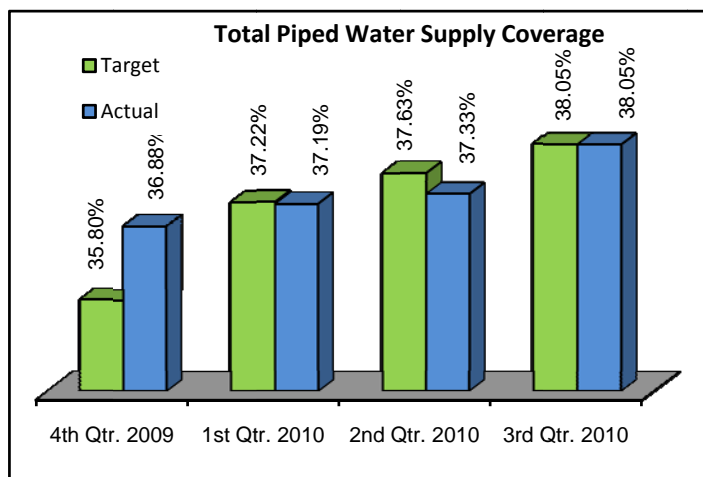


Summary of progress status on the Corporate Action Plans as at end of 3rd Quarter 2010

Goal I - Increase water supply and sanitation coverage

The piped water supply connected coverage and connection details as at the end of 3rd quarter 2010 for piped water supply and sewerage facilities are shown below:

- Total number of Water Supply Connections was 1,328,843. During the 3rd quarter 2010, 23,531 new connections were provided island-wide.
- Total number of sewerage connections was about 83,950.
- Piped sewerage coverage is 2.3 % while the target was 2.5%.



- A priority list for Sewerage Projects was compiled. Also, the Sanitation Development Plan was updated for 2010.
- Decision taken to compute piped WS service coverage as against piped water supply connected coverage.
- Preparation of databases for Rainwater harvesting by provincial offices and for surface water sources by AGM (SWR) continued. Monthly water quality reports of intakes will be uploaded to the SWR database.

The Capital budget allocation for 2010 has been reduced to Rs. 22,962 million from Rs. 30,860 million in 2009 and Rs. 29,150 million in 2008. Gampola WS improvements and Ulapane WSS under Kandy South Project and Nuwara Eliya district group WSP, both funded by DANIDA were completed in early 2010. Kegalle WSP funded by Austria and Akuressa and Thihagoda WSPs funded by GOSL are nearing completion. These new and augmented WSSs, financially viable pipe extensions carried out using NWSDB funds and the new connections given from existing systems contributed towards the increase in water supply coverage.

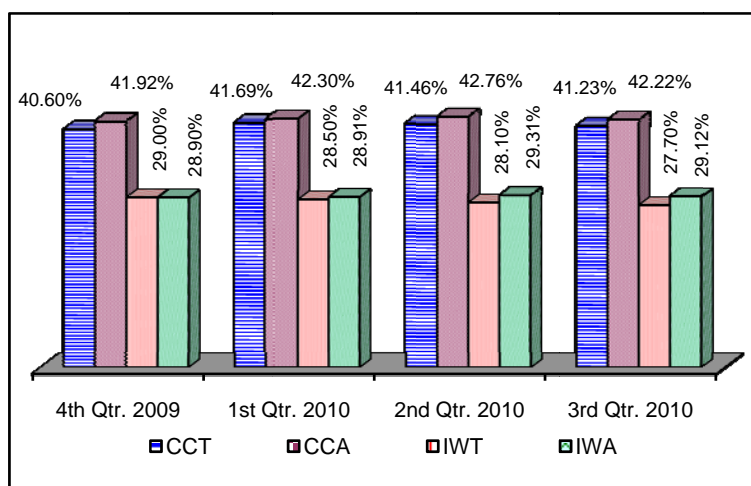
Goal 2 - Improve operational efficiency

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

- UFW island-wide has decreased by 0.19% during the quarter concerned while in Colombo City it has decreased by 0.54%.
- North Western RSC has achieved the highest reduction of UFW during the 3rd quarter by 2.73%.

Meanwhile Sabaragamuwa, Southern and Uva have reduced UFW by 1.38%, 1.36% and 0.85% respectively.

- 25,983 defective meters have been replaced island-wide up to the end of the 3rd Quarter 2010.
- 1,184 illegal connections were detected in Western Central area up to the end of the 3rd Quarter 2010.
- Total staff for 1000 connections has been reduced by 1% island wide up to the end of the 3rd Quarter 2010.
- Detailed Energy audits using instruments were carried out in 21 WS schemes during the year 2010 out of 36 schemes (plan 2010).
- Energy audit tenders of 4 WS schemes were awarded for implementation out of 15 schemes (plan 2010). One of such implementation contracts was ongoing in the 3rd quarter 2010.
- Energy Conservation work under JICA Aid – Pilot energy efficiency improvement project was in progress at the Jubilee Post (Edirisinghe Mw) pump house.



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

- Study of domestic filter for rainwater was started with washed sea sand (purchased from LRDC).
- Study of SL Red Cross Society Clay filter - Testing continued with different sources of water with SLRCS filter and about 90% of testing was completed.
- Investigation on Contamination of Water Reservoirs in North Central Province by Pesticide Residues and Toxic Metals - Obtained Board approval for funds. Informed CLS / Senior Chemist to proceed with the purchasing / preparatory works.
- Study on identification of Algae and Cynobacteria in selected drinking & irrigation water bodies in Sri Lanka - Second site visit was done for the collection of samples from Kalawewa, Nuwarawewa, Thuruwila & Iranamaduwewa during 2nd quarter and third site visit to Kondawattuwana, Senanayaka samudraya, Weeragoda and Himadurawa tanks, in September 2010.
- Pilot project for Rain Water Harvesting with 150 Polyethylene tanks in the North Western Province - Tender documents prepared by R&D Section for "selection of Partner Organization (PO)" & "purchasing of Materials" were revised by RSC (NWP) and prepared for tender calling

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

- Functionality of the Customer Grievance Handling System (CGS) module was further reviewed according to user comments. Changes were incorporated.
- The Enterprise-wide IT Solution was installed at the Western Zone RSCs (WC, WN, WS), RSC(NC) and RSC(NW). Implementation was continued in other RSCs.
- Complaints received at the Call Centre are promptly forwarded to relevant AE / DE through emails, phone calls and SMSs. When the complaints are attended the AE / DE can update the database.
- Arrangements are being made to inform the customer by SMS when the complaint is attended.
- Call Centre – 10,000 complaints have been handled at Call Centre within the two year period of its operation. The software was modified to handle via ADSL facility.
- Facilities are available for payment of water bills during evenings and holidays at Cargills and Keells Supermarkets and at Singer and Abans showrooms.
- Three awareness programmes were conducted for schoolchildren in Sri Medankara Maha Vidyalaya- Horana, Bulathsinhala Central College and Gamini Maha Vidyalaya-Ingiriya during the 3rd quarter 2010.

Goal 4 - Increase commercial viability

- Senior Management consensus of opinion on annual tariff increases as against big increases after longer durations.
- O&M budget for 2010 did not warrant a tariff increase for water. O&M budget for 2011 was prepared.
- Savings have been identified for financing minor rehabilitation works using NWSDB funds. Rs. 575 m for Rehabilitation, Rs. 80 m for Stores improvement and Rs. 200 m for NRW reduction have been allocated in 2010.
- Net revenue that could be generated in 2010 has been apportioned for rehabilitation, Stores improvement, Capital item purchases and NRW reduction activities.
- Internal discussions held to identify possible new sources of income.
 - Establishment of a fully owned subsidiary company of the NWSDB
 - Bottled drinking water project
- New business areas are being considered such as private sector involvement to construct water treatment plants to supply drinking water in bulk to the NWSDB, assembling / manufacturing water meters.
- Estimated bills to total bills maintained at 2.40% (all Island). 0.95% reduction during 3rd quarter, 2010.
- Accounts Receivable from Domestic & Commercial Institutions was 54 days whereas it was 55 days for Government Institutions
- Collection efficiency was 98.6% including stand post dues in September 2010.
- Debt age: 2.1 months for total arrears, 1.7 months excluding stand post dues and 1.3 months excluding stand post dues & disconnections.
- A Document has been prepared for calling proposals for providing Credit Card Payment facility at NWSDB Cashier Points
- Bad debts – The Cabinet decision taken regarding the recovery of dues for water supplied through Public Stand Posts is to be pursued. Accordingly, a meeting chaired by the Chief Minister of Western Provincial Council to resolve the matter is to be held.
- Computerization of all NWSDB cashier points - All cashier points, except Trincomalee and Kalutara were computerized.

- Daily remittance from Bank of Ceylon is taking place and arrangement for on-line transfer of daily remittances is in progress.
- Sent reminders to expedite the arrears recovery process - SMS sent to customers having arrears over Rs. 20,000 in Kotte area. This will also be extended to other areas. This was done using SMS Gateway.
- Consumers having Estimated Bills due to obstructions to the meter were made aware of the matter and were allowed a period of about three months to remove the obstruction. They were informed of possible disconnection if no action was taken.
- Issued disconnection orders regularly - Disconnection programmes were scheduled, and disconnections were done according to the plan.

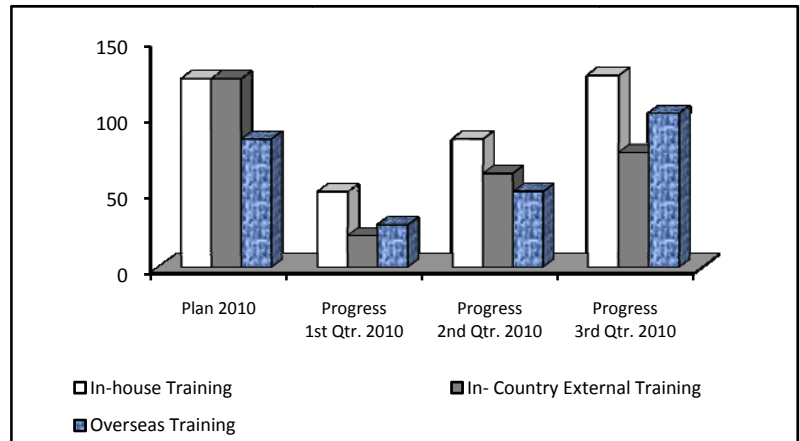
Goal 5 - Ensure greater accountability and transparency

- Regular internal checks and controls carried out; especially, commercial activities were evaluated and recommendations were forwarded to prevent weaknesses in internal controls.
- Several audits were carried out on Financial Administration, Commercial Operations, New Connections, Contracts/ Tenders, and Stores. Example:
 - Inspection of water connections having high consumption: in Sri Lanka Ports Authority and Monaragala
 - Sample checking of water billing, after replacement of water meters in Colombo City and Galle
 - Calculation of consumption based on normal average quantity for disconnected water connections
 - Misplacement of water meters in Badulla W.S.S.
 - Consumer payments accounted for, twice or more times in Kelaniya.
 - Delays in depositing (in bank) consumer payments, collected by Agents in Moratuwa
 - Inspection of unserviceable items & Non Moving items identified at Kalutara WSS
 - Checking of stock shortage at Ranna WSS
 - Checking of surcharge imposed on electricity bills at Anuradhapura & Central Province
 - Errors in receipt books & settlement of cash advances
 - Investigation of complaint regarding contract at Ukuwela/ Udathenna
 - Checking of supplies of a contract awarded by RSC (NC)
- Planning guidelines issued; Project prioritization and planning to be based on population density, expected connections per km of distribution pipelines, Investment per connection, Water Treatment Plant cost per connection, Number of Samurdhi beneficiaries among potential customers; Number of potential customers having electricity connections etc.
- Activities and levels of decentralization were identified under the ADB TA and a workshop held in May 2010 to decide how to proceed thereafter.
- Provincial DGMs were requested to improve customer service. Key Performance Indicator would be monitored to assess improvement in customer services.
- The methodology of asset management & planning was demonstrated by taking one WSS in every Province by the ADB TA. A computerized system has been developed.
- Internal Monitoring procedure established; set of forms and guidelines issued to Provincial DGMs.
- Land Acquisition officer has been entrusted with the regularization of legal ownership of properties belonging to the NWSDB. 7 lands were formally purchased and 31 lands were formally accepted under section 44 certification.
- The business plans prepared under the ADB TA identify the necessary investments to maintain assets. These values were further refined with respect to the year 2011 in the O&M Budget for that year.
- Discussion held with the Treasury Secretary to reduce the 10% interest rate.
- Debt Service Register has been updated as at 30.09.2010. Outstanding debt service to the Treasury is Rs. 5,294 m.

Goal 6 – Promote Institutional Development

- Provided opportunities to many divisions to develop and implement a programme to make use of available resources to follow the 5S concept. Work Improvement Teams were promoting to practice 5S and 6S concepts in Provincial Offices. Example:
 - Conducted a lecture to learn the 5-S system in Vipulasena Mw. Office
 - Implemented the 5-S system in the entire premises to improve the office environment in Manager (Kotte) office
 - Whole staff of Manager (Colombo City) office visited Ambatale Water Treatment Plant site to learn 5S system and its maintaining methods.

- Shramadana Campaigns were conducted in Provincial Offices to clean the environment and office rooms, colour wash and attend to minor repairs in buildings. Example:
 - Declared "2 hours shramadana" in RSC (WC) - Rajagiriya office on the last Friday of every month to maintain a clean office environment.
- Several activities and Training programmes were conducted in Provincial/ Regional offices under IDP / WIT works. Example:
 - Held 4 Institutional awareness programmes and a schools programme, conducted by RSC (WC) office and organized by the Manager (CC) Office.
 - An application was forwarded to obtain IESL recognition of Design Office in RSC (NW)
 - Provided training on maintaining Commitment register as well as Water Cad in Ampara
 - A consultant was appointed to prepare digital plan with GIS at RSC – Central.
- 300 email addresses are operative. There is a requirement to increase it up to 400.
- All offices up to AE level have been provided with ADSL facilities.
- Arrangements are being made to test the automated Water Meter Reading Technology with the assistance of outside agency. Automated water meter reading using SMS will be tested for 100 customers.
- Narammala & Wariyapola WSSs and Colombo City (South West), RSC (S), Kotte Manager and Vipulasena Mw (NRW) offices applied for Productivity Awards.
- Comments on the draft HRD Policy have been received from Addl. GMs. It was decided to appoint a committee to review the comments and suggest appropriate changes to the draft policy.
- A constitution was prepared to establish a common Welfare Society. Other follow-up activities are being carried out.
- A committee was appointed to improve the physical appearance of the NWSDB Head Office. Short term (6 months) programmes and Long term (2 years) programmes worked out.
- Consensus reached to issue Management Information within two weeks.



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

- Board approved RWS proposals for Kurunegala, Matale, Polonnaruwa, Vauniya & Mullativu have been forwarded for NPD approval.
- PAC approval obtained for Badulla and Monaragala RWS proposals.
- RWS Proposal for Southern region has been forwarded for PAC approval.
- Project proposal to obtain funds from the UNICEF has been approved by the UNICEF.
- 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.
- Computers were distributed among District RWS units and software program for rural water data base has been prepared and installed in 13 district offices.
- Strengthen the Provincial Coordination Committee (PCC) meetings for the establishment of By Laws and development funds - Already established in all districts except in Colombo district.
- Close coordination and arrangements on SACOSAN/ WSCC activities with stakeholders.