



National Water Supply and Sanitation Council

LICENCE No. L 15

Granted to

Kafubu Water & Sewerage Company

LICENCE

This Licence is granted for the supply of water and sanitation services.

WHEREAS the Water Supply and Sanitation Act no.28 of 1997 requires that every water supply and / or sanitation service provider shall operate only under the authority of a licence issued under this Act by the National Water Supply and Sanitation Council (NWASCO);

AND WHEREAS the Council through the Minister of Energy and Water Development has gone further to issue the Statutory Instrument No.63 of 2000 stipulating the requirements for the licence;

AND WHEREAS the requirement of the Act is that the licence is issued for a minimum period of ten years;

THEREFORE NWASCO, which has been set up under this Act to regulate the service providers, issues this LICENCE.

Part I

1. This Licence is effective from 8th January 2001 and shall remain valid for a maximum period of 10 years.
2. This Licence is issued to Kafubu Water & Sewerage Company, hereinafter referred to as "**the Holder**", to be the water and sanitation service provider for the areas described in Part II of this Licence, and subject to the stipulations set out in Part III of this Licence.
3. The provisions concerning the transfer or amendments of the Licence, penalty for infringement of the provisions of the Licence, and its suspension or cancellation shall be enforced as specified in the Water Supply and Sanitation Act No.28 of 1997.

Part II : Areas for which this Licence is accorded

1. The Water Supply Areas

The areas for which the Holder is made to be the water provider ("**the Water Supply Area**") comprise: Ndola town, Luanshya town (non-mine areas) and Masaiti township.

The areas and the boundaries of which are delineated by the line shaded Red in the Water Supply Area Map, being the map shown in Appendix 1 of this Licence.

2. The Sanitation Service Areas

The areas for which the Holder is made to be the sanitation provider ("**the Sanitation Service Area**") comprise: Ndola town, Luanshya town (non-mine areas) and Masaiti township.

The areas and the boundaries of which are delineated by the line shaded Red in the Sanitation Services Area Map, being the map shown in Appendix 1 of this Licence.

Part III: Definitions and conditions

Any reference in this Part to a paragraph refers to the paragraph of this Licence except where mentioned otherwise.

Definitions

In this Part,

"the Act" means the Water Supply and Sanitation Act No. 28 of 1997,

"the Companies Act" means the Companies Act No.26 of 1994 and all the amendments made to it.

"the Water Supply Areas" means the Water Supply Areas as described in Part II of this Licence,

"the Sanitation Service Areas" means the Sanitation Service Areas as described in Part II of this Licence,"

"the date of the Licence" means the date on which this Licence was signed by NWASCO, "the termination date" means the date until which this Licence remains valid, "standards" means standards as defined by the Zambia Bureau of Standards,

All other terms used are as defined in the Water Supply and Sanitation Act or other relevant statutes.

Conditions

1. The Holder shall diligently:
 - a) provide his services in the totality of the service areas as defined by Part II
 - b) strive to attain economic efficiency such that no unjustifiable expenses have to be borne by consumers and consumers obtain value for money
 - c) make the different consumers pay for the provision of water and sanitation services in proportion to their consumption
2. The Holder shall with respect to the fulfilment of any and all of the conditions of the Licence be the only person responding to NWASCO whatever contractual links with a third party might exist or come into existence.
3. The conditions and provisions of this Licence shall in no way be deemed to prevent or stop the Holder from complying with all other relevant pieces of legislation, such as the Environmental Protection & Pollution Control Act CAP 204, the Public Health Act CAP 295, the Local Government Act CAP 281, the Companies Act Cap 388 and Standards Act CAP 416, the Water Act Cap 198.

4. The Holder shall undertake to promptly inform NWASCO in writing and with all details NWASCO might require whenever the Holder is about to engage in discussions or to enter into a contract with a third party that, to the best judgment of the Holder, affects or may affect:
 - a) the availability of any infrastructure for the purposes of providing water and / or sanitation services in the Water Supply and / or Sanitation Services Area that was available at the date of the Licence;
 - b) the Water Supply Areas or the Sanitation Service Areas;
 - c) the cost structure of the Holder for the business of providing water supply and sanitation services;
 - d) any provisions contained in Section 2 of the Licence.
5. In case the Holder enters into an agreement of which the beneficial impact on the provision of water supply and sanitation services in the service areas cannot be demonstrated, NWASCO may take any measures it may deem relevant up to the suspension or cancellation of the Licence.
6. The Holder shall submit to NWASCO all contracts made with affiliates and their partners before signing such contracts, and these contracts shall only be effected with the consent of NWASCO.

Obligation to Operate

7. The Holder shall within thirty days of the date of the Licence confirm to NWASCO with his signature that he has taken up operations, or, if he is not operating at the date of the Licence, shall confirm to NWASCO that he will take up operations within twelve (12) months. In the latter case, he shall inform NWASCO that he has effectively taken up operations within thirty days of such taking up of operations.
8. The Holder shall at all times during the period of validity of the Licence, ensure that he has sufficient rights and assets to prevent any deterioration in the rate of coverage of the service area or in the level of service to customers in the service area.

Compliance with standards and guidelines

9. As from the date of the Licence, the Holder shall make sure he complies with any and all of the standards and guidelines in effect at the date of the Licence or thereafter, that affect water supply and sanitation service provision.

Records

10. The Holder shall adjust or modify the manner in which he keeps his records in accordance with the terms of any guidelines NWASCO may issue and notify to the Holder.

Service Level Guarantee

11. The Licence Holder shall prepare and submit a service level guarantee defining in a detailed way the service level he intends to offer to his clients. This service level guarantee will contain all the information set out in the Guideline (Minimum Service Level) for the service level guarantee issued by NWASCO and will duly take into consideration the minimum standards of service defined in this guideline.
12. After approval of the service level guarantee by NWASCO, the Holder shall publicize it in all pay stations and hand out a copy of it to all persons requesting it without charge. Adjustments to the service level guarantee can only be made after approval by NWASCO.

Service Level Agreement

13. The Licence Holder shall prepare and submit proposal for service level improvements for the subsequent three (3) years period. The service level agreement will be signed between licence holder and NWASCO outlining in detail the intended improvement to the service level that the holder should make within the 3 years period.
14. The Provider shall inform NWASCO within 24 hours if there is incidences of major disruption to supply of water or blockage to sewer of more than 48 hours or if the water quality is significantly contaminated rendering it a health risk or water quality had deteriorated below the quality in the service level guarantee.
15. The Licence Holder shall inform customers about their rights and obligations by any suitable means.
16. The Licence Holder shall initiate a program aiming at metering all consumption and install meters immediately to all consumers requesting metering; all meters will be installed without charge. The Licence Holder shall be entitled to claim adequate compensation for all damage to meters placed on customers' premises caused by the consumers or third persons.

Tariffs

17. The Holder shall undertake to submit to NWASCO any intended tariff change, thereby setting out the reasons for the proposed change demonstrating its compliance with guidelines on tariff setting notified to the Holder. The tariff adjustment proposal should be submitted between September and October to be considered in the first quarter of the following year.
18. The Holder shall:
 - a) Give sufficient notice of change of tariffs of not less than one month, to the consumer/public through the main print and electronic media
 - b) Inform persons who enquire about tariffs
 - c) Send/hand out a copy of the tariff scheme free of charge to any person requesting it.

Information

19. The Holder shall cooperate fully with NWASCO in any investigation of:
 - a) the accuracy and sufficiency of any information provided by the Holder to NWASCO under the Licence, and
 - b) the methods used and steps taken by the Holder to ascertain any such information.
20. An inspector shall have power, on production of an identity card issued by NWASCO to inspect the premises and records of utility or service provider licenced under the Act in order to ensure that the provisions of the Act are being complied with.

An inspector may order any person in charge to produce for inspection or for purposes of obtaining copies or extracts, any books, documents or records relevant to the administration of this Act.

A person who obstructs an inspector appointed by NWASCO in the exercise of that inspector's duty shall be guilty of an offence and shall be liable upon conviction, to a fine not exceeding five thousand penalty units or to imprisonment for a term not exceeding one year, or to both.

21. Paragraphs 20 and 21 do not require the Holder to do anything that is outside his reasonable control, or to do or to allow NWASCO to do anything that would materially disrupt the Holder's business.
22. The Holder shall not be liable to NWASCO for any loss or damage to persons or property arising from NWASCO's activities as set forth in paragraph 20 except to the extent that such loss or damage is caused by the Holder's negligence or wilful default.

Fees

23. The Holder shall be liable to pay the fees set forth in the Statutory Instrument No.63 of 2000 and its subsequent amendments in accordance with the procedures issued by NWASCO. The application fee will be due thirty days after invoicing, the monthly fee thirty days after expiration of the month it relates to.
24. In case the Holder has not paid the fees in accordance with the procedures established by NWASCO, the Holder will be liable to NWASCO of interests for late payment. These interests will be calculated on a monthly basis and amount to one twelfth of the base lending rate asked by commercial banks times the total amount due to NWASCO by the Holder at the time of calculation.

- 25 . All amounts due to NWASCO by the Holder in respect of fees and unpaid obligations by the termination date shall remain due and payable to NWASCO, and the Holder shall undertake to pay such amounts without any further delay.

Lusaka,

signed for and on behalf of NWASCO by
Osward M. Chanda
Director
National Water Supply & Sanitation Council