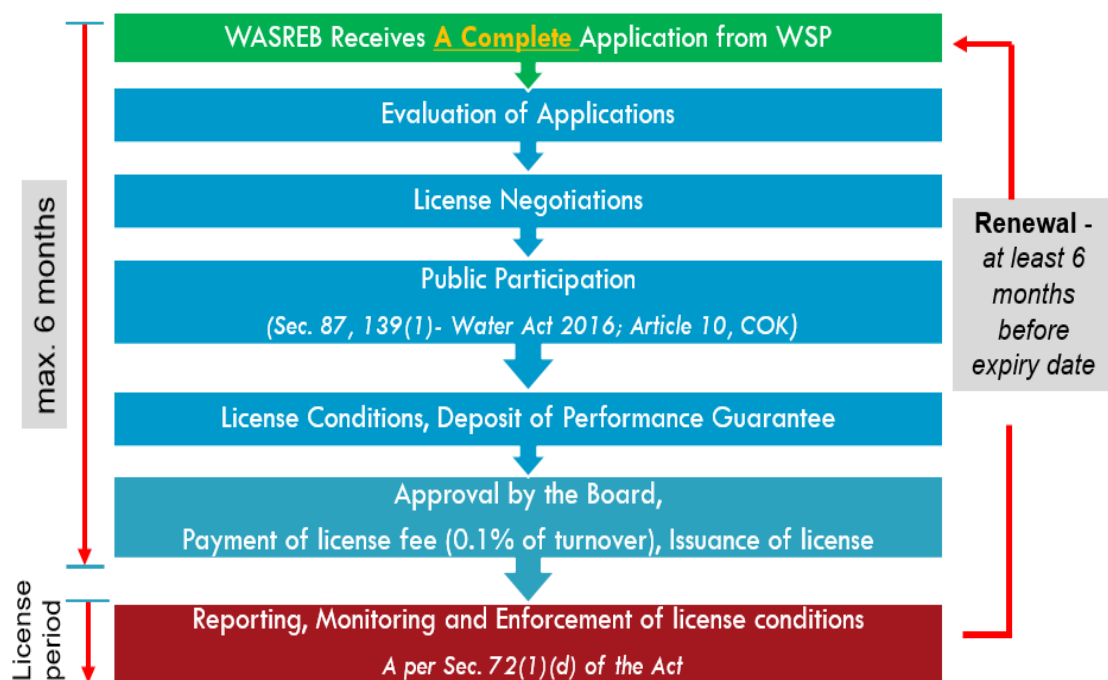
A License is a regulatory tool for accrediting WSPs and to protect interests and rights of consumers. It is issued in accordance with the–Section 72(1)(c) of Water Act 2016. The license sets out the conditions and performance targets to be observed by WSPs to ensure quality in service provision and progressive realization of right to water.

Upon granting of the license to the water service provider, they are permitted to provide water services only in the area specified in the license. A license cannot be sold, leased, mortgaged, transferred, attached, assigned, demised, or encumbered.

3.0 LICENSING PROCESS

The licence application shall be processed within six months. The process shall be as outlined in Figure 1 below;

Figure 1: Licensing Process



4.0 COMMERCIAL VIABILITY AND LICENCE DURATION

In line with section 77 and 86 of the Water Act 2016, the regulator has developed a commercial viability criterion (see Annexes 11.5) that requires WSPs to operate within

the sector standards to ensure sustainability of service. The licence duration is informed by the commercial viability criteria score as highlighted in Table 1;

Table 1: Licence Classes and Duration

| Performance Range | CLASS | Duration | Remarks |
|-------------------|---------|----------|---|
| ≥70 | CLASS A | 8 Years | Commercially Viable |
| 50 - 69 | CLASS B | 5 Years | Not Commercially Viable in the short term. |
| <50 | CLASS C | 3 Years | Not Commercially Viable in the medium to long term. |

The small scale service providers shall be licensed pursuant to the standards on water service provision for the rural and underserved areas.

5.0 REQUIREMENTS FOR LICENSING WATER SERVICES PROVIDERS

An applicant shall submit an application in the prescribed format (See Annexes 11.1). It shall include evidence of the following particulars:

1. A map of the proposed service area;
2. Documents of incorporation of the water service provider including evidence that the board complies with Section 79 and 80 of the Water Act, 2016 and the Water Services Regulations 2021
3. Technical and financial capability of the WSP to provide the services and perform the functions authorized by the license issued;
4. Evidence that the WSP's board of directors meets the standards established by the Regulatory Board with regards to their qualifications;
5. Evidence that the water services that the WSP will provide will be commercially viable;
6. A proposed tariff structure – see Tariff Guidelines on the Regulatory Board's website;
7. Details of planned financial and infrastructural improvements;
8. The business plans of the WSP illustrating the delivery of efficient, affordable and sustainable water services; and
9. A letter of support from the county government within whose area of jurisdiction the water services are to be provided;

10. Required permits and authorizations including a water use abstraction permit, an environmental impact assessment licence, physical planning permission and other applicable authorisations.
11. Proof of payment of application fees as below;
 - Small and Medium Water Service Provider -KSh 75,000 (WSP with connections <10,000)
 - Large and Very Large Water Service Provider -KSh 100,000 (WSP with connections ≥10,000)
12. Any other information required by the Regulatory Board.

6.0 REQUIREMENTS FOR LICENSING BULK WATER SERVICES

The regulator may issue a bulk water supply licence pursuant to section 85 and 100 of The Water Act 2016, and regulations 56 & 57 of Water Service Regulations 2021, for the case of water works development agencies.

A person desiring to supply water in bulk or operating an existing bulk water supply system shall make an application for a bulk water supply licence. A separate application shall be made for each bulk water supply system. A complete bulk water supply application shall be accompanied by, in respect to the proposed bulk water supply —

- a) a feasibility study;
- b) a business plan;
- c) a proposed framework for the collaborative management of the bulk water works comprising a committee of representatives of the county governments within whose area of jurisdiction the bulk water works are to be located and, where appropriate, the national government;
- d) where the county governments concerned have by a resolution of the county assemblies, agreed to assume responsibility for the payment of the liabilities associated with the bulk waterworks, an extract of the resolution duly certified by the clerk to the county assembly and a draft agreement for the handover of the ownership of the bulk water works to a joint authority established or to be established by the county governments within whose area of jurisdiction the bulk water works are to be located;

- e) required permits and authorisations including a water use abstraction permit, an environmental impact assessment licence, physical planning permission and other applicable authorisations;
- f) a proposed bulk water supply tariff;
- g) a draft bulk water supply agreement with the water services providers to be supplied in bulk drawn on the basis that the capital and operational costs of the bulk water supply shall be met out of the revenues of the bulk water service without resort to public funds;
- h) where resort to public funds is necessary in order to provide the bulk water service, evidence of the commitment of the county or national government as appropriate to offset part or the whole of the capital and or operational costs out of public funds;
- i) evidence of stakeholder consultations including the feedback of the county governments within whose area of jurisdiction the bulk water works are to be developed; and
- j) any other information relevant to the application. Public consultation on application for bulk water supply licence.

Following the receipt of the application the Regulatory Board shall undertake public consultation in respect to the application. The licensing process shall be as highlighted in section 3 of this guideline.

7.0 PUBLIC CONSULTATION AND ISSUANCE OF A LICENCE

Section 139 of the Water Act 2016 imposes a requirement for public consultations in relation to any application made or action proposed to be taken under this Act. It also provides for the procedure of public consultations.

8.1 Pre-Consultation Process

1. The applicant shall develop an appropriate license review application and obtain a 'No Objection' from the respective County Government
2. The WSP shall submit the application to WASREB
3. WASREB reviews the application and gives guidance on the content of the application and areas that require review or adjustment. This guidance may be

given in (a) meeting(s) between the WSP and WASREB where agreed action points are signed by all parties

4. Once a suitable date and venue has been agreed on, the WSP shall have the public consultation in the area where the WSP provides service.

8.2 Procedure of Public Consultation

1. The regulator shall publish a notice, in relation to the application:
 - I. In at least one national newspaper of daily circulation; and
 - II. In at least one Kenyan radio station broadcasting in that locality.

The notice shall—

- a) Set out a summary of the application or proposed action;
 - b) State the premises at which the details of the application can be obtained;
 - c) Invite written comments on or objections to the application;
 - d) Specify the person to whom any such comments are to be submitted; and
 - e) Specify a date not earlier than thirty (30) days after publication of the notice by which any such comments are required to be received and specify a date not earlier than 20 days after the publication of the notice the date of the public consultation meeting. The publication/ notice inviting public comments on licence application shall be run by WASREB.
2. The notice shall also be published in posters to be displayed prominently in the offices of the WSP and in strategic places such as markets and places of worship in the service area of the WSP.
 3. Letters shall be written to the key stakeholder groups inviting them to the public consultation meeting. Stakeholders are persons who have a relevant interest in the company's business. The following stakeholders shall be invited to the stakeholder meeting.
 - I. Consumers with or without connections but residing in the service area of the WSP
 - II. Residents – through the relevant residents' associations and include the informal settlements
 - III. Main consumers of water in commerce, industry and agricultural sectors
 - IV. The County Government
 - V. The Relevant Water Works Development Agency

- VI. The government administrative agencies including County Commissioners, and chiefs
- VII. Active civil society groups in the area
- VIII. Women organizations in the area
- IX. Churches / mosques in the area

The key management staff of the WSP must attend the consultation meeting.

8.3 Agenda of the Public Consultation Meeting

The agenda will include presentations on the following:

1. Introduction – where all present are acknowledged, as well as, the purpose of the meeting
2. WSP profile- shareholders, Board of Directors, staff, area of coverage, targets set
3. Relationship with County Government and WWDA
4. WSP performance in the last five years
5. WSPs costs and obligations under the Water Act 2016. Emphasis should be given on activities under the service needs plan and capital works plan of the WSP and the shortfalls experienced
6. Interactive session with audience and questions answered. Audience must understand that views are sought so that all concerns can be considered by WASREB in licensing the WSP. The consultation process is not to seek permission.

8.4 Report/Feedback of Public Consultation

The regulator shall prepare the report of the public meeting and have a legible attendance list for the public consultation meeting, with the names, signatures and contacts of all attendees.

8.5 Issuance of a Licence

The Regulatory Board may, upon consideration of an application for a licence, issue to the water service provider a licence in accordance with the Act. The licence shall be valid for such period as set by the Regulatory Board under as highlighted under Section 4.

8.0 LICENCE FEES -GAZETTE NOTICE 12188 OF 23rd NOVEMBER 2018

Where a WSP has been issued with a license following determination of their application, there are fees payable to the Regulatory Board. The Water Act in Section 89(1) and the Water Services Regulations 2021 require the Regulatory Board to charge and the Licensee to pay the Regulatory Board a license fee established by the Regulatory Board upon the issue of the license and at prescribed intervals thereafter. The said fees are stipulated in the Gazette Notice No. 12188 of 2018. The prescribed schedule of fees are shown in Table 2.

Table 2: Schedule of Licence Fees

| | Description-Category of license fees | Amount (KES) | Frequency |
|---|--|---|--|
| 1 | Issuance of Licence: License fees | 0.1% of the Annual turnover (last audited accounts) | On issuance/one off |
| 2 | License Operation Fee (Regulatory Levy) | 4% of WSPs turnover | Monthly on or before the fifteenth (15 th) day of each month in respect of the immediately preceding month |
| 3 | License Operation Fee (Regulatory Levy - Bulk) | TBD | Monthly |
| 4 | Penalty for non-compliance | 2,000 | Per day per item |

The regulatory levy fees are paid by way of a standing order into an account of the Regulatory Board established for the purpose of receiving the levy. Failure to remit the levy to the Regulatory Board on or before the date specified in the license, attracts a penalty of KES. 2,000 per day which shall be added to the amount due for each month or part thereof during which it remains unpaid.

The Licensee is obliged to pay all arrears and penalties charged for the regulatory levy charged in accordance with LN 12188 of 23rd November 2018.

The licensee will be required to deposit a performance guarantee on issuance of licence as per the table below

Table 3: Performance Guarantee for Licence

| Licensee Turnover | Performance Guarantee Required |
|-------------------|---|
| >5B | 0.15% of turnover or Kshs. 10 million, whichever is higher |
| >1B-5B | 0.2% of turnover or Kshs. 7.5 million, whichever is higher |
| >500M-1B | 0.75% of turnover or Kshs. 5.5 million, whichever is higher |
| >200M-500M | 1.1% of turnover or Kshs. 3.5 million, whichever is higher |
| >100-200M | 1.75% of turnover or Kshs. 2.0 million, whichever is higher |
| >50-100M | 2% of turnover or Kshs. 1.1 million, whichever is higher |
| >20-50M | 2.2% of turnover or Kshs. 0.6 million, whichever is higher |
| <=20M | 3% of turnover or Kshs. 0.075 million, whichever is higher |

9.0 LICENCE IMPLEMENTATION AND MONITORING

9.1 Midterm review

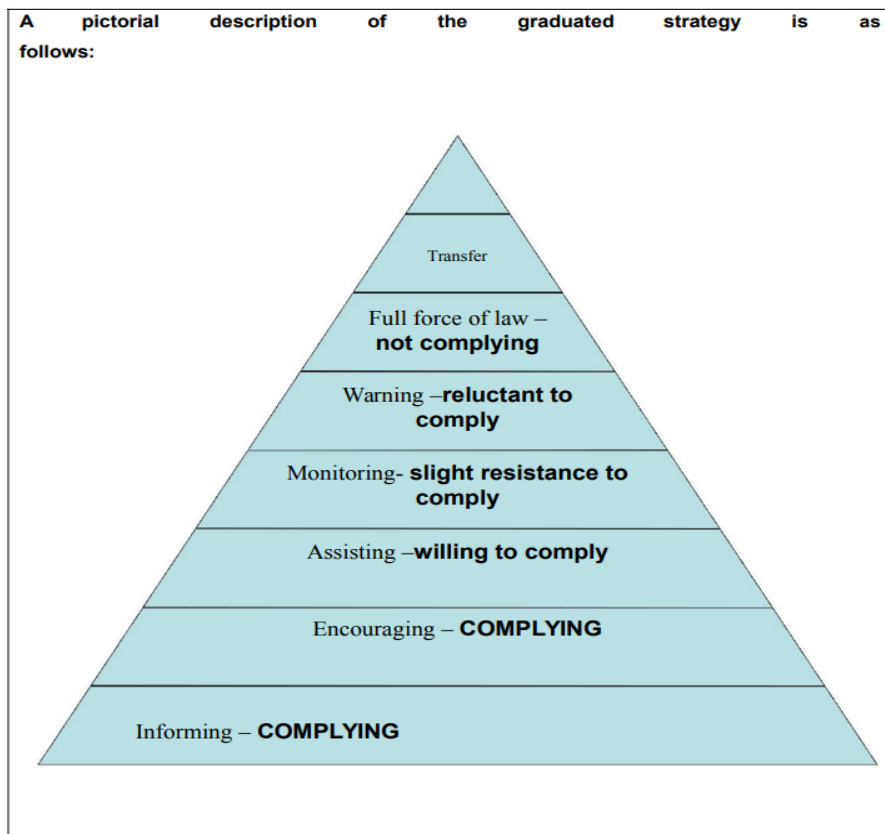
The Regulatory Board shall undertake a mid-term review of the licence and evaluate performance on all the conditions of the licence and the targets set and shall issue any orders and impose any conditions and targets to ensure efficient and economical supply of water in the licensee's area of supply.

9.2 Compliance and Enforcement

The compliance and enforcement strategy of WASREB is grounded on the following methods:

- i. **Education** to foster learning, inducement and self-regulation.
- ii. **Prevention** through selective and targeted surveillance and a graduated warning approach.
- iii. **Enforcement** as a last resort using the traditional methods of coercion and deterrence.

WASREB will use the following approaches to achieve compliance;



10.0 REVOCATION OF A LICENCE

10.1 Grounds for Revocation of a Licence - Section 76(1)

Over and above the Regulatory Board's mandate to issue license to WSP's who have complied with the requirements, they also have the mandate to revoke licenses issued to WSP's on the following grounds: -

- (a) if it is shown to the satisfaction of the Regulatory Board that the license was obtained by mistake, fraud, undue influence or misrepresentation; or
- (b) the water services provider has for any reason ceased to meet the criteria for licensing; or
- (c) if it is shown to the satisfaction of the Regulatory Board that the water services provider has refused, failed or neglected to provide the services for which they were licensed;
- (d) the water services provider becomes insolvent, or is adjudged bankrupt; or
- (e) the water services provider has failed to comply with any conditions for licensing.

10.2 Procedure for revocation of a license - Section 76(2)

The Regulatory Board shall give a written notice of revocation of a license – over either of the grounds enumerated above - to the WSP within (7) seven days.

10.3 Effect of revocation of a license – section 76(3)

The suspension or revocation of a WSP's license means they shall cease to provide the relevant service to the consumers in their area of supply.

11.0 ANNEXES

11.1 - License Application Form

11.2 - License Application template – Scheme Summary

11.3 - Asset Maintenance Template

11.4 - License Checklist and Evaluation Form

11.5 - Commercial Viability Check tool

**WATER SERVICE PROVIDER
LICENCE APPLICATION FORM**

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(ies) of operation.....
4. List of sub-counties/sub-locations 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 number 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:

Names and professions 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); Practicing 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.

| No | Name | Academic Qualifications | Professional Qualifications | Current Occupation | County of Origin | Gender | Age |
|----|------|-------------------------|-----------------------------|--------------------|------------------|--------|-----|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| | | | | | | | |

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

Attach the last CR7

4. List details of key executive staff:

The list shall include the Managing Director and functional heads in levels 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.

| No | Name | Department/ Unit Headed | Academic Qualifications | Professional Qualifications | County of Origin | Gender | Age |
|----|------|-------------------------|-------------------------|-----------------------------|------------------|--------|-----|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| | | | | | | | |

5. List of staffing details:

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

| No | Name | Position/ Title | Department | Academic Qualification | Professional Qualification | County of Origin | Gender | Age | Terms of employment |
|----|------|-----------------|------------|------------------------|----------------------------|------------------|--------|-----|---------------------|
| 1 | | | | | | | | | |
| 2 | | | | | | | | | |
| 3 | | | | | | | | | |
| | | | | | | | | | |

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 among others.*

| Policy Name | Date approved by the 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 employment for management staff and employees | | | Attach |

2. Organizational chart of the Utility:

The approved Organizational 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 all 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 wastewater treatment capacity

Provide current information on wastewater system(s) under control of the WSP and volume of wastewater treated in a day

4. Compliance with Guideline on Water and Effluent Quality Management

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 WWDA 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 submit the **Current Strategic Plan** which is supported by the **Operational Business Plan**. The applicant shall commit to 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 license 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 3 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 submit the complete opinions of the Auditor General for the last two years.**
- g. **Applicant to submit 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 an approved 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 licenses 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- 5 Years | |
| 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 | |
| 8. Debt Service Coverage Ratio | NCAO (NET Cash After Operations)/ Total Debt Service(including interest xpense, and/or the current portion of long-term debt-due in the next12 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. | *See note below | |
| 10. Financial procedure integrity | i. Financial counting policies and procedures in place ii. Financial results and internal controls audited annually | Approved by the BoD | |

| Indicator | Definition | Minimum Standard/ Acceptable level/Range | Applicant Status |
|---------------------------|----------------------|---|---------------------|
| 11. Strategic Planning | i. Strategic plan | 3-5 | |
| | ii. Business plan | 5-10 | |
| | iii. Investment plan | 10- 15 year | |

***Note on Performance Guarantees for Licensees**

| Performance Guarantees for Licenses | | |
|-------------------------------------|------------|---|
| No | Turnover | Performance Guarantee Required |
| 1 | >5B | 0.15% of turnover or Kshs. 10 million, whichever is higher |
| 2 | >1B-5B | 0.2% of turnover or Kshs. 7.5 million, whichever is higher |
| 3 | >500M-1B | 0.75% of turnover or Kshs. 5.5 million, whichever is higher |
| 4 | >200M-500M | 1.1% of turnover or Kshs. 3.5 million, whichever is higher |
| 5 | >100-200M | 1.75% of turnover or Kshs. 2.0 million, whichever is higher |
| 6 | >50-100M | 2% of turnover or Kshs. 1.1 million, whichever is higher |
| 7 | >20-50M | 2.2% of turnover or Kshs. 0.6 million, whichever is higher |
| 8 | </=20M | 3% of turnover or Kshs. 0.075 million, whichever is higher |

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.)**

.....

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 budgets and extract of the board resolutions approving 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 software requirements, the average annual allocation for maintenance costs in the WSP segregated for sewer systems and water systems.

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8. ACHIEVEMENTS IN PREVIOUS SPA PERIOD ENDING JUNE 2020

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

| Service Indicators | Year 2019 | Year 2018 | Year 2017 | Year 2016 | Year 2015 | Year 2014 | 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 c active water connections | | | | | | | |
| SI d active sewer connections | | | | | | | |
| SI e Number of water | | | | | | | |

| Service Indicators | Year 2019 | Year 2018 | Year 2017 | Year 2016 | Year 2015 | Year 2014 | Sector Benchmark = final objective |
|--|-----------|-----------|-----------|-----------|-----------|-----------|--|
| 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 <15 minutes |
| SI 6 Interruption of Water Supply | | | | | | | Unannounced interruption 20-36 hours <15% (calculated 36-48 hours <8% annually) >48 hours <3% ** |
| SI 7 Blockage of Sewer | | | | | | | Unblocking within 20-36 hours <15% |
| SI 8 Pressure in the Network for Water Supply | | | | | | | Insufficient pressure <5% clients towns with > 100,000 inhabitants <20% with <100,000 inhabitants |
| SI 9 Unjustified Disconnections | | | | | | | Max. 0.2% of clients in towns >10,000 connections 0.4% <10,000 connections |
| SI 10 Sewer Flooding | | | | | | | Maximum 0.5% of total connections per year |
| SI 11 Quality of | | | | | | | 100% of effluent are discharged according to requirement *** |

| Service Indicators | Year 2019 | Year 2018 | Year 2017 | Year 2016 | Year 2015 | Year 2014 | Sector Benchmark = final objective |
|--|-----------|-----------|-----------|-----------|-----------|-----------|---|
| Discharged Effluent (in % of all effluent) | | | | | | | |
| SI 12 Support to Public Institutions- Curb Wastage + Settle Bills onvTime | | | | | | | Indicate the number of clients supported every year. |
| SI 13 Non-Revenue Water | | | | | | | <20% |
| SI 14 Metering Ratio | | | | | | | 100% |
| SI 15 Collection eefficiency | | | | | | | >90% |
| SI 16 Staff/1000 Connections Large companies medium & small companies | | | | | | | <5 (WSP with ≤ 3 towns and large WSP <9 (WSP with ≥ 3 towns)- medium/small |
| SI 17 Unit Operation Cost | | | | | | | Total Operation Cost/Water Produced (comparison) |
| SI 18 Personnel cost as a share cost of O&M. -Large companies -Medium companies -Small companies | | | | | | | <20% <30% <40% |
| SI 19 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 (SSSPs)***

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 Service Providers in WSP’s Service Area | Location of SSSP | Monitoring Framework in Place |
|---|------------------|-------------------------------|
| | | |
| | | |
| | | |

2. Performance Targets for 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 c active water connections | | | | | | | |
| SI d active sewer connections | | | | | | | |
| SI 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 * |

| Service Indicators | Year 2018 | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 | Sector Benchmark = Final Objective |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| SI 4 Billing for Services | | | | | | | Billing ratio 100% (all |
| 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 <15 minutes |
| SI 6 Interruption of Water Supply- length of interruption | | | | | | | Unannounced interruption 20-36 hours <15% (calculated 36-48 hours <8% annually) >48 hours <3% ** |
| SI 7 Blockage of Sewer | | | | | | | Unblocking within 20-36 hours <15% (calculated 36-48 hours <8% annually) >48 hours <3% ** |
| SI 8 Pressure in the Network for Water Supply | | | | | | | Insufficient pressure <5% clients towns with > 100,000 inhabitants <20% with <100,000 inhabitants |
| SI 9 Unjustified Disconnections | | | | | | | Max. 0.2% of clients in towns >10,000 connections 0.4% <10,000 connections |
| SI 10 Sewer Flooding | | | | | | | Maximum 0.5% of total connections per year |

| Service Indicators | Year 2018 | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 | Sector Benchmark = Final Objective |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| SI 11 Quality of Discharged Effluent (in % of all effluent) | | | | | | | 100% of effluent are discharged according to requirement *** |
| SI 12 Support to Public Institutions-Curb Wastage + Settle Bills on Time | | | | | | | Indicate the number of clients supported every year. |
| SI 13 Non-Revenue Water | | | | | | | <20% |
| SI 14 Metering Ratio | | | | | | | 100% |
| SI 15 Collection Efficiency | | | | | | | >90% |
| SI 16 Staff/1000 connections Large companies medium & small companies | | | | | | | <5 (WSP with ≤ 3 towns and large WSP <9 (WSP with ≥ 3 towns) - medium/small |
| SI 17 Unit Operation Cost | | | | | | | Total Operation Cost/Water Produced (comparison) |
| SI 18 Personnel cost as a share cost of O&M. -very large companies -large companies -medium and Small companies | | | | | | | <20% <30% <40% |
| SI 19 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, 10years
- 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).

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.

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 (Very Large and Large WSPs) and Kshs 75,000 (Medium and Small WSPs) 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 license 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.

ANNEX 11.1

LICENSE APPLICATION - WATER ACT 2016 - Information/Data Templates

Scheme and Performance Summary Sheets for Water Service Providers

Name of Utility: XYZ Water and Sanitation Company

County(ies) of operation: ABC

1. Scheme Summary Sheet (Water)

| No | Scheme | Component | Parameters and/Status |
|-------------------------|-----------------------------|---|---|
| 1. | Example Water Supply/scheme | Source: 1. Intake 1 2. Intake 2 3. Borehole X 4. Borehole Y | River 1 abstraction right 8,640m ³ per day River 2 abstraction right 5,840m ³ per day Yield X – 100m ³ /day Yield Y – 80m ³ /day |
| 1. Sample for Reference | | Treatment Works 1 | Design capacity of treatment works is 2500m ³ /day. Current production is 1,300m ³ per day, Demand 7,000m ³ /day. |
| | | Treatment Works 2 | |
| | | Treatment type; TW1 TW2 | Full treatment Partial treatment |
| | | Pumping; P1 P2 | 2No. Pumping units 50M ³ /hr and operational. 80m ³ /hr and non operational |
| | | Storage Tanks; ST- 01 S T- 02 ST - 03 | Reinforced Concrete tank - 135m ³ at X town Masonry tank - 250m ³ at Y town Elevated pressed steel tank - 108m ³ |
| | | Rising Mains | 2.5KM 200mm dia. PVC class E to X 1.8KM 220mm dia. GI pipe to Y |
| | | Distribution Mains | 40KM assorted sizes of pipelines; Ranges from 220mm to 100mm dia. of steel, uPVC and HDPE |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |

2. Performance Summary Sheet (Water)

| Indicator | Requirements | Unit | Quantity <i>(annual figures where applicable)</i> |
|-------------|------------------------------|----------------|---|
| Population | Population in Service Area | No | |
| | Population Served | No | |
| Production | Production Volume | M ³ | |
| Connections | Total Registered connections | No | |
| | Active Connections | No | |
| | Metered Connections | No | |
| Billing | Billed Volume | M ³ | |
| Water Lost | Non-Revenue water | M ³ | |
| | Non-Revenue water | % | |
| | Billed Amount | Kshs | |
| Collection | Collection Amount | Kshs | |
| Staff | Staff on contract | No. | |
| | Staff on Permanent | No. | |
| | Regular Casuals | No. | |
| Costs | O+M Cost | Kshs | |
| | Personnel Costs | Kshs | |
| | Chemical Costs | Kshs | |
| | Energy Costs | Kshs | |
| ... | | | |
| ... | | | |

3. Scheme Summary Sheet (Wastewater)

| No | Scheme | Component | Status <i>(examples)</i> |
|----------------------|--------------------------------|------------------------|---|
| 1. | XYZ Wastewater Treatment Plant | Service Area: | Constructed 1983, rehabilitated in 2002..... Serves the central part of xyz town in xx county |
| Sample for Reference | | Treatment Works | Design capacity dry weather flow 1,500m ³ /day. Inlet Works with screening 1No. Anaerobic pond 2No. Facultative ponds 2No. Maturation ponds 1No. Sludge drying bed Administration building with Laboratory |
| | | Trunk Mains | Concrete pipes PVC pipes Manholes |
| | | | Concrete pipes PVC pipes Manholes |
| | | Laterals/Infill sewers | Concrete pipes PVC pipes Manholes |
| | | | Concrete pipes PVC pipes Manholes |
| | | | Concrete pipes PVC pipes Manholes |
| | 2 | | |
| | 3 | | |
| | | | |

4. Performance Summary Sheet (Wastewater)

| Indicator | Requirements | Unit | Quantity <i>(annual figures where applicable)</i> |
|-------------|------------------------------------|---------------------|---|
| Population | Population in Service Area | No | |
| | Population Served | No | |
| | Proportion of Population Served | % | |
| Treatment | Treatment (design) capacity | M ³ /Day | |
| | Current treatment | M ³ /Day | |
| | Treatment utilization | % | |
| Connections | Total registered sewer connections | No | |

| Indicator | Requirements | Unit | Quantity <i>(annual figures where applicable)</i> |
|---------------------------|--------------------------|----------------|---|
| | Active sewer connections | No | |
| Billing (sewer) | Billed Volume | M ³ | |
| | Billed Amount | Kshs | |
| Collection (sewer) | Collection Amount | Kshs | |
| Staff | Staff on contract | No. | |
| | Staff on Permanent | No. | |
| | Regular Casuals | No. | |
| Costs of sewer operations | O+M Cost | Kshs | |
| | Personnel Costs | Kshs | |
| | Energy Costs | Kshs | |
| ... | | | |
| ... | | | |

5. XYZ WSP Staff Establishment

| S/No | Designation | Grade | Established Positions/Optimal Staffing Level | In Post | Deficit (vacant)/ Surplus |
|------|----------------------|-------|--|---------|---------------------------|
| 1 | Managing Director | 1 | 1 | 1 | 0 |
| 2 | Technical Manager | 2 | 1 | 1 | 0 |
| 3 | Commercial Manager | 2 | 1 | 0 | -1 |
| 4 | .. | | | | |
| 5 | .. | | | | |
| 6 | Plumbers | 6 | 10 | 15 | 5 |
| 7 | .. | | | | |
| ... | .. | | | | |
| ... | .. | | | | |
| | Total/Overall | | | | |

6. Details of Board of Directors:

Name and profession of members starting with the Chairman

| No | Name | Position within Organization | Academic Qualifications | Professional Qualifications | Current Occupation | Age | Sex |
|----|------|------------------------------|-------------------------|-----------------------------|--------------------|-----|-----|
| 1 | X | Chairman | ... | ... | ... | ... | .. |
| 2 | Y | Member | ... | | | | |

| No | Name | Position within Organization | Academic Qualifications | Professional Qualifications | Current Occupation | Age | Sex |
|-----|------|------------------------------|-------------------------|-----------------------------|--------------------|-----|-----|
| 3 | Z | | | | | | |
| 4 | ... | | | | | | |
| 5 | ... | | | | | | |
| ... | | | | | | | |

7. Details of Key Management Staff and Other Staff

This list should include Key management staff and all key staff

| No | Name | Position within Organization | Academic Qualifications | Professional Qualifications | Age | Sex | County of Origin |
|-----|------|------------------------------|-------------------------|-----------------------------|-----|-----|------------------|
| 1 | X | Managing Director | ... | ... | .. | .. | |
| 2 | Y | Technical Manager | | | | | |
| 3 | Z | Commercial Manager | | | | | |
| 4 | ... | | | | | | |
| ... | ... | | | | | | |

8. Asset Maintenance Schedule

In a separate excel template hence in soft copy



LICENCE ANALYSIS CHECKLIST AND EVALUATION FORM WATER ACT 2016

Name and Address of Water Service Provider:
 Tana River Water and Sanitation Company Limited
 P.O. BOX
GARSEN

| NO | WSP APPLICATION CONDITION | Minimum Requirements | Whether Data Provided by WSP | Analysis/Assessment by WASREB |
|----|--|---|------------------------------|-------------------------------|
| 1. | Preliminary details | | | |
| | i. Date received by WASREB | Date of receipt | | |
| | ii. Application fee received | Proof of payment* | | |
| | iii. Certificate of Company Registration | Copy of certificate* | | |
| | iv. Geo- Referenced Map of Service Area accompanied by "Shape Files" | <ul style="list-style-type: none"> • PDF illustration • List of sub-locations* • Shape files*<i>Mandatory for mapped WSPs (66)</i> | | |
| | v. Copy of letter to county on application | <ul style="list-style-type: none"> • Copy of letter* • Share application with the county | | |
| | vi. Period of License (Agreed per category) | To be defined | | |

| | | | | |
|----|---|--|--|--|
| | | To be illustrated in Financial Years, recommended 5 years | | |
| 2. | Institutional profile | | | |
| | i. Compliant memorandum and objects of association to WASREB standards | As per model memorandum of association* | | |
| | ii. Details of board members meet the governance standards; competence in academic and professional criteria and stakeholder representation; gender | Information sheet on BoD | | |
| | iii. Key executive staff meet competence criteria of Legal Notice (LN) 137 of 2012 (Level 1, 2 & 3) | Profile of key staff | | |
| | iv. Approved Staff Establishment in line with Wasreb Standards | Approved Staff Establishment | | |
| 3. | Human Resource Management | | | |
| | i. Approved Human resource policy manual in line with Wasreb Standards | Approved updated Human resource policy Manual as per model | | |
| | ii. Performance management system | <ul style="list-style-type: none"> • PMS in place • Evidence of appraisal (implementation) | | |
| | iii. HIV Policy | HIV Policy | | |
| | iv. Collective Bargaining Agreement in line with Wasreb Standards | <ul style="list-style-type: none"> • Valid CBA • In line with approved tariff | | |
| | v. Contracts of employment for Management Staff with clear terms and conditions of service | <ul style="list-style-type: none"> • Sample Copy of signed contracts for Management Staff | | |

| | | | | |
|----|---|---|--|--|
| | vi. Contracts of employment for unionisable and other staff with clear terms and conditions of service | <ul style="list-style-type: none"> • Sample Copy of signed contracts unionisable and other staff • Link to CBA | | |
| | vii. Approved Organization Structure in Line with WASREB Standards | Approved Organization Structure | | |
| | viii. Code of Conduct and Ethics for employees | Sample Copy of signed code of Conduct and Ethics for employees | | |
| | ix. Pension Scheme Arrangements whether DB or DC and Compliance to relevant laws and guidelines (RBA act, Treasury circulars, Scheme roles and deeds) | Evidence of Pension Scheme Arrangements. Should be a DC scheme. | | |
| 4. | Information on Technical Management | | | |
| | i. Water sources and abstraction permits (Own Source or Guaranteed Bulk Supply) | <ul style="list-style-type: none"> • Water sources and valid abstraction permits • Bulk supply agreements where applicable | | |
| | ii. Scheme summary water | <ul style="list-style-type: none"> • Total Population in SA and population served • Production and billed water sources and abstraction volumes | | |

| | | | | |
|--|---------------------------------|---|--|--|
| | | <ul style="list-style-type: none"> • Water treatment process • Billing and collection amount • No. of staff (contract and permanent) • O+M cost • Personnel, chemical and energy costs • Total (registered, active) and metered connections | | |
| | iii. Scheme summary waste water | <ul style="list-style-type: none"> • Total Population in SA and population served • Volumes of influent to be treated • Waste water treatment capacity • Billing and collection amount • No. of staff (contract and permanent) • O+M cost • Personnel, chemical and energy costs | | |

| | | | | |
|--|---|---|--|--|
| | | <ul style="list-style-type: none"> Total (registered, active) and metered connections | | |
| | iv. Compliance with Water Quality and Effluent Management Guideline) WQEMG – last report | <ul style="list-style-type: none"> Latest report for the month preceding the application Check against previously submitted reports Determine compliance | | |
| | v. Copy of effluent discharge permit | Valid effluent discharge permit(s) | | |
| | vi. Asset Register – assets owned by WSP | Copy of asset register | | |
| | vii. Asset Register- assets from Local Authority/county | Copy of asset register | | |
| | viii. Asset Register –assets from Water Service Board (CWWDA) | Copy of asset register | | |
| | ix. Asset maintenance schedule | Copy of asset maintenance schedule | | |
| | x. Approved Water Safety Plan | Yes/No | | |
| | xi. Signed deed of handover of all assets including new ones during the previous SPA period | Copy signed deed of handover of all assets | | |
| | xii. Details of planned institutional and infrastructural improvements | Review planning documents (strategic plan, master plan, business plan) to determine adequacy/link to | | |

| | | | | |
|----|---|---|--|--|
| | | performance targets | | |
| | xiii. Financing Plan | A plan to support activities in (xii) above | | |
| 5. | Information on Commercial Management | | | |
| | i. Copy of Customer contract | Check against model customer contract | | |
| | ii. Customer complaint handling procedure | Check against CEG | | |
| | iii. Customer Service Charter | Check against minimum service standards | | |
| | iv. Procurement Policy | Approved procurement policy/or evidence of following PPAD Act 2015 | | |
| | v. Evidence of Stakeholder Conference | Evidence of Stakeholder Conference invitation, list of participants, minutes within the last 2 financial years | | |
| | vi. Tax compliance certificate/status | Check validity, validate with iTax | | |
| | vii. Most recent two years Auditor General Reports | <ul style="list-style-type: none"> • Audit certificate for the 2 years • Signed audit reports | | |
| | viii. Website Information on annual report | Check website for annual report | | |
| | ix. Evidence of Biennial Customer Satisfaction Survey | Report within the last 2 years | | |

| | | | | |
|----|--|--|--------|--|
| | x. Adoption of Maji Voice | Check against Maji Voice list and adoption status (reports) | | |
| | xi. Compliance to WASREB's website requirements | Check website against WASREB standards | | |
| 6. | Information on financial management | | | |
| | i. Proposed / Valid Regular Tariff | Check validity on website | | |
| | ii. Maintenance Costs / O+M | Check against tariff, audited accounts and WARIS data | | |
| | iii. Employee Costs / O+M | | | |
| | iv. O+M Coverage | | | |
| | v. Quick Ratio (Acid Test ratio) | | | |
| | vi. Debtor days | | | |
| | vii. Collection Efficiency | | | |
| | viii. Debt Service Coverage Ratio | | | |
| | ix. Performance Guarantee | | Yes/No | |
| | x. Approved Strategic Plan | BoD Approved Strategic Plan | | |
| | xi. Specifications of the current billing system | Check against WASREB standards | | |
| | xii. Operational business plan | <ul style="list-style-type: none"> • BoD approved Operational business plan • Check against WASREB standards | | |
| | xiii. Approved Disaster Management Plan | BoD Approved Disaster Management Plan | | |
| 7. | Asset Handover | | | |
| | i. New water supply asset handed over during last 10 years by source | <ul style="list-style-type: none"> • List of assets/projects • Hand over certificate(s) for | | |

| | | | | |
|----|---|--|--|--|
| | | water supply asset(s) handed over | | |
| | ii. New waste water assets handed over last 10 years by source | <ul style="list-style-type: none"> List of assets/projects Hand over certificate(s) for waste water asset(s) handed over | | |
| 8. | Projected improvement of services in license period | | | |
| | i. Small scale providers in service area –situation described and projected | <ul style="list-style-type: none"> List of SSPs in the Service Area (SA) Link to Main WSP Report of SA mapping exercise | | |
| 9. | Performance improvements in license period | | | |
| | a. Quality of Service | | | |
| | i. Water coverage % | Check against XX year targets and link to NWSS | | |
| | ii. Drinking Water Quality % | 100% | | |
| | iii. Hours of Supply | Progression to acceptable sector benchmarks | | |
| | iv. Sewerage coverage % | Check against XX year targets and link to NWSS | | |
| | v. Effluent Quality % | 100% | | |
| | b. Economic Efficiency | | | |
| | i. Personnel Expenditure as % of O+M costs % | Compliance to sector benchmarks | | |
| | ii. O+M Costs coverage % | Progression to full cost recovery | | |

| | | | | |
|-----|--|---|--|--|
| | iii. Revenue Collection Efficiency % | Compliance to sector benchmarks | | |
| | c. Operational Sustainability | | | |
| | i. Non-Revenue Water, % | Progression to acceptable sector benchmarks | | |
| | ii. Metering (operational) ratio, % | 100% | | |
| | iii. Staff Productivity, No | Progression to acceptable sector benchmarks | | |
| | iv. Environmental (source) protection | Check CSR reports, SP, Go green, renewable energy | | |
| | v. Governance Indicator | Score for last assessment | | |
| | vi. Pro-poor Assessment | | | |
| 10. | Other Issues | | | |
| | i. Evidence of Public Consultation | Evidence of Public Consultation invitation, list of participants, minutes for the license application | | |
| | ii. License Fee to be paid | Yes/No | | |
| | iii. Arrears of Regulatory Levy | Reconciled amount | | |
| | iv. Arrears of Licensee Remuneration to WSBs | Reconciled amount | | |

Date of Evaluation:

The WSP management will be invited for a meeting with WASREB on

Table 1: Commercial Viability Criteria

| Pre-requisite criteria | The County has enacted a County Water policy and Law | | | | | | | |
|--|---|----------------------------|--------|------------------|-----------------------|-----------------|-------------------|------------|
| | Legal status - Proposed entity is constituted as per Wasreb standards | | | | | | | |
| | Proposed WSP has a clearly defined service area which is georeferenced | | | | | | | |
| | Memorandum and Articles of Association - The memorandum and Articles of Association shall conform to the guidelines set and approved by the regulator | | | | | | | |
| Viability Criteria | Requirement | Source of Data | Weight | Level Assessment | | | | |
| | | | | Level 5 | Level 4 | Level 3 | Level 2 | Level 1 |
| O + M Cost Coverage | <ul style="list-style-type: none"> The preferred ratio is at $\geq 150\%$ The lowest acceptable ratio is at 100% | Impact/License application | 20 | ≥ 150 | <150 - 131 | 130 - 116 | 115 - 101 | ≤ 100 |
| Personnel Expenditure as a percentage of O+M costs | <ul style="list-style-type: none"> The preferred ratio is ≤ 20 A proportion of >30 is not acceptable * Large company | Impact/License application | 10 | ≤ 20 | >20 - ≤ 22 | >22 - ≤ 25 | >25- ≤ 29 | ≥ 30 |

| | | | | | | | | |
|--|---|----------------------------|----|-----------------|-----------------|---------------------|-----------------|---------------|
| Non-Revenue Water | <ul style="list-style-type: none"> The preferred ratio is at <20% A proportion ≥40 is not acceptable | Impact/License application | 20 | ≤20 | >20 - ≤24 | >24 - ≤30 | >30 - <40 | ≥40 |
| Technical and Financial Capabilities (section 86(2)(c) of the Water Act 2016 and Legal Notice Number 137 of 2012) | | | | | | | | |
| Water Quality | Compliance to Wasreb Standards | Inspection reports | 5 | Yes | | | | No |
| Human Resource (Skills and recruitment process) | The WSP has the requisite skills and the process of recruitment is competitive | | 10 | Fully compliant | | Partially compliant | | Non-compliant |
| Board of Directors (Size and recruitment process) | The size of the BoD complies with Wasreb standards and the process of recruitment | | 5 | Yes | n/a | n/a | n/a | No |

| | | | | | | | | |
|---|--|----------------------------|----|----------------|-----|-----------|-----|--------------|
| | is competitive | | | | | | | |
| Details of planned institutional and infrastructural improvements | Realisation of acceptable benchmarks on quality of service indicators (against annual targets for universal access) | Impact/License application | 15 | Fully realised | | Partially | | Not realised |
| Proposed tariff structure | The proposed tariff structure meets the requirements set by the regulator in terms of: 1. Conservation 2. Adequacy 3. Equity/Fairness | RTA/Application | 15 | Yes | n/a | n/a | n/a | No |

| | | | | | | | | |
|--|--|--|------------|--|--|--|--|--|
| | 4. Enforceability and Simplicity 5. Affordability | | | | | | | |
| | Total Points | | 100 | | | | | |

Table 2 : Commercial Viability Criteria Input

| | | | | 0 | |
|--------------------|---|----------------------------|--------|------------|---------|
| | | Source of Data | Weight | Assessment | Comment |
| Criteria | Requirement | | | | |
| Pre-requisites | The County has enacted a County Water policy and Law | Impact/License application | n/a | n/a | |
| | Legal status - Proposed entity is constituted as per Wasreb standards | Impact/License application | n/a | √ | |
| | Proposed WSP has a clearly defined service area which is georeferenced | Impact/License application | n/a | √ | |
| | Memorandum and Articles of Association - The memorandum and Articles of Association shall conform to the guidelines set and approved by the regulator | Inspection Reports | n/a | √ | |
| Selection Criteria | Requirement | Source of Data | | | |

| | | | Weight | Assessment | Comment |
|--|--|----------------------------|--------|------------|---------|
| O + M Cost Coverage | <ul style="list-style-type: none"> The preferred ratio is at $\geq 150\%$ The lowest acceptable ratio is at 100% | Impact/License application | 20 | | |
| Personnel Expenditure as a percentage of O+M costs | <ul style="list-style-type: none"> The preferred ratio is ≤ 20 A proportion of >30 is not acceptable * Large company | Impact/License application | 10 | | |
| Non-Revenue Water | <ul style="list-style-type: none"> The preferred ratio is at $<20\%$ A proportion ≥ 40 is not acceptable | Impact/License application | 20 | | |
| Technical and Financial Capabilities (section 86(2)(c) of the Water Act 2016 and Legal Notice Number 137 of 2012) | | | | | |
| Water Quality | Compliance to Wasreb Standards | Inspection Reports | 5 | | |
| Human Resource (Skills and recruitment process) | The WSP has the requisite skills and the process of recruitment is competitive | | 10 | | |
| Board of Directors (Size and recruitment process) | The size of the BoD complies with Wasreb standards and the process of recruitment is competitive | | 5 | | |
| Details of planned institutional and infrastructural improvements | Realisation of acceptable benchmarks on quality of service indicators (against annual targets for universal access) | Impact/License application | 15 | | |
| Proposed tariff structure | <p>The proposed tariff structure meets the requirements set by the regulator in terms of:</p> <ol style="list-style-type: none"> 1. Conservation 2. Adequacy 3. Equity/Fairness 4. Enforceability and Simplicity 5. Affordability | RTA/Application | 15 | | |

| | | | | |
|--|---------------------------------------|-----|--|--|
| | Required Points to proceed to Level 2 | 100 | | |
|--|---------------------------------------|-----|--|--|

| Table 3: Commercial Viability Criteria Output | | | | | |
|---|---|----------------------------|--------|------------------|---------|
| Criteria | Requirement | Source of Data | Weight | 0 | |
| | Evaluation table | | | Assessment | Comment |
| Pre-requisites | The County has enacted a County Water policy and Law | | n/a | n/a | |
| | Legal status - Proposed entity is constituted as per Wasreb standards | | n/a | √ | |
| | Proposed WSP has a clearly defined service area which is georeferenced | | n/a | √ | |
| | Memorandum and Articles of Association - The memorandum and Articles of Association shall conform to the guidelines set and approved by the regulator | | n/a | √ | |
| Selection Criteria | Requirement | Source of Data | Weight | Level Assessment | |
| | | | | Level | Score |
| O + M Cost Coverage | <ul style="list-style-type: none"> • The preferred ratio is at ≥150% • The lowest acceptable ratio is at 100% | Impact/License application | 20 | 0 | 0 |
| Personnel Expenditure as a percentage of O+M costs | <ul style="list-style-type: none"> • The preferred ratio is ≤20 • A proportion of >30 is not acceptable * Large company | Impact/License application | 10 | 0 | 0 |
| Non-Revenue Water | <ul style="list-style-type: none"> • The preferred ratio is at <20% • A proportion ≥40 is not acceptable | Impact/License application | 20 | 0 | 0 |
| Technical and Financial Capabilities (section 86(2)(c) of the Water Act 2016 and Legal Notice Number 137 of 2012) | | | | | |
| Water Quality | Compliance to Wasreb Standards | Inspection reports | 5 | 0 | 0 |

| | | | | | |
|---|--|----------------------------|------------|---|----------|
| Human Resource (Skills and recruitment process) | The WSP has the requisite skills and the process of recruitment is competitive | | 10 | 0 | 0 |
| Board of Directors (Size and recruitment process) | The size of the BoD complies with Wasreb standards and the process of recruitment is competitive | | 5 | 0 | 0 |
| Details of planned institutional and infrastructural improvements | Realisation of acceptable benchmarks on quality of service indicators (against annual targets for universal access) | Impact/License application | 15 | 0 | 0 |
| Proposed tariff structure | The proposed tariff structure meets the requirements set by the regulator in terms of: 1. Conservation 2. Adequacy 3. Equity/Fairness 4. Enforceability and Simplicity 5. Affordability | RTA/Application | 15 | 0 | 0 |
| | TOTAL POINT (Max 100) | | 100 | | 0 |

| Performance range | Remarks |
|-------------------|--|
| ≥70 | Commercially Viable |
| 50 - 69 | Not Commercially Viable. However, entity has to be nurtured to viability. There must therefore be clear projections to support this. |
| <50 | Not Commercially Viable in the short term but with improvements may be nurtured to commercial viability. |

Table 1: Commercial Viability Criteria MEDIUM COMPANY

| Pre-requisite criteria | The County has enacted a County Water policy and Law | | | | | | | |
|--|--|----------------------------|--------|------------------|-----------------|---------------------|-----------------|---------------|
| | Legal status - Proposed entity is constituted as per Wasreb standards | | | | | | | |
| | Proposed WSP has a clearly defined service area which is georeferenced | | | | | | | |
| | Memorandum and Articles of Association - The memorandum and Articles of Association shall conform to the guidelines set and approved by the regulator | | | | | | | |
| Viability Criteria | Requirement | Source of Data | Weight | Level Assessment | | | | |
| | | | | Level 5 | Level 4 | Level 3 | Level 2 | Level 1 |
| O + M Cost Coverage | <ul style="list-style-type: none"> The preferred ratio is at $\geq 150\%$ The lowest acceptable ratio is at 100% | Impact/License application | 20 | ≥ 150 | $<150 - 131$ | $130 - 116$ | $115 - 101$ | ≤ 100 |
| Personnel Expenditure as a percentage of O+M costs | <ul style="list-style-type: none"> The preferred ratio is ≤ 30 A proportion of >40 is not acceptable * Medium company | Impact/License application | 10 | ≤ 30 | $>30 - \leq 32$ | $>32 - \leq 35$ | $>35 - \leq 39$ | ≥ 40 |
| Non-Revenue Water | <ul style="list-style-type: none"> The preferred ratio is at $<20\%$ A proportion ≥ 40 is not acceptable | Impact/License application | 20 | ≤ 20 | $>20 - \leq 24$ | $>24 - \leq 30$ | $>30 - <40$ | ≥ 40 |
| Technical and Financial Capabilities (section 86(2)(c) of the Water Act 2016 and Legal Notice Number 137 of 2012) | | | | | | | | |
| Water Quality | Compliance to Wasreb Standards | Inspection reports | 5 | Yes | | | | No |
| Human Resource (Skills and recruitment process) | The WSP has the requisite skills and the process of recruitment is competitive | | 10 | Fully compliant | | Partially compliant | | Non-compliant |
| Board of Directors (Size and recruitment process) | The size of the BoD complies with Wasreb standards and the process of recruitment is competitive | | 5 | Yes | n/a | n/a | n/a | No |
| Details of planned institutional and infrastructural improvements | Realisation of acceptable benchmarks on quality of service indicators (against annual targets for universal access) | Impact/License application | 15 | Fully realised | | Partially | | Not realised |

| | | | | | | | | |
|---------------------------|--|-----------------|------------|-----|-----|-----|-----|----|
| Proposed tariff structure | The proposed tariff structure meets the requirements set by the regulator in terms of: 1. Conservation 2. Adequacy 3. Equity/Fairness 4. Enforceability and Simplicity 5. Affordability | RTA/Application | 15 | Yes | n/a | n/a | n/a | No |
| | Total Points | | 100 | | | | | |

Table 2 : Commercial Viability Criteria Input

| | | Source of Data | Weight | 0 | |
|--|---|----------------------------|--------|-----------|---------|
| | | | | Assesment | Comment |
| Criteria | Requirement | | | | |
| Pre-requisites | The County has enacted a County Water policy and Law | Impact/Licence application | n/a | n/a | |
| | Legal status - Proposed entity is constituted as per Wasreb standards | Impact/Licence application | n/a | √ | |
| | Proposed WSP has a clearly defined service area which is georeferenced | Impact/Licence application | n/a | √ | |
| | Memorandum and Articles of Association - The memorandum and Articles of Association shall conform to the guidelines set and approved by the regulator | Inspection Reports | n/a | √ | |
| Selection Criteria | Requirement | Source of Data | Weight | Assesment | Comment |
| O + M Cost Coverage | <ul style="list-style-type: none"> The preferred ratio is at ≥150% The lowest acceptable ratio is at 100% | Impact/Licence application | 20 | | |
| Personnel Expenditure as a percentage of O+M costs | <ul style="list-style-type: none"> The preferred ratio is ≤30 A proportion of >40 is not acceptable * Medium company | Impact/Licence application | 10 | | |

| | | | | | |
|--|---|----------------------------|------------|--|--|
| Non-Revenue Water | <ul style="list-style-type: none"> The preferred ratio is at <20% A proportion ≥ 40 is not acceptable | Impact/Licence application | 20 | | |
| Technical and Financial Capabilities (section 86(2)(c) of the Water Act 2016 and Legal Notice Number 137 of 2012) | | | | | |
| Water Quality | Compliance to Wasreb Standards | Inspection Reports | 5 | | |
| Human Resource (Skills and recruitment process) | The WSP has the requisite skills and the process of recruitment is competitive | | 10 | | |
| Board of Directors (Size and recruitment process) | The size of the BoD complies with Wasreb standards and the process of recruitment is competitive | | 5 | | |
| Details of planned institutional and infrastructural improvements | Realisation of acceptable benchmarks on quality of service indicators (against annual targets for universal access) | Impact/Licence application | 15 | | |
| Proposed tariff structure | The proposed tariff structure meets the requirements set by the regulator in terms of: <ol style="list-style-type: none"> 1. Conservation 2. Adequacy 3. Equity/Fairness 4. Enforceability and Simplicity 5. Affordability | RTA/Application | 15 | | |
| | Required Points to proceed to Level 2 | | 100 | | |

Table 3: Commercial Viability Criteria Output

| Criteria | Requirement | Source of Data | Weight | 0 | |
|----------------|---|----------------|--------|------------|---------|
| | | | | Assessment | Comment |
| Pre-requisites | The County has enacted a County Water policy and Law | | n/a | n/a | |
| | Legal status - Proposed entity is constituted as per Wasreb standards | | n/a | √ | |
| | Proposed WSP has a clearly defined service area which is georeferenced | | n/a | √ | |
| | Memorandum and Articles of Association - The memorandum and Articles of Association shall conform to the guidelines set and approved by the regulator | | n/a | √ | |

| Selection Criteria | Requirement | Source of Data | Weight | Level Assessment | |
|--|---|----------------------------|------------|------------------|----------|
| | | | | Level | Score |
| O + M Cost Coverage | <ul style="list-style-type: none"> The preferred ratio is at $\geq 150\%$ The lowest acceptable ratio is at 100% | Impact/License application | 20 | 0 | 0 |
| Personnel Expenditure as a percentage of O+M costs | <ul style="list-style-type: none"> The preferred ratio is ≤ 30 A proportion of >40 is not acceptable * Medium company | Impact/License application | 10 | 0 | 0 |
| Non-Revenue Water | <ul style="list-style-type: none"> The preferred ratio is at $<20\%$ A proportion ≥ 40 is not acceptable | Impact/License application | 20 | 0 | 0 |
| Technical and Financial Capabilities (section 86(2)(c) of the Water Act 2016 and Legal Notice Number 137 of 2012) | | | | | |
| Water Quality | Compliance to Wasreb Standards | Inspection reports | 5 | 0 | 0 |
| Human Resource (Skills and recruitment process) | The WSP has the requisite skills and the process of recruitment is competitive | | 10 | 0 | 0 |
| Board of Directors (Size and recruitment process) | The size of the BoD complies with Wasreb standards and the process of recruitment is competitive | | 5 | 0 | 0 |
| Details of planned institutional and infrastructural improvements | Realisation of acceptable benchmarks on quality of service indicators (against annual targets for universal access) | Impact/License application | 15 | 0 | 0 |
| Proposed tariff structure | <p>The proposed tariff structure meets the requirements set by the regulator in terms of:</p> <ol style="list-style-type: none"> Conservation Adequacy Equity/Fairness Enforceability and Simplicity Affordability | RTA/Application | 15 | 0 | 0 |
| | TOTAL POINT (Max 100) | | 100 | | 0 |

| Performance range | Remarks |
|-----------------------------|--|
| ≥ 70 | Commercially Viable |
| 50 - 69 | Not Commercially Viable. However, entity has to be nurtured to viability. There must therefore be clear projections to support this. |

<50

Not Commercially Viable in the short term but with improvements may be nurtured to commercial viability.

Table 1: Commercial Viability Criteria SMALL COMPANY

| Pre-requisite criteria | The County has enacted a County Water policy and Law | | | | | | | |
|--|---|----------------------------|--------|------------------|-----------------|---------------------|-----------------|---------------|
| | Legal status - Proposed entity is constituted as per Wasreb standards | | | | | | | |
| | Proposed WSP has a clearly defined service area which is georeferenced | | | | | | | |
| | Memorandum and Articles of Association - The memorandum and Articles of Association shall conform to the guidelines set and approved by the regulator | | | | | | | |
| Viability Criteria | Requirement | Source of Data | Weight | Level Assessment | | | | |
| | | | | Level 5 | Level 4 | Level 3 | Level 2 | Level 1 |
| O + M Cost Coverage | <ul style="list-style-type: none"> The preferred ratio is at $\geq 150\%$ The lowest acceptable ratio is at 100% | Impact/License application | 20 | ≥ 150 | $<150 - 131$ | $130 - 116$ | $115 - 101$ | ≤ 100 |
| Personnel Expenditure as a percentage of O+M costs | <ul style="list-style-type: none"> The preferred ratio is ≤ 30 A proportion of >40 is not acceptable * Small company | Impact/License application | 10 | ≤ 40 | $>40 - \leq 42$ | $>42 - \leq 43$ | $>43 - \leq 44$ | ≥ 45 |
| Non-Revenue Water | <ul style="list-style-type: none"> The preferred ratio is at $<20\%$ A proportion ≥ 40 is not acceptable | Impact/License application | 20 | ≤ 20 | $>20 - \leq 24$ | $>24 - \leq 30$ | $>30 - <40$ | ≥ 40 |
| Technical and Financial Capabilities (section 86(2)(c) of the Water Act 2016 and Legal Notice Number 137 of 2012) | | | | | | | | |
| Water Quality | Compliance to Wasreb Standards | Inspection reports | 5 | Yes | | | | No |
| Human Resource (Skills and recruitment process) | The WSP has the requisite skills and the process of recruitment is competitive | | 10 | Fully compliant | | Partially compliant | | Non-compliant |
| Board of Directors (Size and recruitment process) | The size of the BoD complies with Wasreb standards and the process of recruitment is competitive | | 5 | Yes | n/a | n/a | n/a | No |
| Details of planned institutional and infrastructural improvements | Realisation of acceptable benchmarks on quality of service indicators (against annual targets for universal access) | Impact/License application | 15 | Fully realised | | Partially | | Not realised |

| | | | | | | | | |
|---------------------------|--|-----------------|------------|-----|-----|-----|-----|----|
| Proposed tariff structure | The proposed tariff structure meets the requirements set by the regulator in terms of: 1. Conservation 2. Adequacy 3. Equity/Fairness 4. Enforceability and Simplicity 5. Affordability | RTA/Application | 15 | Yes | n/a | n/a | n/a | No |
| | Total Points | | 100 | | | | | |

Table 2 : Commercial Viability Criteria Input

| | | Source of Data | Weight | 0 | |
|--|---|----------------------------|--------|------------|---------|
| | | | | Assessment | Comment |
| Criteria | Requirement | | | | |
| Pre-requisites | The County has enacted a County Water policy and Law | Impact/License application | n/a | n/a | |
| | Legal status - Proposed entity is constituted as per Wasreb standards | Impact/License application | n/a | √ | |
| | Proposed WSP has a clearly defined service area which is georeferenced | Impact/License application | n/a | √ | |
| | Memorandum and Articles of Association - The memorandum and Articles of Association shall conform to the guidelines set and approved by the regulator | Inspection Reports | n/a | √ | |
| Selection Criteria | Requirement | Source of Data | Weight | Assessment | Comment |
| O + M Cost Coverage | <ul style="list-style-type: none"> The preferred ratio is at ≥150% The lowest acceptable ratio is at 100% | Impact/License application | 20 | | |
| Personnel Expenditure as a percentage of O+M costs | <ul style="list-style-type: none"> The preferred ratio is ≤30 A proportion of >40 is not acceptable * Small company | Impact/License application | 10 | | |

| | | | | | |
|--|--|----------------------------|------------|--|--|
| Non-Revenue Water | <ul style="list-style-type: none"> The preferred ratio is at <20% A proportion ≥ 40 is not acceptable | Impact/Licence application | 20 | | |
| Technical and Financial Capabilities (section 86(2)(c) of the Water Act 2016 and Legal Notice Number 137 of 2012) | | | | | |
| Water Quality | Compliance to Wasreb Standards | Inspection Reports | 5 | | |
| Human Resource (Skills and recruitment process) | The WSP has the requisite skills and the process of recruitment is competitive | | 10 | | |
| Board of Directors (Size and recruitment process) | The size of the BoD complies with Wasreb standards and the process of recruitment is competitive | | 5 | | |
| Details of planned institutional and infrastructural improvements | Realisation of acceptable benchmarks on quality of service indicators (against annual targets for universal access) | Impact/Licence application | 15 | | |
| Proposed tariff structure | The proposed tariff structure meets the requirements set by the regulator in terms of: <ol style="list-style-type: none"> Conservation Adequacy Equity/Fairness Enforceability and Simplicity Affordability | RTA/Application | 15 | | |
| | Required Points to proceed to Level 2 | | 100 | | |

| | | Source of Data | Weight | 0 | |
|-------------------------|---|----------------|--------|-----------|----------|
| Evaluation table | | | | Assesment | Com ment |
| Criteria | Requirement | | | | |
| Pre-requisites | The County has enacted a County Water policy and Law | | n/a | n/a | |
| | Legal status - Proposed entity is constituted as per Wasreb standards | | n/a | √ | |
| | Proposed WSP has a clearly defined service area which is georeferenced | | n/a | √ | |
| | Memorandum and Articles of Association - The memorandum and Articles of Association shall conform to the guidelines set and approved by the regulator | | n/a | √ | |

| Selection Criteria | Requirement | Source of Data | Weight | Level Assessment | |
|--|---|----------------------------|------------|------------------|----------|
| | | | | Level | Score |
| O + M Cost Coverage | <ul style="list-style-type: none"> The preferred ratio is at $\geq 150\%$ The lowest acceptable ratio is at 100% | Impact/License application | 20 | 0 | 0 |
| Personnel Expenditure as a percentage of O+M costs | <ul style="list-style-type: none"> The preferred ratio is ≤ 30 A proportion of >40 is not acceptable * Small company | Impact/License application | 10 | 0 | 0 |
| Non-Revenue Water | <ul style="list-style-type: none"> The preferred ratio is at $<20\%$ A proportion ≥ 40 is not acceptable | Impact/License application | 20 | 0 | 0 |
| Technical and Financial Capabilities (section 86(2)(c) of the Water Act 2016 and Legal Notice Number 137 of 2012) | | | | | |
| Water Quality | Compliance to Wasreb Standards | Inspection reports | 5 | 0 | 0 |
| Human Resource (Skills and recruitment process) | The WSP has the requisite skills and the process of recruitment is competitive | | 10 | 0 | 0 |
| Board of Directors (Size and recruitment process) | The size of the BoD complies with Wasreb standards and the process of recruitment is competitive | | 5 | 0 | 0 |
| Details of planned institutional and infrastructural improvements | Realisation of acceptable benchmarks on quality of service indicators (against annual targets for universal access) | Impact/License application | 15 | 0 | 0 |
| Proposed tariff structure | <p>The proposed tariff structure meets the requirements set by the regulator in terms of:</p> <ol style="list-style-type: none"> Conservation Adequacy Equity/Fairness Enforceability and Simplicity Affordability | RTA/Application | 15 | 0 | 0 |
| | TOTAL POINT (Max 100) | | 100 | | 0 |

| Performance range | Remarks |
|-----------------------------|--|
| ≥ 70 | Commercially Viable |
| 50 - 69 | Not Commercially Viable. However, entity has to be nurtured to viability. There must therefore be clear projections to support this. |

<50

Not Commercially Viable in the short term but with improvements may be nurtured to commercial viability.



5th Floor, NHIF BUILDING, NGONG ROAD
P.O. Box 41621, 00100, NAIROBI, KENYA
Tel: +254 (020) 27335561
+254 709 482 000
Email: info@wasreb.go.ke
Website: www.wasreb.go.ke