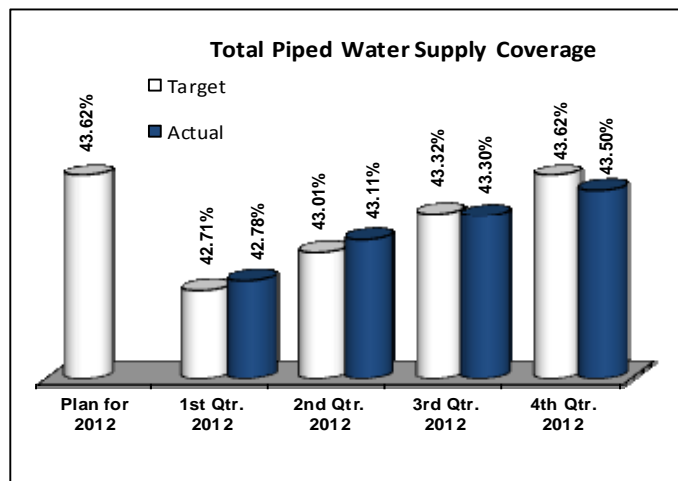


SUMMARY OF PROGRESS STATUS ON THE CORPORATE ACTION PLANS AS AT END OF FOURTH QUARTER 2012

Goal I - Increase water supply and sanitation coverage

Water Supply

- Total number of Water Supply Connections was 1,587,663 as against the target of 1,581,873. Although number of water supply connections exceeded over the target; there is a drop in 4th quarter 2012 coverage % due to revision of family size based on the results of 2011 census published by the Department of Census and Statistics.
- 40,402 new connections were provided island-wide during the 4th quarter 2012.
- 42 Small & Medium Water Supply projects and 24 Large scale donor funded Water Supply Projects were being implemented in various stages of progress.
- The water supply connected coverage target is almost achieved in this quarter while it is slightly exceeded in the previous quarter, as a result of the new/augmented WSPs, financially viable pipe extensions carried out using NWSDDB funds and the new connections given from existing systems, as shown in the graph.



Sanitation

- Piped sewerage coverage is 2.3% while the target is 2.4%.
- 20 new connections were provided during the quarter. The total number of sewerage connections is about 85,120.
- A priority list for Sewerage Projects was compiled. Also, the Sanitation Development Plan was updated for 2012.
- 4 Large scale donor funded Sewerage Projects are being implemented which are in various stages of implementation. These new/augmented Sewerage Projects and the new connections given from existing systems contributed towards the increase in piped Sewerage coverage, but it was not significant to increase the piped sewerage coverage when compared with the increase of the population.

Progress Highlights of other activities done for Water Supply & Sanitation Coverage Improvements

- There are 6 on-going negotiated projects and 24 new, cabinet approved / NPD cleared projects in pipeline for water and sewerage improvements.
- Upgrading/ preparation of Design and Procedure Manuals are being continued in various stages.
- Provision of facilities for communities living close to headworks was incorporated into the revised PI Manual. Eg. for Bingiriya area to be covered by Chilaw WSS under ADB 5th project.
- Additional coverage during rehabilitation & augmentation of schemes are ensured. Proposals received from Provincial DGMs for rehabilitation & augmentation of schemes, are included in the Capital Budget for 2013. Tender documents are being prepared according to the rehabilitation plans.
- Household surveys and awareness campaigns were carried out and new connections were given in the Central RSC during the quarter under review.
- Public awareness programs were carried out to promote the construction of Rain Water Harvesting (RWH) tanks in RSC (Central) by covering 16 rural hospitals and 4 schools.
- Harvested rain water quality monitoring in Polpitigama at the RSC (North Western) - is in progress.
- 740 Consumer Societies were established and 685 consumer meters were fixed, which covered 789 outlets in the RSC (Western-Central).
- Public comments & sociological surveys have been proposed and are in planning stage covering Tea Estates within Galle and Matara Districts in the RSC (Southern).
- 15.6 km and 48.6 km distribution pipes (in-filling) were laid to provide new water supply connections in RSC (Western-Central) and RSC (North Western) during the reviewed quarter respectively.
- Out of Rs. 108 million allocated, Rs. 68 million has been utilized for pipe line extensions and distribution system in-filling Island-wide under the rehabilitation budget in 2012.
- A simple treatment plant improvement in Polgahawela was completed and similar improvements are taking place in Galigamuwa and Pannala in the RSC (North Western).
- Katugastota water treatment plant in the RSC (Central) qualified for SLS Standard certification for 3 years (From 2012-02-15 to 2015-02-14).
- Preparation of 26 water safety plans (WSPs); 7 in Western, 6 in Sabaragamuwa, 4 in Uva, 3 in Southern, 2 in North Central, 1 in Central and 1 in Eastern Provinces have been completed while preparation of 14 WSPs; 1 in Western, 4 in Sabaragamuwa, 3 in Uva, 4 in Southern, 3 in North Central, 3 in Central and 2 in Eastern Provinces are ongoing.
- The catchment boundaries of Paradeka, Pitigala, Kirindapuhulwella, Wakamulla and Tangalle have been identified in the Central and Southern RSCs respectively for the implementation of suitable catchment protection programs.
- Prefeasibility studies were done for Basnagoda Reservoir in the Western Province and Wee Oya Reservoir in the

SUMMARY OF PROGRESS STATUS ON THE CORPORATE ACTION PLANS AS AT END OF FOURTH QUARTER 2012

Sabaragamuwa Province, by the Ministry of Irrigation & Water Management with the assistance of NPD, to ensure water security by maintaining storage capacities. The feasibility study for Basnagoda reservoir to be done by the CECB is withheld due to public protest.

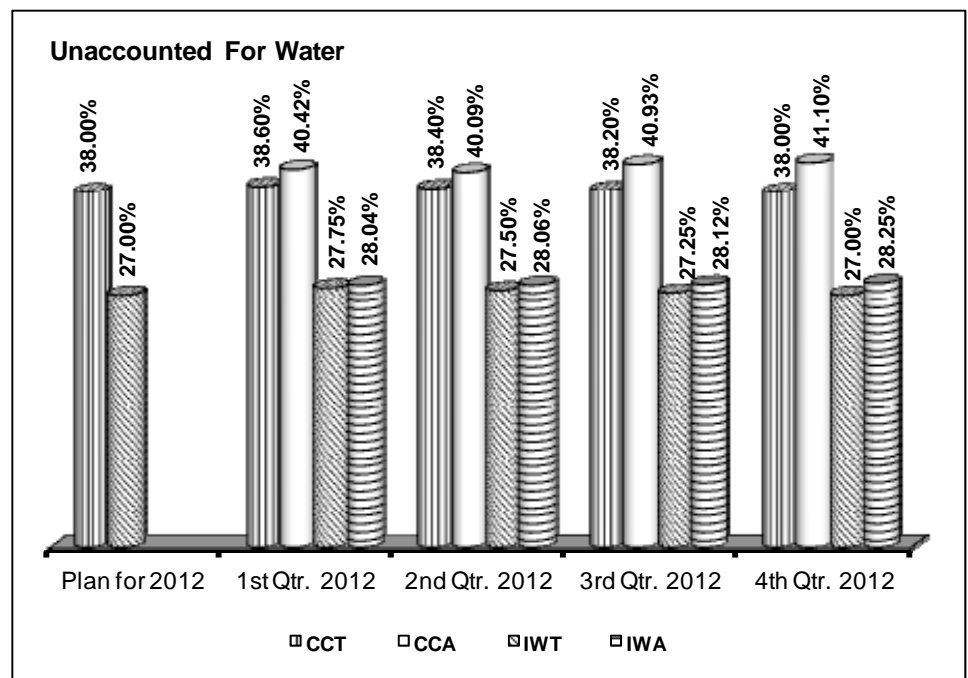
- The Irrigation Department has proposed alternative reservoirs instead of Yatimahana Reservoir. Continued co-ordination with the Irrigation Department is taking place - NWP.
- New Nawata Reservoir proposal for Kelani River has been dropped since it is not feasible.
- Improvement of Nawayalawila reservoir in the Southern Province is 70% complete.
- Permanent salinity barrier is being constructed to minimize saline water intrusion at the water intakes under the Kelani Right Bank project and 70% of the work is completed physically.
- Preliminary studies and field surveys have been carried out to identify a suitable location for the Nilwala salinity barrier at Ilwatte Amuna in the Southern Province, to minimize saline water intrusion.
- Activities implemented to ensure acceptable quality at water sources; Water quality monitoring at the intakes of 5 major WTPs along Mahaweli River, including Kandy is being continued. 438 samples brought in by PHIs Island-wide, 6,193 samples taken from NWSDB's WSSs and 260 samples from small RWSSs managed by CBOs and NGOs were tested during the 4th quarter 2012.
- Divisional level co-ordination committees have been established to improve protection of water sources and active participation took place in meetings by Central, North Western, Sabaragamuwa, Uva, North Central, Western North and Southern RSCs.
- Field survey was conducted in RSC Central to identify sanitation needs in Tea Estates in Thalawakele. A proposal was prepared and forwarded to the UNICEF for funding.
- The excel template which is used to design septic tanks and anaerobic filters was distributed among RSC engineers.
- A workshop was conducted by Sewerage Specialist in Matara MOH Office, to train PHIs on wastewater management.
- Training sessions on the design of small scale On-site and Off-site wastewater treatment systems were conducted for RSC engineers.
- Several steps were taken to prepare Water Safety Plans in Central, East, NW and Southern RSCs.

Goal 2 - Improve business efficiency

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

- The UFW island-wide has slightly increased by 0.13% during the period concerned while in Colombo City it has increased by 0.17%.
- Although UFW % had increased by a small % Island-wide and in Colombo City, TSC region in Western South RSC has achieved the highest reduction of UFW by 1.2% during the period under review.

Meanwhile, TEC-N region in Western Central, RSC Western South and Ampara region in the Eastern RSC have reduced UFW by 0.95%, 0.94% and 0.93% respectively.



Highlights of the Activities done to Improve Business Efficiency

- 86,539 defective meters have been replaced island-wide during the year 2012.
- 1,555 illegal connections were detected island-wide during the year 2012.
- Total staff for 1,000 connections has increased from 6.07 to 6.09 island-wide during this quarter.
- 9 out of 13 energy efficiency improvement projects have been awarded for implementation. Such energy efficiency improvement projects are in progress.
- Training programmes for coordinators of energy cost reduction activity-5th meeting for CEs (M&E) from every region

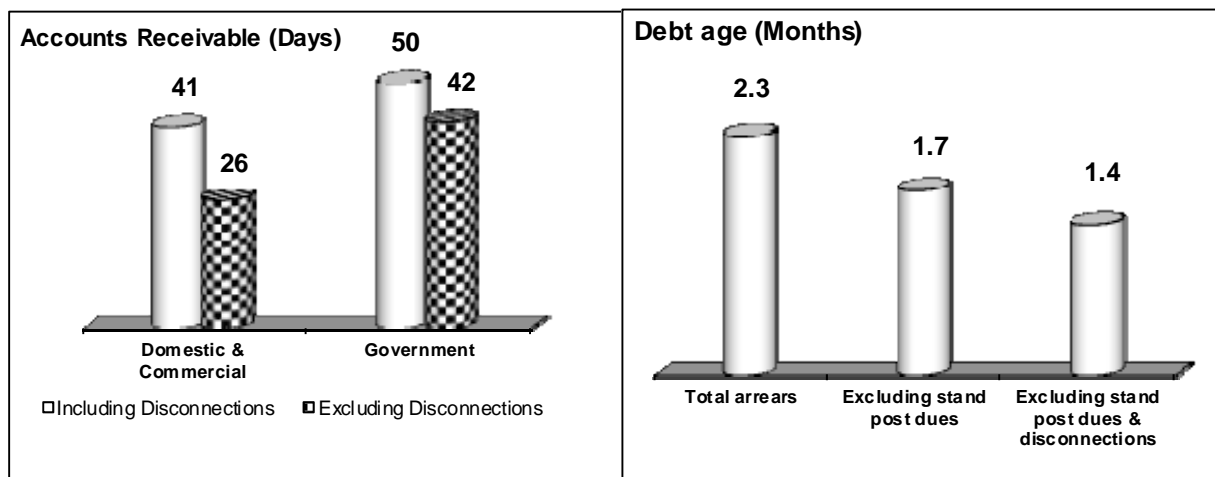
SUMMARY OF PROGRESS STATUS ON THE CORPORATE ACTION PLANS AS AT END OF FOURTH QUARTER 2012

was conducted during the 4th quarter 2012. Training on energy auditing for O&M Engineers was arranged for RSC (NC) Engineers at Kalawewa WTP.

- Awareness programmes for general staff on energy efficiency were carried out in the (North Central, Southern, Sabaragamuwa, Western North, North Western and Uva RSCs).
- Two digital data logging type pressure gauges and a Multi meter have been delivered to the M&E Services Division. Air Mass flow meter and two digital pressure gauges tender have been re-called. Re-tendering is in progress for it.
- Preparation of guidelines for air conditioning systems - Coordination with other divisions is in progress.
- Continuation of the Clean Development Mechanism (Internationally accepted Carbon reduction mechanism) project with JICA consultants is in progress.
- Several steps have been taken in the Southern and North Western RSCs; i) For alternative arrangements, technologies to use methods of low power consumption and ii) Implementing measures for system changes, modifications, improvements, etc. to optimize system operations.
- Pilot study in reservoir water level monitoring and remote accessing work is in progress. Works were completed. Monitoring of Water levels of Maharagama reservoir is in progress.
- Pilot plant testing for water treatment - Numerical model was developed to see the performance of the Pebble Matrix filter bed. The model is being tested for different filter media.
- Bottling of liquid Chlorine for Household Water Treatment- Arrangements was made to purchase tools for the filling of liquid chlorine to plastic bottles.
- Provision of safe water for drinking and cooking purpose - 3rd Sampling session was completed and test results obtained at Polpitigama. Fixed a rain water harvesting tank at one of the kidney patient's house at Girandurukotte. 17 Nos of PE tanks were provided for RSC Uva.
- Rainwater harvesting to mitigate chronic kidney disease in NW province (Polpitigama) – 23 Nos of samples were tested.
- Analysis of water quality from selected locations of Kaluganga - Preparation of final report is in progress. A presentation is to be done.
- Savings have been identified for financing minor rehabilitation works using NWSDB funds. Rs. 871.3 m, Rs. 234 m, Rs. 108 m and Rs. 27 m had been allocated and Rs. 659.7 m, Rs.163.2 m, Rs. 68 m and Rs. 15.5 m have been utilized for Rehabilitation, NRW reduction, Pipe Line extension and Stores improvement in 2012 respectively.
- Internal discussions held to identify possible new sources of income.
 - Establishment of a fully owned subsidiary company of the NWSDB – Cabinet approved
 - Bottled drinking water project
 - Water meter assembly / manufacture
- 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- Expressions of Interest called.
- Estimated bills to total bills maintained at 1.88% (all island); this has decreased by 16 % during this quarter.

Cash flow management activities during 4th quarter 2012

- Collection efficiency was 98% including stand post dues in December 2012.



- 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 3 - Improve services to customers and prompt attention to public complaints

SUMMARY OF PROGRESS STATUS ON THE CORPORATE ACTION PLANS AS AT END OF FOURTH QUARTER 2012

- Introduced computerized call center solution to accept, record, categorize, record action taken and send replies to customers through SMS for customer complaints. In addition to that, optimum actions have been taken by every RSC to attend to customer complaints within their capacity.
- Training programmes were conducted covering every RSC based on the funds allocated.
- Call centre operations and improving facilities to call center staff is being continued.
- Reviewed the Management Information System and actions have been taken to carry out further development.
- Assigned consumer complaints to responsible officers - Responsible officers were appointed in Western Central, Central and Eastern RSCs.
- All relevant officers are being informed of customer complaints through SMS and the MIS has been developed.
- 179,394 complaints were received and 179,373 of them were successfully attended to Island-wide during the year 2012.
- System was established to monitor status of complaints through the call centre solution and all required mechanisms were made available in the Call Centre and it is being practiced. Instead of the Consumer Grievances module, the call centre solution was enhanced to cover the required function and this call centre solution is now in full operation.
- All cashier points of NWSDB were computerized and Head Office cashier point is kept open for customers until 5.00 pm on weekdays and up to 3.00 pm in Saturdays. Initial steps have been taken to extend same arrangement to all the regions.
- Cargills Food City Supermarkets, Keells Supermarkets, Abans Showrooms, Singer Mega outlets, Banks (HNB, Seylan, NSB, Commercial, Standard Chartered, Pan Asia, HSBC, Deutsche, Union, Nations Trust, City, NDB, BOC, People's, DFCC Vardana), Agency Post Offices and other collecting agents are now collecting payments on water bills.
- 24 school programmes were conducted within the year 2012. 15 programmes were conducted by the PRU covering all over the country and the rest conducted by RSCs. In addition to that, every RSC conducted awareness programmes, covering Schools and Private/ Public institutions in the area.
- A special awareness programme was conducted in the Ampara district by the Eastern RSC in line with the Deyata Kirula programme in the 4th quarter 2012.
- Printed and published "Jalaya" Newsletter 23rd edition.
- Supervision schedules for the preventive maintenance of all treatment plants have been prepared and corrective actions have been taken by Southern and Sabaragamuwa RSCs.
- Relevant actions have been taken by every RSC to identify treatment plants producing poor quality water which need improvement.
- Introduce advanced treatment methodologies where appropriate - Swedish Project to combine mini hydro power generation in Bandarawela is under evaluation.
- Provide necessary equipment and facilities to laboratories – Necessary actions have been taken to identify and purchase necessary equipment for laboratories in every RSC.
- Necessary actions taken to computerize and provide data transmission facility to/from all laboratories.
- Rehabilitate and augment treatment plants, intakes, transmission and distribution systems to increase service level – Necessary actions taken by every RSC to implement this activity.
- Regularized the preventive maintenance program in every RSC.
- Make arrangement for Bowser Supply during a disaster - Provided Bowser Supply on emergency service to overcome shortage of water during the power failure in RSC Eastern.

Goal 4 - Promote information and communication technology solutions as a catalyst for business growth

- Strengthen ICT Division and ICT facilities in other divisions – Draft version of the IT Road Map prepared and IT Infrastructure Improvement in progress (Based on Microsoft Proposal).
- Prepare a Comprehensive ICT Policy Document for the NWSDB – Draft version of the policy is being prepared.
- Upgrade ICT Knowledge of Employees – Training needs assessed and informed to MD&T Division.
- Deploy economical authorized operating systems and application software (open source) in NWSDB's computers – A survey is being conducted.
- Implement the Enterprise Resource Plan (ERP) Solution at Head Office and Regions – ERP Solution was implemented for payroll and new connection programmes.
- Establish Electronic Data Repository – A solution has been implemented.
- Develop ICT Solutions for Common Activities/Routine Work – Solution developed for the Tender Division and implementation is in progress.
- Liaise with ICTA to establish connectivity – Temporary connectivity has been established through ADSL line.
- Develop interfaces with Lanka Gate Solution (Web Portal for Government Services, developed by ICTA) – E Services related to NWSDB included in the Lanka Gate project.
- Develop in-house solutions offering online customer services – Preparatory work is being done.
- Include information requirement of all divisions into the proposed MIS system – Requirements collected and analysis is in progress.
- Establish an Integrated Coordination System to all RSCs and Divisions of the NWSDB – Preparatory work is in progress.

SUMMARY OF PROGRESS STATUS ON THE CORPORATE ACTION PLANS AS AT END OF FOURTH QUARTER 2012

Goal 5 - Ensure greater accountability and transparency

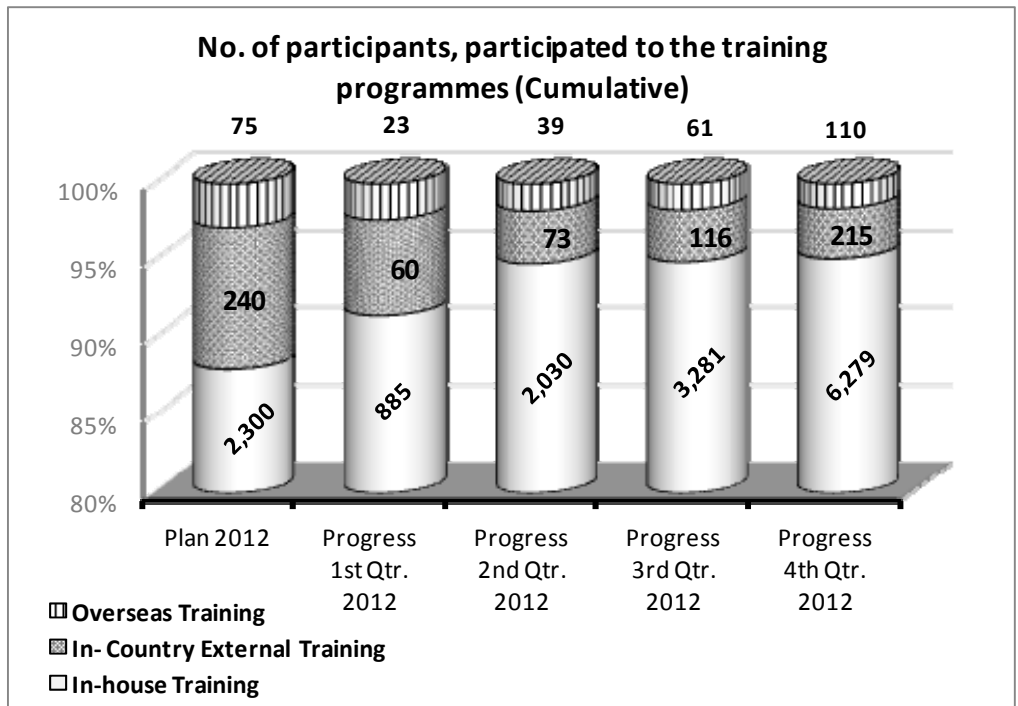
- Regular internal checks and controls carried out; especially, on revenue collections, new connection collections and payments.
- Evaluated the existing financial procedures and activities and identified the weak areas in financial administration; especially, loss of revenue, to prevent frauds etc. Commercial activities were evaluated and recommendations were forwarded to prevent weaknesses in internal controls.
- Checked the proper use of Commitments Register and Votes Ledger; Called for explanations on major variations from the budget.
- Several audits were carried out according to the audit plan, during the 4th quarter 2012 on Financial Administration, Commercial Operations, New Connections, Contracts/ Tenders and Stores and audit reports with findings forwarded to the management.
- Prepare/revise a Disciplinary Code to strengthen accountability – Revised disciplinary code is being implemented.
- Carry out initial internal inquiry and take disciplinary action within three months – This message has been conveyed to the senior staff by the Chairman.
- Strengthen Internal Audit Department – An interview was held to recruit Internal Auditors.
- Encourage employees to produce information on misappropriation of funds – Trade Unions have been alert on this matter.
- Review KPIs of RSCs regularly, comparing each other and take action for necessary improvements – Status as at end 2011 was scheduled against the targets. It was decided to identify the best RSC.
- Setup benchmarks and action plans for achieving better performance – Various indicators have been proposed to assess performance.
- Update the Loan Repayable Schedule with due payment dates – Up to date Loan Repayment Schedule is available
- Make employees aware of debt and loan repayment commitments – Senior staff informed in the Corporate Planning Workshop and subsequent meetings.

Goal 6 – Promote Human Resources Development

- Appointment of committee to change employee attitude to work with dedication – A special committee was appointed to promote Human Resources Development chaired by the Addl.GM (N/C) and five meetings were held regarding this matter during the year 2012.
- Identify existing culture in NWSDB and required changes to be made – Identified aspects were circulated among committee members for further comments and discussion.
- Develop a criteria/ modules for attitude change – A model presentation which addresses an initial idea about how to change attitudes to the committee members was carried out by the Specialist (Water Treatment) and modifications of this presentation is in progress.
- Demonstration of the module and conducting a presentation to Chairman, Board Members, GM, Addl. GMM & DGMM for their observation and comments – This presentation was scheduled to be held in January 2013.
- Build up expertise employee groups for different subject areas – Initial steps have been taken to identify subject areas to form expertise employee groups.
- Prepare programme to make aware and interact with activities of other Divisions for the relevant staff – The internal circular was prepared and circulated regarding this matter.
- Motivate employees to work with dedication – As far as possible, actions have been taken to motivate employees by the RSCs.
- Introducing counseling service where appropriate - Needy employees were identified in RSC Southern and Uva. A counseling session was conducted on positive thinking by the RSC Southern.
- Implementation of a suitable motivation system by collecting relevant information from all categories of staff – A suggestion box is being maintained in the RSC Southern.
- Recognize aesthetic and extra talents of employees – Necessary actions have been taken to recognize extra activities and form a club in the RSCs Southern, Eastern and the NWSDB head office.
- Recognize contributions from professionals of all disciplines - Nine programmes and four programmes were held in Central and Eastern RSCs respectively.
- Conduct seminars covering all sections to apply for productivity awards from independent agencies – Several seminars and training programmes were conducted in the RSCs Southern during the period under review.
- Provide opportunities to all divisions to make use of available resources based on agreed criteria to achieve excellence – Necessary actions were taken by all divisional heads to perform this activity.
- Implement a technology sharing program with outside organizations - Initial meeting was held with RDA & Irrigation Department by RSC Southern.

SUMMARY OF PROGRESS STATUS ON THE CORPORATE ACTION PLANS AS AT END OF FOURTH QUARTER 2012

- Formulate and implement a Staff Training Plan based on Needs Assessment together with on-the-job training component - Provided opportunities to employees of many divisions to follow training programs according to the training plan.
- A constitution was prepared to establish a common Welfare Society. 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 were worked out.



Goal 7 –Facilitate safe drinking water supply and sanitation to rural and underserved communities

- Carry out water quality surveillance program in liaison with the Department of Health and other stakeholders - Water quality surveillance program has been initiated in district level.
- Establishment of district water quality surveillance committees chaired by GAs – Committees were already established.
- Water quality testing – Water quality testing by the NWSBD free of charge, for regulatory purposes, on samples brought in by PHIs is in progress Island-wide.
- Include 5% from all water supply and sanitation projects implemented by the NWSDB for rural sector development - Board approval has been obtained.
- Design and implement schemes with community participation – North East WASH project is in progress with community participation in Trincomalee and Mannar districts.
- Provide advisory services for sustained operation of CBOs – This service is being provided continuously by the Provincial DGM and RWS staff.
- Prepare terms of reference for district RWS Units and Identify necessary resources –completed; 19 district RWS units have been established and support services to CBOs and other sector partners are being provided.
- Identify stakeholders involved and prepare a coordination mechanism - Already identified and coordination is in place.