

**LICENCE**

**TO SUPPLY WATER AND SEWERAGE SERVICES AND  
ADVISORY SERVICES FOR PUBLIC PURPOSES**

**GRANTED TO**

**GUYANA WATER INC.**

**A Company incorporated under  
The Companies Act 1991 (No. 29 of 1991)**

**UNDER SECTION 90 OF  
THE WATER AND SEWERAGE ACT 2002 (NO. 5 OF 2002)**

**ISSUED EFFECTIVE**

**November 13, 2002**

## Table of Contents

### Clause

1.	Defined Terms .....
2.	Grant of Licence and Authorised Area .....
3.	Governing Laws .....
4.	Effective Date .....
5.	Terms of Non-Exclusivity and Term of Licence .....
6.	Modification .....
7.	Extensions .....
8.	Revocation .....
9.	Duties of Licence .....
10.	Standard Terms and Conditions .....
11.	Rates .....
12.	Billing .....
13.	Service Standards .....
14.	Annual Development Plan and Ten Year Development Plan .....
15.	Exemption from assessments under section 65 of the PUC Act .....
16.	Way-leaves, Easements and Rights-of-Way .....
17.	Local Supplier Programme; Competitive Sourcing .....
18.	Operation of Business .....
19.	Forms of Accounts .....
20.	Conditions .....
21.	Other Necessary Authorised Activities and Services .....
22.	Confirmation of Applicability of the Act .....
23.	Exclusivity .....
24.	Licence Fees .....
25.	No Waiver .....
26.	Consent of the Minister .....
27.	Governing Law .....
	SCHEDULE 1 - Calculation of Licensee's tariffs .....
	SCHEDULE 2 - Service Standards .....
	SCHEDULE 3 - Licensee's Annual Development Plan .....
	SCHEDULE 4 - Areas and Communities which are not part of the Authorised Area .....

## 1. Defined Terms

"**authorised area**" shall consist of the Co-operative Republic of Guyana ("Guyana") including its territorial waters and lands and structures lying therein, but shall not include the areas or communities specified in Schedule 4 until such time as the assets within these areas or communities are transferred to Guyana Water Inc. by order pursuant to section 90 of the Act;

"**collection efficiency**" means the total annual collection of water and sewerage sales divided by the total annual billed water and sewerage sales expressed as a percentage.

"**disposal efficiency**" means total number of hours of sewerage pumping station downtime attributable to mechanical/electrical failure/total number of hours x 100.

"**effective date**" means the date upon which this licence shall take effect.

"**exclusive licence**" means a licence granting authority exclusively to the licensee to exercise the right, or authority, over the activity granted by such licence.

"**GS&WC**", means the Sewerage and Water Commissioners referred to in section 2 of the Water Commissioners Act (Cap 55:02);

"**GUYWA**" means the Guyana Water Authority established under section 3 of the Guyana Water Authority Act (Cap 55:02); and

"**Minister**" refers to the Minister of Housing and Water of the Co-Operative Republic of Guyana.

"**non-exclusive**" means a licence that does not limit exercise of the activity generated by such licence to the licensee.

"**non-revenue water**" means  $\frac{[(\text{the volume of water supplied} - \text{the volume of water billed}) / \text{over the volume of water supplied}] \times 100}{100}$

"**safe water**" means water which meets the water quality standards established pursuant to Schedule 2 of this Licence as amended from time to time.

## 2. Grant of Licence and Authorised Area



The Minister responsible for Housing and Water, being the Minister with responsibility for exercising the powers under PARTS VII to XIII (inclusive) and other provisions of the Water and Sewerage Act 2002 (the "**Minister**"), in the exercise of the above-mentioned powers and of all other powers exercisable by him for that purpose, hereby grants to Guyana Water Inc. (the "**Licensee**") a licence, for the period specified in paragraph 6 and subject to the terms and conditions specified herein and in the Schedules hereto, to supply water, sewerage services and advisory services for public purposes in the "**Authorised Area**") and hereby authorises the Licensee to perform all or any of the following activities and services for a charge throughout the Authorised Area;

- 2.1 the extraction, treatment, distribution, storage and supply of water; (except bottled water)
- 2.2 the treatment, distribution and supply of bottled water or water in tanks;
- 2.3 the laying, construction, maintenance, repair, removal, replacement of pipelines, including
- 2.4 the provision and maintenance of macro, zonal and customer meters;
- 2.5 the provision of plumbing services necessary to carry out the activities and services authorised by this licence;
- 2.6 the installation of water closets, pipes and taps;
- 2.7 the collection and treatment of sewage and trade effluent; and
- 2.8 the collection and treatment of sludge from septic tanks and the construction of sewage lagoons.

### **3. Governing Laws; Scope of Licence; Definitions**

3.1 This licence is subject to:

The Water and Sewerage Act No. 5 of 2002 (the "**Act**");

The Public Utilities Commission Act, No. 10 of 1999 (the "**PUC Act**");

The Environmental Protection Act 1996, No. 11 of 1996;

any other applicable law or regulation of Guyana; and the terms and conditions set forth in the Schedules to this licence which are incorporated into and are a part of this licence.

3.2 Unless specified otherwise, terms defined in the Act have the same meanings when used herein.

#### **4. Exercise of Certain Regulatory Authorities and Responsibilities**

Until such time as the Minister exercises his authority under Sections 48, 49 and 50 of the Act and imposes on the Public Utilities Commission the authority to fix rates for the supply of water and sewage services and the responsibility for regulating service quality and dealing with customer complaints the Minister shall exercise such authorities and responsibilities.

#### **5. Effective Date**

The Effective Date of this licence shall be November 13, 2002 (the "**Effective Date**"), unless extended in accordance with paragraph 8.

#### **6. Terms of Licence and Grants of Exclusivity**

Unless extended in accordance with paragraph 8, this licence;

6.1 with respect to the activities and services set forth in paragraphs 2.2, 2.5, 2.6 and 2.8 shall be a non-exclusive licence within the Authorised Area; and

6.2 with respect to the activities and services set forth in paragraphs 2.1, 2.3, 2.4 and 2.7 shall be an exclusive licence within the Authorised Area from the effective date until 11:59 pm on the day which is ten years after the effective Date.

#### **7. Amendment of Terms**

7.1 The terms of this licence may be amended at any time by mutual agreement between the Licensee and the Minister.



7.2 There shall be an automatic right of review of any or all terms of this Licence pursuant to Sections 49 and 50 of the Act or within 30 days of the expiry of five years from the Effective Date, whichever is the earlier. Amendment of any such terms subject to this review may be proposed by the Minister or by the Licensee. Any such amendment shall be mutually agreed between the Minister and the Licensee.

## **8. Extensions**

At any time after the end of the fourth year of the term of this licence, the Licensee may apply to the Minister for an extension of the term of this licence. Within 120 days after the receipt of such application, the Minister shall notify the Licensee whether an extension to the term of this licence will be granted unconditionally, or the Minister may propose further modifications or conditions for extension of the licence. Pursuant to agreement on such modifications or conditions proposed, and provided that the Licensee is not in material breach of the terms of the licence, the Minister shall extend this licence for a period not to exceed five years beyond its prior term upon terms and conditions acceptable to the Minister and the Licensee. If the Minister is unwilling to extend the term, or is unable to agree with the Licensee upon acceptable terms for an extension, this licence shall continue in force to the end of the existing term, unless terminated earlier by revocation in accordance with paragraph 9 of the licence;

## **9. Revocation**

Subject to the Act, the Minister may, acting reasonably, revoke this licence where the Minister determines that there is a material violation of the laws and regulations set forth in paragraph 3 by the Licensee. In making such determination, the Minister shall use all due care in ascertaining whether such material violation has occurred.

## **10. Duties of Licensee**

### **10.1 Duty to Provide Supply of Safe Water**

Subject to the Act and Schedule 2 of this Licence, the Licensee shall, from the Effective Date forward, provide **safe water** to every person

who requests such supply, which supply, whether or not supplied by pipe shall be made available in accordance with the Licensee's standard term and conditions as set forth in the customer charter or service contract required under Paragraph 11 of this licence.

### **10.2 Duty to Provide Sewerage Services**

Subject to the Act and Schedule 2 of the Licence, the Licensee shall from the Effective Date forward provide sewage services to every person connected to the sewerage system, which services shall be made available in accordance with the Licensee's standard terms and conditions as set forth in the customer charter or service contract required under Paragraph 11 of this licence.

## **11 Customer Service Contract**

Within six months of the Effective Date, the Licensee shall submit to the Minister proposed standard terms and conditions for the water supply and sewerage services provided to its customers. The Minister shall review such service terms and conditions and may propose amendments thereto. Upon approval of such standard terms and conditions by the Minister, the Licensee shall publish the terms and conditions in a publication or publications of general circulation and shall offer to provide water supply and sewerage services to all existing and new customers on such standard terms and conditions. Such standard terms and conditions may thereafter only be amended by the Licensee with the prior written approval of the Minister.

## **12. Rates**

**12.1** From the Effective Date, the tariffs to be charged by the Licensee to consumers for the supply of water under this licence shall be those determined



in accordance with the mechanisms, formulae, principles and procedures set out in Schedule 1 of this licence (as amended from time to time);

- 12.2** From the Effective Date, the tariffs to be charged by the Licensee to consumers for the supply of sewerage services shall be determined in accordance with the mechanisms, formulae, principles and procedures set out in Schedule 1 of this licence (as amended from time to time);
- 12.3** Following an order issued by the Minister pursuant to section 49 of the Act, the rates that the Licensee shall charge for its water and sewerage services shall be determined in accordance with Section 48 of the Act.

### **13 Billing and Collections**

The Licensee shall, in accordance with Section 51 of the PUC Act, establish clear procedures for the billing of and collections of revenues from customers for service. Such procedures shall be set forth in a customer charter or **service contract**, which shall include clear procedures and schedules for billing and payments on no less than an annual basis, procedures for collections and sanctions for non-payment, and procedures for review of customer challenges to bills. Copies of such charter or contract shall be displayed in appropriate public places.

### **14. Service Standards**

- 14.1** The Licensee shall adopt, achieve and maintain the service standards set out in Schedule 2 of this licence.
- 14.2** Within six months of the effective date of this licence, the Licensee shall meet World Health Organisation bacteriological standards for coastal water supplies.
- 14.3** Within 12 months of the Effective Date of this Licence, the Licensee shall meet World Health Organisation bacteriological standards for Hinterland water supplies
- 14.4** The service standards and bacteriological standards set forth in Subsections 14.1 – 14.3 of this section shall be filed with the Minister. Upon the Minister



making an order under Section 50 of the Act, such standards shall be filed with the Public Utilities Commission.

## **15. Ten Year Strategic Development Plan and Annual Development Plan**

- 15.1** The Ten Year Strategic Development Plan of the Licensee, set out in Schedule 3 of this licence, may be amended on an annual basis, with the approval of the Minister, in accordance with the procedure set forth in paragraph 15.2. Such plan, as approved, shall satisfy the requirements relating to the development and expansion programme under the PUC Act, including any requirements for approval by the Public Utilities Commission.
- 15.2** The Licensee shall, not later than sixty days prior to the end of each of its financial years, submit three copies of its Annual Development Plan and Ten Year Development Plan, as approved by the Licensee's board of directors, to the Minister for approval, and shall at the same time provide copies thereof to the Public Utilities Commission. The Minister, shall consider the plans and, based on the regulatory principles and standards set forth in the PUC Act, within sixty days of their submission to him approve, reject or require modifications to the programmes specified in the plans.
- 15.3** In considering plans submitted for approval under Subsection 15.2 of this Section, the Minister may consult the Public Utilities Commission, provided that such consultation is carried out in sufficient time for the Minister to make his determination within the sixty days required under Subsection 15.2.
- 15.4** The Licensee shall submit seven copies of the Annual Development Plan and Ten Year Development Plan approved by the Minister to the Public Utilities Commission within ten business days of such approval.
- 15.5** During the course of its implementation of approved development and expansion programmes, the Licensee may make amendments to the Annual Development Plan and, prior to making any such amendment, shall provide the Minister with an explanation of, and relevant information and data on,

such amendment, and shall simultaneously provide a copy of such submissions to the Public Utilities Commission. The Minister shall review and may approve such amendment unless it is inconsistent with the purpose of the Act.

**15.6** Upon promulgation of an order under Section 50 of the Act transferring authority under this Section to the Public Utilities Commission, such Commission shall be substituted for the Minister in the exercise of all functions under this Section and shall carry out all such functions thereunder. The Licensee shall not be required to submit the Annual Development Plan nor the Ten Year Development Plan to the Public Utilities Commission, or to seek the approval of the Public Utilities Commission, until the Minister makes an order pursuant to section 50 of the Act.

such amendment, and shall simultaneously provide a copy of such submissions to the Public Utilities Commission. The Minister shall review and may approve such amendment unless it is inconsistent with the purpose of the Act.

**15.6** Upon promulgation of an order under Section 50 of the Act transferring authority under this Section to the Public Utilities Commission, such Commission shall be substituted for the Minister in the exercise of all functions under this Section and shall carry out all such functions thereunder. The Licensee shall not be required to submit the Annual Development Plan nor the Ten Year Development Plan to the Public Utilities Commission, or to seek the approval of the Public Utilities Commission, until the Minister makes an order pursuant to section 50 of the Act.



## 16. Exemption from Assessments under Section 65 of the PUC Act

Until such time as the Minister issues an order pursuant to section 50 of the Act and transfers certain regulatory authorities to the Public Utilities Commission, the Licensee shall not be subject to any assessment for expenses or any other assessment by the Public Utilities Commission pursuant to sections 65(1) and (3) of the PUC Act.

## 17. Way-leaves, Easements and Rights-of-Way

In addition to the way-leaves, easements and rights of way transferred to the Licensee by Order made by the Minister pursuant to section 90 of the Act:

17.1 the Licensee shall enjoy, at no charge to it, such easements, way-leaves and rights-of-way across lands owned by the Government or any local Government authority, or any entity owned or controlled by the Government or any local Government authority, and access thereto, as may be necessary for the Licensee to carry out the activities authorised in this licence; and

17.2 the Licensee shall have the rights and obligations for laying, construction, inspection, maintenance, and repair of pipelines as provided for in the Act.

## 18. Local Supplier Programme; Competitive Sourcing

The Licensee shall design and implement a supplier development programme (the “**Local Supplier Programme**”), the objective of which shall be to identify, develop, and promote local suppliers of goods and services where such local goods and services are priced competitively (on a delivered and installed basis), of good quality and are as available to the Licensee as goods and services available from foreign sources. The Licensee shall have the right and the obligation to source competitively all goods and services required to meet its obligations under this licence.

## 19. Operation of Business

The Licensee shall operate its business in accordance with commercially prudent business practices of well-managed water and sewerage undertakings or other utilities providing public services in the Caribbean, adopting the best practice as applicable to and appropriate for Guyana.

## **20. Forms of Accounts**

The Licensee shall maintain accounts accurately and faithfully and in accordance with the laws of Guyana.

## **21. Outsourcing of Services**

The Licensee may, in seeking to meet some or all of its obligations under this licence, upon receipt of written approval from the Minister, enter into contracts, leases or concessions allowing for, among other things, the management and operation of one or more of the Licensee's supply of water, sewerage services, or advisory services for public purposes, with such person or persons as the Licensee considers to have the best professional skills, personnel and technical resources necessary to provide the services specified in such contract, lease or concession.

## **22. Other Necessary Authorised Activities and Services**

In addition to the activities authorised under paragraph 1, the Minister authorises the Licensee to act and to perform such other activities and services as may be necessary for the purposes of exercising its rights, fulfilling its obligations and performing the activities and services authorised under this licence.

## **23. Confirmation of Applicability of the Act**

It is confirmed that the Licensee shall have all of the powers conferred by the Act, and regulations promulgated thereunder, in exercising its rights and performing its functions under this licence.

## **24. Exclusivity**

The exclusivity granted in paragraph 6.2 shall be exclusive as against the Government and agencies thereof.

## **25. Licence Fees**

The Licensee shall pay to the Minister, who shall act on behalf of the Government, for deposit into the Consolidated Fund the following sums at the times stated:

- 25.1** an initial payment of G \$25, 000 upon issuance of the term of this licence;
- 25.2** a fee to be determined upon any extension of the term of this licence, which fee shall be limited to and commensurate with the cost to Government of the process of reissuing or modifying the licence.



## **26. Limited Waivers**

- 26.1 If the Licensee believes that it may not be able to fully comply with a condition or obligation under this Licence, the Licensee may apply to the Minister for a temporary waiver of full compliance. In making such application, the Licensee shall set forth clearly the scope of the proposed waiver, the reasons which justify it and the duration thereof. The Minister shall review such application on a timely basis and upon finding good cause for the waiver, may grant the waiver subject to such conditions or limitations as the Minister finds are necessary.
- 26.2 The failure of the Minister to insist upon strict performance of any obligation of the Licensee under this Licence shall not be construed as, and shall not constitute, a waiver of the Minister's right to demand strict compliance therewith, nor shall a waiver of any one event of default be construed as a waiver of any other event of default.

## **27. Consent of the Minister**

Where the consent of the Minister is required under the terms of this licence or the Act, such consent shall not be unreasonably withheld.

## **28. Governing Law**

This licence shall be governed by the Laws of Guyana.

## **29. Dispute Resolution**

Any disputes arising as to the interpretation of the terms of this licence may be submitted to arbitration in Guyana; and any issues not resolved in such arbitration or not otherwise resolved shall be submitted to the courts of Guyana.

Dated this 13<sup>th</sup> day of November, 2002

.....  
**Minister of Housing and Water**



# Schedule 1

## Calculation of Licence's Tariffs

This Schedule summarizes the commitment of the Government of Guyana made on the 14 December 2001<sup>(1)</sup> regarding:

- (i) tariffs to be charged by the Licensee during 2002;
- (ii) the methodology to be used by the Licensee in setting tariffs through to 31 December 2006; and
- (iii) confirmation that as of 1 January 2003, the new regulatory framework will be in effect regarding the Licensee's required financial performance.

### **Tariff Objectives:**

Tariffs are to be set with regard to the following objectives:

#### **Objective 1: Achievement of agreed cost recovery targets.**

- By the last month of 2003, The Licensee shall recover at least 100% of its operation and maintenance costs through tariff.
- By the last month of 2004, The Licensee shall recover 100% of its operation, maintenance and depreciation costs through tariffs.

For purposes of calculating achievement of operation and maintenance depreciation costs, targeted subsidies are included in revenues. For clarity, cost recovery targets do not include the transition subsidy.

#### **Objective 2: Limit on Transfers**

- The Government of Guyana shall limit the Government transfers to the Licensee for calendar year:  
**To no more than G\$400 million in the Year 2002;**  
**To no more than G\$250 million in the Year 2003; and**  
**To no more than G\$100 million in the Year 2004.**
- There shall be no further Government transfers to the Licensee from 1 January 2005.

### **Tariff Levels for the Year 2002:**

As of January 1, 2002, The Government of Guyana agrees that the Licensee's tariffs are as follows:

- Tariffs of former GS&WC customers shall be increased to accommodate the increases in

<sup>1</sup> Agreement between GOG/World Bank/DFID signed 14 December 2001.

energy costs experienced over 2000 and 2001 as well as other operational cost elements. This will translate into:

- an increase in unmetered RVs 1 and 2 to G\$710.
  - an increase in unmetered RV 3 to G\$1005.
  - an increase in unmetered RV 4 and 5 to G\$1065.
  - an increase in metered rates for RVs 1 and 2 to G\$57.
  - an increase in metered rates for RV 3 to G\$71.
  - an increase in metered rates for RVs 4 and 5 to G\$89.
  - an increase in metered rates for commercial and industrial of G\$80.
- Tariffs of former GUYWA customers shall be increased to accommodate the increases in energy costs experienced over 2000 and 2001 as well as other operational cost elements. Tariff increases will shift toward marginal cost based pricing. This will translate into:
    - an increase in the flat rate for rural unmetered and urban unmetered low RV customers to G\$480.
    - an increase in the flat rate for urban unmetered medium RV to G\$850
    - an increase in the flat rate for urban unmetered high RV to G\$900
    - an increase in metered rates for domestic urban low RV to G\$48/m<sup>3</sup>. domestic medium RV to G\$48/m<sup>3</sup>. domestic high RV to G\$75/m<sup>3</sup>. domestic rural rising block of G\$42/m<sup>3</sup> for the first 10m<sup>3</sup> and G\$75/m<sup>3</sup> for consumption above this level (which averages \$54/m<sup>3</sup> for the first 15.5m<sup>3</sup>). non-domestic G\$80/m<sup>3</sup>.
    - an increase in the flat rates for unmetered non-domestic<sup>(2)</sup> in accordance with the following table:

<b>UNMETERED NON-DOMESTIC CATEGORY</b>	<b>2002 Tariff</b>
Unmetered non-domestic. Domestic Combined.	G\$6,985 pa.
Unmetered non-domestic. Small Commercial	G\$14,965pa
Unmetered non-domestic. Medium Commercial	G\$35,910pa
Unmetered non-domestic. Large Commercial	G\$119,700pa
Unmetered non-domestic. Small Institution	G\$14,965pa
Unmetered non-domestic. Medium Institution	G\$35,910pa
Unmetered non-domestic. Large Institution	G\$119,700pa
Unmetered non-domestic. Small Industrial	G\$29,925pa
Unmetered non-domestic. Medium Industrial	G\$59,850pa
Unmetered non-domestic. Large Industrial	G\$199,500pa

<sup>2</sup> Unmetered Non domestic rates approved by Joint GUYWA and GS&WC Board of Directors on 10 May 2002



## **Tariff Setting Going Forward:**

### **Refinement of the Tariff Model**

A tariff model was developed by The Government of Guyana and its tariff expert during 2001. The tariff model will be further refined and validated during the course of 2002. The findings, key assumptions and underlying data obtained in the use of the model will be employed to monitor the financing of the Licensee during 2002 and for the remainder of the term of this Licence.

### **Parity of Tariffs for Equal Service**

Former GUYWA customers receiving a similar level and quality of service to customers that are former GS&WC customers should be charged the GS&WC tariff levels (as above) as soon as such service is provided.

### **Mid 2002 Review and Adjustment**

The financial results for the Licensee will be reviewed against the tariff model, revenue expectations contained in the model and the need for Government transfers in excess of the agreed target. If there are revenue shortfalls, The Licensee shall not reduce the quality and availability of service, but shall pursue cost savings, efficiency gains through operational improvements and, in the last instance, further price adjustments.

In July 2002 the Minister will review the need for and, if necessary, the scope of further tariff adjustments to comply with the stated requirements of the tariff objectives.



## Schedule 2

### Service Standards

The specific service standards set out below are intended to elaborate upon but not in any way to limit the scope of the Licensee's obligations under this licence.

#### **I. Service Standards to apply in Years 1–5 of the Licence:**

The Licensee is required to achieve the following service quality and performance standards:

##### **A. Coverage:**

1. The Licensee is required to provide 90% of the Coastal population of the Authorised Area with safe water, whether through a connection to the network, standpipes, licensed boreholes or other means, by no later than 5 years from the Effective Date.
2. By no later than 5 years from the Effective Date the Licensee shall ensure that safe water is available to or supplied to 80% of all settlements in the Hinterland, through sustainable and cost effective locally appropriate means as developed by the Licensee.

##### **B. Water Quality Standards:**

1. Safe water is defined as water produced and distributed by the Licensee that will meet World Health Organisation standards set forth in Section 14 of the Licence, but with the following permitted relaxations on such standards:

###### **Coastal population including Georgetown**

- Iron content (Fe) relaxed to a maximum of 0.5 mg/l

###### **Hinterland population**

- Iron content (Fe) relaxed to a maximum of 1.0 mg/l
- PH relaxed to range between minimum/maximum limits of 5.5 and 8.5
- Turbidity relaxed to a maximum of 5 NTU's
- Colour relaxed to a maximum of 25 TCU

2. The above standards apply to the water systems where water treatment facilities have been commissioned in accordance with the 10 Year Strategic Development Plan.

3. The Water Quality Standards will be reviewed in accordance with the provisions of the Act and the PUC Act by no later than 31 December 2007.

##### **C. Non Revenue Water:**

The Licensee is required, in relation to those networks serving the coastal population, to reduce non revenue water to levels of 25% of total water provided or below by no later than 5 years from the Effective Date.

#### D. Continuity of service:

The Licensee is required to provide 24-hour continual service of pressurized water supply at a minimum of five meters of customers' premises to the coastal population including Georgetown by no later than the end of year 4 from the Effective Date.

#### E. Collection Efficiency:

The Licensee is required to achieve a collection efficiency of 90% by the end of Year 5 from the Effective Date.

#### F. Metering Coverage:

The Licensee is required to achieve a metering coverage of 85% by the end of Year 5 from the Effective Date.

#### G. Disposal Efficiency:

The Licensee is required to achieve a disposal efficiency of 2% by the end of year 5 from the Effective Date.

#### H. Customer Service:

The Licensee is required to ensure that it provides continually improving customer service. Specific targets for customer service shall be implemented when the Management Contract with the Operator is effective. Those targets are expected to be as below for the five Years of the Contract. If the targets are amended with the agreement of Guyana Water Inc. and the Management Contractor (and other parties as provided for in this Licence), the Table below shall be updated.

Customer Response	Definitions	Year 1	Year 2	Year 3	Year 4	Year 5
Response Time to resolution of Customer Complaints	Days required to resolve customer complaints Target is Days required to resolve customer complaints/Total number of jobs Target will be measured average for year					
Billing - Routine billing - Requiring Field Work		N/A	1 Day 7 Days	0.5 Day 5 Days	0.5 Day 4 Days	0.5 Day 3 Days
Leakage - Large leaks - Minor leaks	Large leak is defined as greater than 20 litres per minute	N/A	1 Day 5 Days	1 Day 5 Days	1 Day 4 Days	1 Day 3Days
Sewerage		N/A	2 Days	1 Day	1 Day	1 Day
Hinterland complaints		N/A	7 Days	6 Days	5 Days	4Days



## II. Service Standards to Apply in Years 6-10 of the Licence

### A. Coverage:

1. The Licensee is required to provide 95% of the coastal population of the Authorised Area with safe water whether through a connection to the network, standpipes, licensed boreholes or other means by no later than 10 years from the Effective Date.
2. By no later than 10 years from the Effective Date, the Licensee shall provide safe water to 90% of all settlements in the Hinterland, through sustainable and cost effective locally appropriate means as developed by the Licensee.

### B. Water Quality Standards:

The Licensee is required to continue to meet the water quality standards specified in Years 1-5 above or as specified under the PUC Act.

### C. Non Revenue Water:

The Licensee is required, in relation to those networks serving the coastal population, to maintain non revenue water at or below levels of [22%] of total water provided [indicative only – actual value to be specified under the PUC Act] by no later than 10 years from the Effective Date.

### D. Continuity of service:

The Licensee is required to provide 24-hour continual service to the coastal population including Georgetown between 6 and 10 years from the Effective Date.

### E. Collection Efficiency:

The Licensee is required to maintain collection efficiency of [92%] [indicative only – actual value to be specified under the PUC Act] between 6 and 10 years from the Effective Date.

### F. Metering Coverage:

The Licensee is required to maintain metering coverage of [85%] [indicative only – actual value to be specified under the PUC Act] between 6 and 10 years from the Effective Date.

### G. Disposal Efficiency:

The Licensee is required to maintain disposal efficiency of [2%] [indicative only – actual value to be specified under the PUC Act] between 6 and 10 years from the Effective Date.

### H. Customer Service:

The Licensee is required to ensure that it provides continually improving customer service. Between Years 6 and 10 of the Licence, the Licensee shall demonstrate that it responds to all customer complaints within 24 hours or as specified under the PUC Act.



Customer Response	Definitions	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Response Time to resolution of Customer Complaints</b>	Days required to resolve customer complaints  Target is Days required to resolve customer complaints/Total number of jobs  Target will be measured average for year					
<b>Billing</b> - Routine billing - Requiring Field Work		N/A	1 Day 7 Days	0.5 Day 5 Days	0.5 Day 4 Days	0.5 Day 3 Days

## SCHEDULE 3

### 10 Year Strategic Development Plan

With support from KPMG, The World Bank, the InterAmerican Development Bank, Department for International Development, the European Union and The Caribbean Development Bank, The Ministry of Housing and Water developed an initial Long Term Strategic Plan that set out the Government's commitment to a range of sectoral reforms over a 10 year period from 1 January 2002 until 31 December 2010.

A subset of the Long Term Strategic Plan for the sector is the rolling 10 Year Strategic Development Plan of Guyana Water Inc. which includes a schedule of new investment and rehabilitation, as included in this Schedule.

Guyana Water shall update the 10 Year Development Plan on an annual basis through development of an Annual Development Plan outlining the high level improvements needed to bring about the required improvements in accordance with the Licensee's Ten Year Development Plan. The Annual Development Plan shall be submitted for approval pursuant to Section 15 of this licence.

## Guyana Water Strategic Investment Plan

All costs in US\$				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Population	Production	Investment	Funding Source	2002	2003	2004	2005	2006	2007	2008
<b>Coastal Strategy Programme</b>										
	MLD	US\$								
Division 1 (Essequibo)	41,816	8.00	5,499,705 to be sourced						3,299,823	2,199,882
Division 2 (West Bank and West Coast Demerara)	87,083	23.20	10,034,826 to be sourced				4,013,930	3,010,448	3,010,448	
Division 3 (East Bank Demerara)	38,114	16.20	1,808,140 to be sourced				904,884	603,286		
Division 3 (East Coast Demerara)	78,217	14.50	8,884,868 to be sourced				3,563,868	2,665,400	2,665,400	
Division 4 (West Coast Berbice)	49,617	10.00	6,991,868 to be sourced				3,596,666	2,697,500	2,697,500	
Division 5 (East Berbice and Courantyne)	128,184	32.80	8,039,161 to be sourced					3,215,665	2,411,748	2,411,748
	419,811	104.70	42,888,168							
<b>Work in Progress</b>										
Rosehall	Division 5 ECB	2,193,963	EIB	2,193,963						
Essoles/Covent Garden/Grove, incl. Metering	Division 3 EBD	3,708,856	IDA/GoG	723,640	2,883,218					
LBI, incl. Metering	Division 3 EBD	7,483,987	CDB/GoG	1,868,947	5,614,940					
Minor Works outside city limits	Outside city limits	160,000	GoG	180,000						
Metering at Kity, Georgetown	Division 3 - Georgetown	134,860	IDB	134,860						
	Sub-total:	13,689,668								
<b>Demand Metering Programme</b>										
Sectorisation outside city limits		1,600,000	DFID		500,000	600,000	500,000			
Meter Installation to Zones W2, W4 and W14		670,000	IDB		285,000	285,000				
Customer Metering in Georgetown		1,200,000	IDB				600,000	600,000		
	Sub-total:	3,270,000								
<b>Secondary Towns Programme</b>										
Linden	34,000	5,000,000	to be sourced						2,800,000	2,500,000
Berbice	7,000	2,050,370	IDA/GoG	628,835	1,421,535					
Minor @ Jejeys (sugar estates)		2,000,000	to be sourced							1,000,000
Wajagan Island, Essequibo R.	7,393	738,168	to be sourced							389,084
Legays Island, Essequibo R.	5,744	985,312	to be sourced							297,856
	Sub-total:	10,383,860								
<b>Hinterland Programme</b>										
	54,756									
<b>Hinterland Development</b>										
		3,500,000	DFID		300,000	750,000	850,000	850,000	750,000	
	Sub-total:	3,500,000								



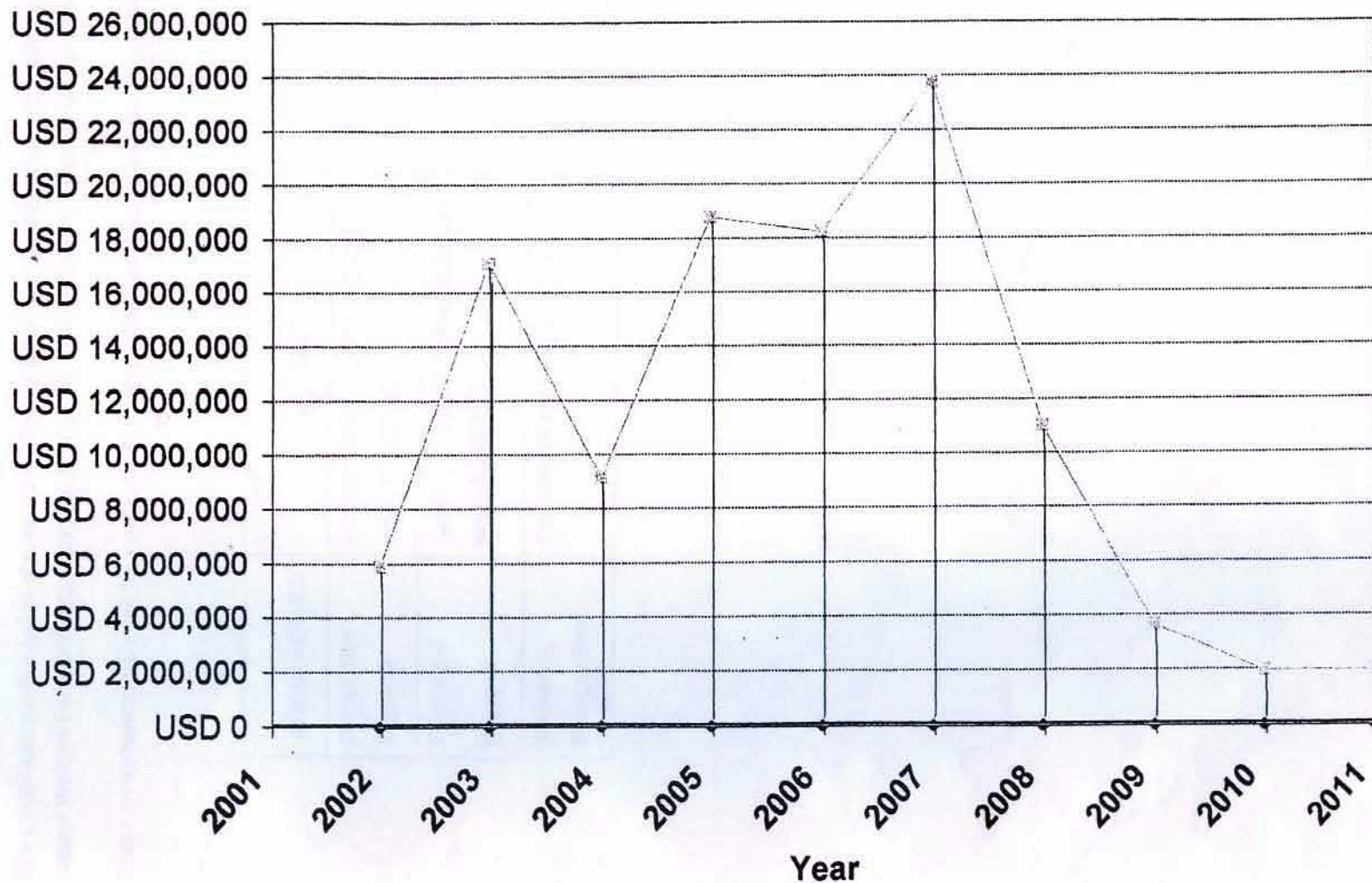
## Guyana Water Strategic Investment Plan

All costs in US\$	Population	Production	Investment	Funding Source	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
					2002	2003	2004	2005	2006	2007	2008
<b>Coastal Strategy Programme</b>		MLD	US\$								
Georgetown Water Improvement Programme	160,000	28.6									
Central Ruimveldt Iron Removal Facility			960,000	IDB		395,000	585,000				
Sophia Iron Removal Facility			940,000	IDB			400,000	540,000			
		Sub-total:	1,900,000								
<b>Georgetown Reduction in Unaccounted-for water (Pipe network rehabilitation)</b>											
Zone W2			2,187,050	IDB		1,093,525	1,093,525				
Zone W4			1,307,435	IDB		653,717	653,718				
Zone W14			1,456,000	IDB		727,500	727,500				
Zone W13			1,132,414	IDB					566,207	566,207	
Installation of Water Trunk Mains			820,000	GOG				420,000			
Completion of Master Plan requirements			10,000,000	to be sourced						2,000,000	2,000,000
		Sub-total:	16,901,899								
<b>Georgetown Sewerage Improvement Programme</b>											
Rehabilitation of Sewage Pump Stations			2,800,000	IDB/GOG		1,300,000	1,300,000				
Rehabilitation of street and yard sewers			3,980,000	IDB/GOG				1,320,000	1,320,000	1,320,000	
Construction of sludge pre-treatment facility			800,000	IDB					350,000	450,000	
		Sub-total:	7,580,000								
<b>Institutional Development</b>											
Management Contract			5,800,000	DFID		1,300,000	1,300,000	1,000,000	1,000,000	1,000,000	
PMU (Coastal Strategy - Design and Supervision)			4,296,817	DFID			482,774	1,211,852	1,294,933	1,029,500	276,698
Georgetown Sewerage and Water Design			748,000	IDB	208,803	200,000	90,000	90,000	80,000	78,197	
Hygiene Promotion Programme			180,000	DFID		50,000	80,000	80,000			
Sanitation Study			250,000	DFID				100,000	150,000		
IT / Comms / Telemetry/ Billing System			800,000	DFID		300,000	500,000				
		Sub-total:	11,843,817								
<b>Total Investment Programme</b>	<b>686,704</b>	<b>134</b>	<b>111,787,300</b>		<b>6,910,048</b>	<b>17,124,435</b>	<b>9,197,517</b>	<b>19,801,200</b>	<b>18,263,408</b>	<b>23,778,683</b>	<b>11,055,088</b>
<b>Confirmed Funding</b>						<b>17,124,435</b>	<b>9,197,517</b>	<b>8,731,852</b>	<b>6,081,140</b>	<b>5,193,964</b>	
<b>Funding Gap</b>								<b>12,069,348</b>	<b>12,182,268</b>	<b>18,584,719</b>	

Note: Once sources are identified, investments would be re-scheduled to commence earlier than set out in the present plan.

GEORGETOWN  
NOVEMBER 7, 2002

## Guyana Water Investment Plan Profile



## Schedule 4

### Areas and Communities that are not part of the Authorised Area

The areas/communities below are, as at the Effective Date, supplied by systems operated by the Sugar Industry Labour Welfare Fund Committee and the Mining Company and do not therefore fall within the Authorised Area.

These areas/communities will be incorporated into the Authorised Area as early as is possible.

<b>AREAS SERVED</b>	<b>REMARKS</b>
Ocean View Region 3	Awaiting completion of rehabilitation works by SILWFC
Zeeburg – Region 3	Awaiting completion of rehabilitation works by SILWFC
Kwakwani, Berbice River	Operated by the Mining Company