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DEBT MANAGEMENT POLICY

FEBRUARY -2023

1.0 INTRODUCTION

Dadaab Water and Sanitation Company Limited (DAWASCO) treats, distributes, and sells water and provides sewerage services to Dadaab municipality residents and those in the environs as mandated by the law. The water charges are invoiced using the tariff as set and published by the Water Regulatory Board. The services are sold on a postpaid basis where customers are invoiced monthly and are given fourteen (14) days within which to pay for the services provided and invoiced.

2.0 PURPOSE

This policy outlays a general framework that shall govern the debt collection and control activities. It sets out general guidelines as to how the Company shall handle all matters relating to debt recovery.

3.0 BROAD OBJECTIVE

DAWASCO has adopted a liberal policy that seeks to ensure that the Company has in place a debt management infrastructure that is effective, appropriate, and supportive of all the other Company's overall goals and strategic objectives. The need for this policy is further underscored by the need to ensure the Company's bottom line is realized.

4.0 DEBT MANAGEMENT PROCEDURES

4.1 Invoicing and disconnection notification.

All customers shall be invoiced every month. Upon invoicing, the customer shall be given seven days to settle the bill and seven days' disconnection notice. DAWASCO shall ensure timely delivery of bills via SMS or through the email address given and the exact delivery date is indicated.

Upon expiry of the notice, on the 15th day, the customer shall be liable for disconnection without further notification. The above shall be clearly communicated to the customer through the billing statement/invoice.

4.2 Reconnection

Late payment fees shall be levied upon expiry as per the gazette tariff. **Disconnected supplies will be re-instated within 24 hours upon payment of the outstanding bill and reconnection fees.**

Customers who remain disconnected for 90 days will have their contracts terminated, accounts closed and the deposits applied against the outstanding debt and remaining balances shall be forwarded to the legal section for the necessary recovery procedures and the same will be communicated to the customers.

4.3 Disconnection from the mains

This shall apply in the following instances:

- Where customers deny access to meters for disconnection or inspection.
- Where customers have reconnected themselves after being disconnected by the company.
- Where customers have illegal connections and by-passes.
- Any other situation that the Company may deem necessary for disconnection from the main.

These disconnections shall attract a fee/penalty as per the gazetted tariff plus settlement of the outstanding amounts.

4.4 Contracting on premises with outstanding debt

This shall apply in the following instances:

- Where tenants default on payment of bills and run away, the landlord shall be required to provide all the available details useful in tracing the tenant or otherwise settling the outstanding bill.
- Only landlords shall be allowed to enter a new contract for these premises.
- Where properties are changing hands, the outstanding bills must be cleared before the transfer of the water accounts. New owners acquiring properties without the due clearance shall assume liability for any outstanding debts.
- The Company shall further enforce payment of any outstanding debts that are more than 30 days old through disconnection and/ or transfer of debt for landlords with multiple accounts from the un-cleared ones to those that are paid up.
- For same plot no. with multiple landlords, approvals for water on such will require prior settlement any outstanding amounts in such areas.

4.5 Payment by installments

This shall apply where:

- Customers come forward before the expiry of their notices requesting for prolonged payment period. The same shall be considered and allowed for a maximum period of three months subject to review of customer payment history.
- Any customer defaulting on an installment payment arrangement shall have the agreement nullified and shall be required to pay the full outstanding bill.
- For items i & ii above, the customer must complete a commitment form.

4.6 Administrative action

When procedures in 4.0 above have been followed and the debt is still outstanding after 90 days, the following procedure shall be followed before any write-off:

- Send a demand bill stating the outstanding amount.
- After 15 days, if there is no response send a second reminder and follow up with physical visits and/or calls.
- Refer the matter to the legal department.
- After 30 days, the legal section sends a legal notice detailing the legal procedure to be followed against the customer in case of continued debt
- After 45 days the Company shall contract debt collectors to assist in the recovery of these debts
- In the event that this fails, the Company shall send an intention to sue to the defaulting customer.
- Listing debtors on Credit Reference Bureau

4.6.1 Debts eligible for write off after administrative action

The following categories of debts can be recommended for write-off if not recovered after the above procedures:

- Where the property has been demolished and has changed hands.
- Where the landlord has died and no apparent heir/ executor/administrator of the estate/location are traceable to be sued.

- Where the site has been abandoned and is inhabitable for a period of at least three (3) years.
- Where the debts are more than three years old and even after investigations have proved irrecoverable.
- Any debt on repossessed properties, which has been rejected by the owner
 - Sewer debts owing on account of water lost through a leakage after the meter
 - Faulty meters registering wrong readings.

Debts not recovered and are aged above three (3) years after the procedures above have been followed, shall be forwarded to the Board through the office of the Head of Commercial/Financial Services with a recommendation for write-off. However, each case shall be handled individually on its justification for the proposed debt write-off.

4.7 Legal Action

Legal action begins three months (45 days) after sending the first notice of outstanding bills and all administrative action has failed. Here, the debtor is taken to court and:

A. If legal action succeeds;

- The debt owed is paid.
 - The defaulting customer meets the cost of litigation.

B. If Legal action fails due to;

- The landlord's insolvency /bankruptcy, or
 - Loss of legal suit by the Company; then
 - a) The debt should be recommended for write-off and;
 - b) The Company shall meet the costs of the litigation.

C. Appeal

This will be applicable if the legal action fails and the company feels it was unfair

5.0 SURVEILLANCE

This shall be enforced in the following circumstances;

- i. Where the customer has been cut off or sealed for over 30 days.
- ii. Where the customer is suspected to be using water illegally.

- iii. In these two circumstances the customer will be arrested and taken either to court or penalized for the offence.
- iv. The customer will before reconnection require settling his bill in full.

6.0 BAD DEBT PROVISION

Annual provision for bad debts shall be equivalent to the proportion of debts aged above three (3) years or 10% of the outstanding debts whichever is higher.

7.0 AMENDMENTS

This policy may be amended as the need arises.

SIGNED;

CHAIRMAN.....DATE.....

BOARD OF DIRECTORS.