

Summary of 3rd Quarter Progress on the Corporate Action Plan 2009

I. Goal I - Increase water supply and sanitation coverage

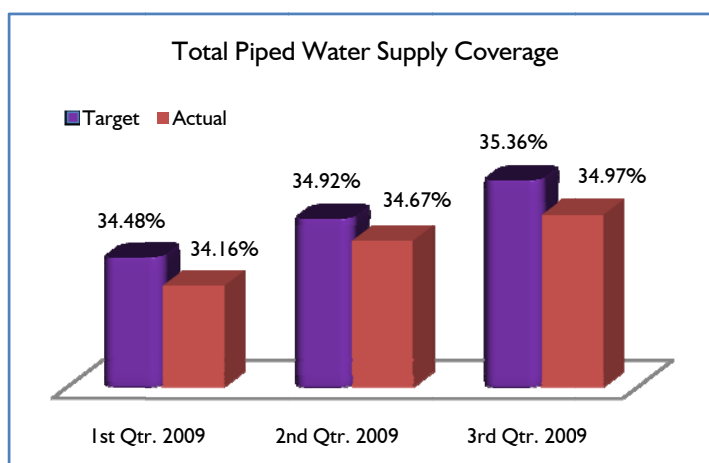
All on-going water supply and sewerage projects (new/augmentation/rehabilitation) contributed towards the increase of water supply and sewerage coverage. There were 24 major water supply projects, 07 Tsunami projects, 06 sewerage projects and 36 small & medium water supply projects being implemented. The capital budget disbursement at the end of the 3rd Quarter 2009 for major water supply, tsunami, major sewerage and small & medium water supply projects were 50%, 17%, 45% and 60% respectively.

Progress of some major projects nearing completion were as follows:

- Augmentation of Nawalapitiya, Ampara, and Koggala WS (KfW German) - Cumulative Physical progress was 99.1 %.
- Water treatment facilities to Moratuwa / Panadura, Ambatale and Negambo (Spanish) - Cumulative Physical progress was 90.0 %.
- Nuwara Eliya District Group Town WS (DANIDA) - Cumulative Physical progress was 89.0 %.
- Towns South of Kandy WS (DANIDA) - Cumulative Physical progress was 87.5%.
- Rehabilitation of Galle District Ws phase II (KfW) - Cumulative Physical progress was 80.0 %.

Coverage and connection details as at the end of 3rd quarter 2009 for piped water supply and sewerage are shown below:

- Total number of Water Supply Connections were 1,246,010 providing 18,951 new connections island-wide during the 3rd quarter 2009
- Total number of sewerage connections were about 82,681
- Piped sewerage coverage was 2.3 % while the target was 2.5%.



To establish a criteria for developing Water Supply & Sewerage projects on an integrated approach with other utilities - Modify design criteria to extend facilities to communities living close to head works

- Initial priority list of Sewerage Projects completed together with Sanitation development plan which is being updated.
- Monthly meetings were continued with Provincial RDA
- Committee has been appointed for updating of D7 manual (Sewerage Design Criteria)
- O&M Manual for Sewerage Infrastructure Facilities completed, initial comments incorporated and circulated.

Rain Water Harvesting Programme

- Preparation of database for Rainwater harvesting by provincial offices.
- Rainwater harvesting solutions and technical assistance were given to several institutions by provincial offices.
- Awareness programmes were done to several institutions by provincial offices.
- Implemented watershed conservation programmes and prepared land use plans for catchment protection by provincial offices.

Appraise projects by a multi-disciplinary team of professionals to assess any alternatives, correctness of TCE, economic viability and for better borrowing terms

- PAC consists of Financial, Sociological expertise in addition to technical input.
- Updating of Planning Manual (P1) was completed and awareness to RSCC is ongoing. Updating of Design Manual (D2) is in progress. Updating of Ground Water and Water Treatment Manuals commenced.

Identify potential feasible projects to ensure water security

- Wadurapihinuella Reservoir - Applied for NPD clearance, and Irrigation Department consent. Received Provincial Irrigation Department's consent.
- Yatimahana Reservoir - Proposal accepted by the PAC to be forwarded for Board and Cabinet approval.
- Polgahawela intake improvement works are in progress.

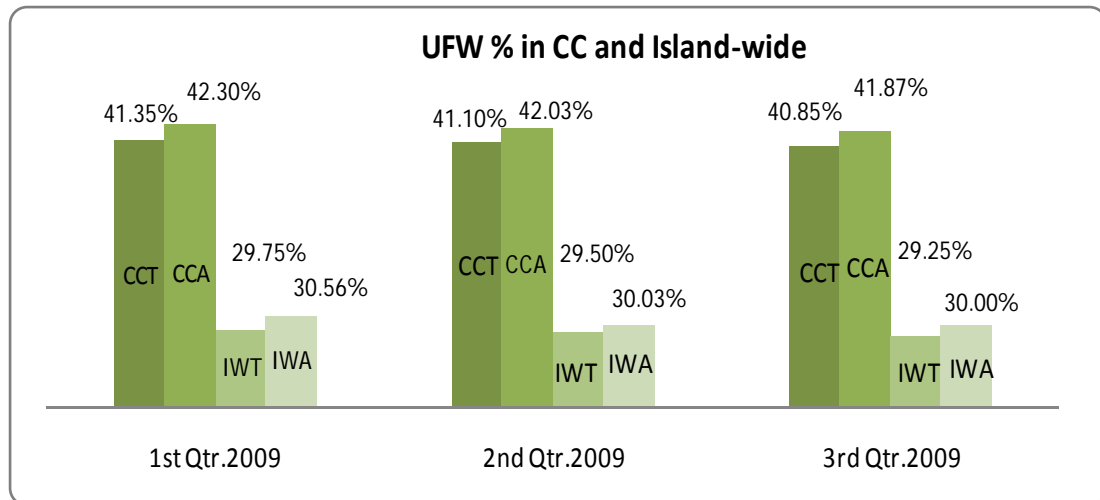
Develop and implement water quality surveillance programmes.

- Selected Kurunegala WSS. Committee appointed, Draft safety plan is in progress. Existing situation is being studied.

2. Goal 2 - Improve operational efficiency

UFW Reduction.

UFW / NRW Reduction is a very important strategy to improve operational efficiency, and details of UFW % island-wide and Colombo City [CC] area are shown in the graph below.



CCT = Colombo City Target IWT = Island-wide Target
 CCA = Colombo City Actual IWA = Island-wide Actual

- UFW island-wide remains almost same during the quarter concerned while in Colombo City it has reduced by 0.16%.
- Sabargamuwa & Uva RSCs have achieved the highest reduction of UFW during the 3rd quarter by 3.07% meanwhile Western South, North Western, Central & Eastern RSCs have reduced UFW by 1.87%, 1.84%, 1.45% & 1.2% respectively.
- 47,091 defective meters have been replaced island-wide up to the 3rd quarter.
- NWSDB funds have been provided for NRW reduction activities in the three operational zones during three quarters of 2009.
- 1165 illegal connections were detected in Western Central area up to the 3rd quarter 2009.

To improve and sustain quality of water.

- Improvements of Medirigiriya, Kekirawa & Minneriya treatment Plants are in progress (physical) with 35%, 75% and 36% respectively.
- Gas chlorinators were installed at Kotagala, Thalawakele, Pundaluoya, Ukuwela, Gampolawatta, Uda Peradeniya & Hantana.

To increase service levels with an assured supply and adequate pressure.

- UID Funds approved and arrangements are being made for value raising, valve installation & value replacement at Maharagama, Homagama & Kesbewa.
- Replacement of old distribution main in Anuradhapura New Town area (stage I) & Mihintale high lift pumps were completed.

To implement cost effective operations through increased Labor Productivity, Energy Efficiency and Treatment Process Efficiency.

- Total staff for 1000 connections has been reduced by 11% in the Sabaragamuwa RSC during the 3rd quarter 2009.
- Power Consumption (kWh/cum) has been reduced by 26% and expenditure on power consumption by 14% in the Central RSC during the 3rd quarter 2009.

Continue the energy efficiency program & optimize operations in water & sewage treatment plants.

- Tender documents were re-prepared according to ADB procurement guidelines for implementation of energy audit.
- Three energy audit reports were sent to relevant Energy Coordinators & Managers to prepare project proposals and it is in progress.
- Correction of the tariff categories used in water supply schemes was 67% completed.
- Guide lines to avoid energy inefficient practices with, Provincial Offices P&D and WSP divisions were completed.

To implement Research and Development on technology and process improvement for enhanced operational efficiency.

- A format for evaluation of the performance of the use of Poly Aluminum Chloride (PAC) in place of Alum as a coagulant. Research & Development has been prepared and being circulated to RSCs for monitoring work.
- Draft report of study on contamination sources of the Bomburella (Nuwara-Eliya) reservoir was received and forwarded to RAC members for comments.
- Testing on domestic Bio sand filter is in progress.
- MOU has been signed for the study on identification of Algae and Cynobacteria in selected drinking and irrigation water bodies.

3. Goal 3 - Improved services to customers and promptly attending to public complaints

Customer complaints are to be resolved within a month & Identify main areas of customer complaints and formulate procedures

- Procedures for handling customer grievances have been incorporated in the IT Solution.
- CGS is ready for deployment in Regions. Implementation is in progress at Kotte and Dehiwala. Shortage of computer equipment and IT staff is a constraint.
- Call Centre - Call centre activities are functioning satisfactorily. Staff to be increased. SMS software installation is in progress.
- Categorization of customer complaints has been completed. Analysis and reporting results are in progress.
- Satisfactory performance in attending to complaints received at the call centre.
- Customer will be notified by the call center when the complaint is attended to.

Train operational staff to improve customer relations

- A refresher Course for Meter Readers was conducted by MDTD.
- Awareness programme for Meter Readers was conducted by RSC (NW) and (Sab / Uva) (one each)
- A Refresher course on consumer relations for OICs and Meter Readers was conducted by RSC (E).

Ensure that the Management Information System (MIS) will include information on public complaints/ requests, action taken on them, duration to settle complaints and expenditure incurred

- IT solution is ready for deployment in the regions. Shortage of computer equipment and IT staff

Resolve public complaints on water leaks within one day and Prepare and implement public awareness programmes

- A Teacher Training Programme on water conservation was conducted in Siyane Teacher Training Collage
- 04 school programmes were conducted in the Western Province (Kalutara, Piliyandala and Mt. Lavinia) during this quarter.
- 25 nos . School children awareness programmes were conducted on water, environment & sanitation in the Central Province and Established a Consumer Consultative Federation for Kandy District.
- 04 awareness programmes were conducted at Hospitals (Kurunegala, Horana, Watupitiwala & Matara)
- An awareness programme was conducted at the Moratuwa MC
- Published "Jalaya" News paper 12th edition in September 2009.

Awareness programme for catchment area protection

- One year programme for **Paradeka Oya** catchment protection has commenced in August 2009 and **Kospotu Oya** catchment protection plan is being prepared.
- School programmes on catchment protection are continuing by the Central RSC.
- Two awareness programmes on water conservation are being continued in Ratnapura and Kandy.

4. Goal 4 - Increase commercial viability

Meet the cost of operation and maintenance - Prepare a tariff policy to cover full cost.

- The formula for Water Tariff for influences beyond the control of the NWSDB is under study by the special committee.
- Monitor financial situation of the NWSDB - O&M Budget for 2010 was compiled. It is to be tabled at the Board Meeting during the 4th Quarter 2009. No tariff revision is likely in 2010.
- Decentralization of billing and recovery in Colombo City was completed.

Prepare a policy for progressive financing of the Rehabilitation Plan

- Savings have been identified for financing minor rehabilitation works using NWSDB funds.
- Provincial DGMs are reviewing their rehabilitation fund requirements to report to DGM (F)

Minimize issue of 'estimated bills' - (Maintain estimated bills at 5 %)

- Estimated bills to total bills maintained at 5.6% (all Island). 1% reduction during 3rd quarter, 2009.
- 47,091 nos. of defective meters were replaced Island-wide during the three quarters of 2009.
- Awareness programmes were carried out for Meter Readers.

To improve collection efficiency through reduction of bill payment period and reduction of bad debts

- Accounts Receivables from Domestic & Commercial Institutions was 50 days whereas it was 55 days from Government Institutions
- Bad debts - Negotiations held with Galle MC regarding water bill arrears.
- Computerization of all NWSDB cashier points - Slip printers installed at cashier points.
- Negotiation with the Peoples' Bank was being held and a fresh proposal from them was awaited. Discussions initiated with Singer Sri Lanka and Abans (Pvt) Ltd for customer bill payments.
- Credit card payment possibility is held up owing to the gateway payment required.
- Negotiated with the NDB bank; their request is being reviewed.
- Daily remittance with Bank of Ceylon arranged.

Devise a procedure for the recovery of outstanding debts

- Arrears due to water supplied through Public Stand Posts - Cabinet paper was forwarded together with the special committee recommendation.
- Debt age:
 - 2.22 months for total arrears – 0.4% reduction during 3rd quarter 2009.
 - 1.85 months excluding stand posts – 2.6% reduction during 3rd quarter 2009.
 - 1.44 months excluding stand posts & disconnections – 4% reduction during 3rd quarter 2009.
- Collection efficiency:
 - 92% excluding stand post billing – 4% increase during 3rd quarter 2009
 - 91% including stand posts - 4% increase during 3rd quarter 2009
- Sent reminders to expedite the arrears recovery process - Red Notices issued regularly.
- Disconnection programmes scheduled and notices issued. The problem of inadequate facilities for disconnection gangs in TNC and TSC was reported owing to the re-structuring of Western Province.

5. Goal 5 - Ensure greater accountability and transparency

Introduce adequate checks & controls

- Carried out regular audits as per the Audit Plan 2009 which covers matters raised by the Auditor General.
- Commitment register has been computerized and being implemented in the Finance Division.

Activities carried out by the IA Division

a. Some Audits carried out on Commercial Operations

- Sample checking of estimated bills of priority connections
- Analyzing disadvantages of the method used for calculating average consumption for estimated bills.
- Investigating financial corruption on a new connection in Dematagoda
- Checking delays in replacement of defective meters in Galle, Matara, Hambanthota & Colombo city
- Investigating illegal water consumption at the NWSDB quarters in Badulla
- Checking disconnection of water supply due to bill arrears in Naula W.S.S.
- Checking delay in remitting of money collected by collection agency in Rathnapura & Moratuwa

b. Some Audits carried out on Stores & Supplies

- Purchase of G.P.S. Equipment for the A.G.M office in Sabaragamuwa
- Sample checking of annual stock verification report-2008
- Inspection of stocks in Bandaragama W.S.S against a complaint
- Check issued stores items to Thambagamuwa W.S.S

c. Some Audits carried out on Cash/ Cheque payments

- Delay in settlement of special advance of Rs. 100,000 for fuel on World Water Day – 2009
- Check the same cost centre for two separate W.S.Ss

Strengthen the Internal Audit Department

- Forwarded a Board paper with proposals for strengthening of the section including the recent progress by Internal Audit Section.

Decentralize financial and administrative authority in line with responsibility

- The ADB TA consultants submitted their Inception Report with activities and levels for decentralization. This was reviewed critically by Sectional Heads and commented upon.
- Key Performance Indicators were computed for every province/ RSC and compared with island-wide average, Indian Cities and South Asian regions.

Develop, improve and implement a comprehensive Assets Management Plan

- Department of Valuation is in the process of checking , verifying and rectifying the comments made by RSCs & Regional Offices.
- Asset Management Workshops were organized for provincial staff under the ADB TA programme.

Improve the flow of management information (MIS) and coordination among Divisions to enable planning and monitoring of activities

- The verification of IT modules at Dehiwala, Kotte, Head Office, Main Stores was in progress
- Initiative taken to convey provincial information to the Corporate Planning Division through the Web under a TA programme assisted by the ADB

Prepare Five Year Revenue Projections on 'rolling' basis to enhance decision making process

- Revenue projection and budgeting for five years was done. Assignment to prepare a Business Plan was awarded to the MBSL in May 2009 and awaiting the report from MBSL

Meet the debt service obligation of "Subsidiary Loan Agreements" with the Government Give priority to debt service payments

- Loan repayment has been restarted in monthly installment basis.

6. Goal 6 - Institutional development

Achieve performance excellence through change of attitude of employees - Provide opportunities to all divisions to develop and implement a programme to make use of available resources to follow 5S concept

- A workshop on productivity improvement was conducted for P&A staff at Kalatuwawa by the IDP Secretariat. (*)
- Work Improvement Teams were promoting to practice 5S and 6S concepts in Provincial Offices.
- Monthly provincial productivity meetings were being conducted continuously in provincial offices.

Recognize employee contribution through participatory decision making

- Shramadana Campaigns were conducted by Provincial Offices to clean the environment and office rooms, colour wash and attend to minor repairs in buildings.
- Providing separate identification colour to every section in the Southern RSC office and arranging files and other office items accordingly.
- Prepared a disaster operation plan, distributed it among relevant Managers & OICs for comments and conducted 02 programmes on disaster risk management for EAs & OICs in the Central RSC.

Make aware the need for change of attitudes and inculcate sense of ownership (Start a small change – each of us. Change begins with you and me)

- Arranged awareness programmes on attitudinal changes and celebrated special events of the year like 1st of January, New year, Vesak day etc. at Provincial Offices.
- Organized an award ceremony for employees who worked more than 10 years in the Western-South Office.
- Organized trips for employees at Provincial level to a site of educational importance or to an office which had won quality awards.

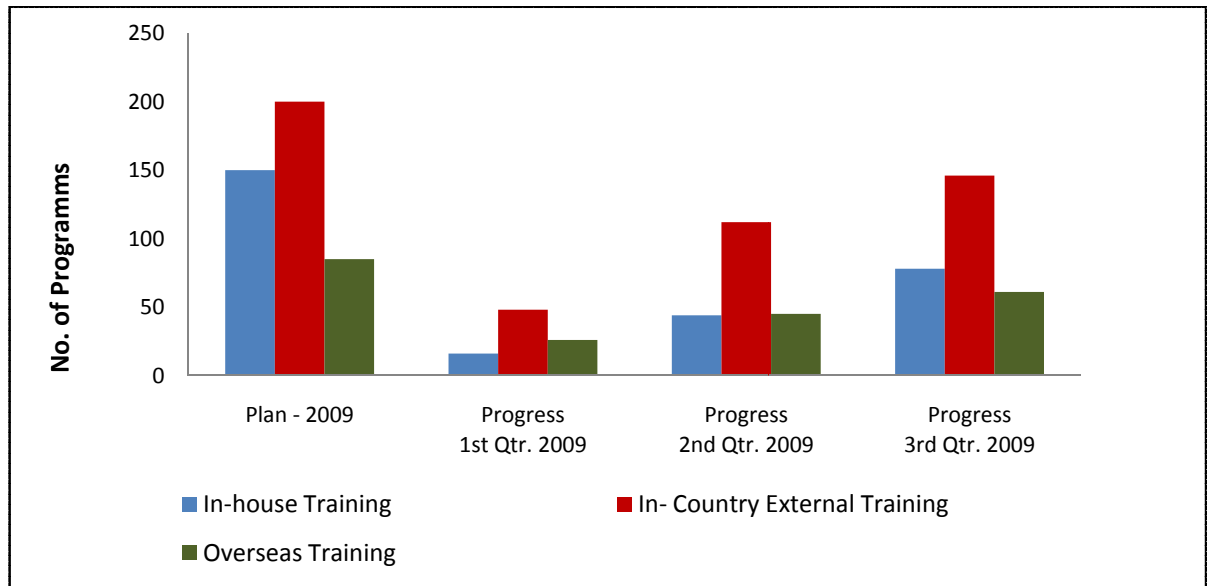
Receive quality and performance awards from independent institutions

- National level Productivity awards were won by Greater Kandy WSP, Pathadumbara & Galagedara WSSs and Provincial level awards by Hantana & Pathadumbara WSSs.
- Productivity merit award won by Narammala WSS.
- National Productivity merit awards won by M(Matara) Office and Malimbada WTP. Necessary documentation works were arranged under IDP activities (*).

Prepare and implement a Human Resource Development (HRD) Plan

- HRD Policy - Comments have been received from the Addl.GMs. It was decided to appoint a committee to review the comments and suggest appropriate changes to the draft policy.
- The proposed nominee for HR consultant has not been accepted by the ADB. A fresh nomination would be made by the ADB TA consultants for approval.
- Conducted / arranged many training programmes in the Central RSC, eg; familiarization courses (16 nos.), awareness on NWSDB for all staff members (511 nos.), Management training programmes (04 nos.) for senior managers (124 participants) and an advanced HRM diploma for senior clerical staff and Manager (SS) (7 participants).

Develop and implement a Staff Training Plan that includes continuous training, hands-on experience and new technology - Maintain a safe, secure and enabling working environment



Develop and implement comprehensive employee welfare scheme

- A constitution was prepared to establish a common welfare society and other follow-up activities are being carried out.

Activities of the NWSDB IDP Secretariat

- Rs. 3,948,600.00 was allocated for IDP activities.
- Activities carried out during the quarter are mentioned above (*)

7. Goal 7 - Provide facilities and service support to rural and marginalized communities.

To increase safe Water Supply and Sanitation coverage to rural and marginalized communities

- PAC approved RWS proposals for Kurunegala, Matale & Polonnaruwa have been forwarded for Board approval.
- PAC approval obtained for Northern and Eastern RWS proposals.
- RWS proposal for Uva region was completed and forwarded for PAC approval.

Rural Water Supply and Sanitation facilities

- 300 connections are to be given, disconnecting 30 public Stand Posts in Colombo.
- 120 house connections have been given disconnecting 55 Stand Posts as at end 3rd Qtr. 2009.

To provide advisory services on best options

- Guidelines & Training modules have been circulated to RWS units and few updated documents were published in the NWSDB / RWS web site.
- Translation of documents into Sinhala and Tamil was completed and provided on demand.
- 05 seminars are to be planed among stakeholders to publicize the nature of services available from the proposed 5 District RWS units and funds for this were approved by UNICEF.
- UNICEF funds were approved for resources to strengthen RWS units established in RSCs. They will be purchased through the UNICEF.

To ensure 'value for money' for the services provided to rural and marginalized communities.

- Strengthen the Provincial Coordination Committee (PCC) meetings for the establishment of By Laws and development funds - PCC meetings were held at NC, Uva, NW and Sabaragamuwa provinces.
- Identify stakeholders involved and prepare a coordination mechanism - Initiated and 1st Collaborative Council Meeting to be held in Oct. 2009.