

**“Southern West Bank Solid Waste Management Project”
Grant No. TF 094496-GZ**

FUNDED BY THE INTERNATIONAL DEVELOPMENT AGENCY (IDA)

AND IMPLEMENTED BY PALESTINIAN AUTHORITY – HIGHER COUNCIL FOR SOLID
WASTE MANAGEMENT FOR HEBRON AND BETHLEHEM

STATEMENT OF PROJECT’S ACTIVITIES

For the period from January 1, 2016 to October 31, 2016

AND INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT

**TO THE MINISTRY OF FINANCE
RAMALLAH - PALESTINE**

Report on the Financial Statement

We have audited the accompanying Statement of Project's Activities of the "Southern West Bank Solid Waste Management Project" (hereinafter the "Project") funded by the International Development Association (IDA), managed and implemented by Higher Council for Solid Waste Management for Hebron and Bethlehem (HCSW) for the period from January 1, 2016 to October 31, 2016 and a summary of significant accounting policies and other explanatory notes (together the "financial statement").

The budget information is presented for information purposes only and is not audited.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the basis of accounting described in Note (2); and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the HCSW's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the HCSW's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion

- the financial statement of the project for the period from January 1, 2016 to October 31, 2016 and the cumulative figures are properly prepared, in all material respects in accordance with the basis of accounting described in note (2).
- the statement of expenditures submitted during the period from January 1, 2016 to October 31, 2016 together with the procedures and internal controls involved in its preparation can be relied upon to support related application of funds.
- the accompanying IDA Special Bank Account Statement for the period from January 1, 2016 to October 31, 2016 is fairly presented and the disbursements made from this account were solely used for the purposes of the project.

Other Matter – Restriction on Use and Distribution

The financial statement has been prepared in accordance with the basis of accounting described in note (2), for purposes of providing information to Ministry of Finance, HCSW and IDA. The financial statement and the related auditor's report may not be suitable for another purpose. Our report is intended solely for Ministry of Finance, HCSW and IDA and should not be distributed to or used by parties other than Ministry of Finance, HCSW and IDA.

The financial statements from inception until December 31, 2011 were audited by another firm of auditors whose report, dated March 12, 2012, expressed an unmodified opinion on the financial statements. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers Palestine Limited

Ramallah, Palestine

December 26, 2016

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned to the right of the company name and date.

Palestinian Authority – Higher Council for Solid Waste Management for Hebron and Bethlehem
 Southern West Bank Solid Waste Management Project
 Statement of Project's Activities
 For the period from January 1, 2016 to October 31, 2016

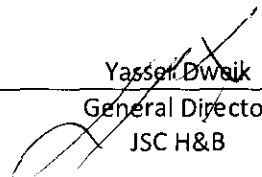
STATEMENT OF PROJECT'S ACTIVITIES

(All amounts in USD)

	Notes	From January 1, 2016 to October 31, 2016	Cumulative From inception until December 31, 2015	Cumulative From inception until October 31, 2016
Source of funds (World Bank):	(3)			
Advance payment		-	483,030	483,030
Replenishments/Transfers to HCSW		-	3,035,544	3,035,544
Direct payments to suppliers		-	8,445,554	8,445,554
Total source of funds		-	11,964,128	11,964,128
Application of funds	(4)			
Category 1:				
Consulting services		1,025	112,866	113,891
Category 2:				
Civil works		-	9,784,579	9,784,579
Goods		-	53,243	53,243
Consulting service		-	369,850	369,850
Non-consulting service		-	488,750	488,750
Category 3:				
Consulting service		-	-	-
Category 4:				
Incremental service		-	614,474	614,474
Consultants services		3,488	489,112	492,600
Total application of funds		4,513	11,912,874	11,917,387
Changes in fund balance		(4,513)	51,254	46,741
Add (Less): advance payments to contractors				
Currency variance gain/(loss)		(199)	(54,542)	(54,741)
Add: prior period adjustments*		-	8,000	8000
Add: fund balance – beginning of period		4,712	-	-
Cash balance at special bank account-end of the period		-	4,712	-

* This represents an adjustment to category 2 expenses. The amount was considered as ineligible cost by the World Bank and accordingly was deducted from the total expenses during the year 2010 as a prior period adjustment.

- Notes to the financial statement form an integral part thereof.


 Yasser Dwaik
 General Director
 JSC H&B


 Anas Raji
 Financial Manager
 JSC H&B

Palestinian Authority – Higher Council for Solid Waste Management for Hebron and Bethlehem
 Southern West Bank Solid Waste Management Project
 Statement of Project's Activities
 For the period from January 1, 2016 to October 31, 2016

IDA Special Bank Account Statement

(All amounts in USD)

Account number	0318444/0447
Depository bank	Bank of Palestine
Address	Hebron, Palestine
Related loan / credit	TF 094496-GZ
Currency	GBP

	Notes	31 October 2016		2015	
		GBP	USD	GBP	USD
Beginning balance		3,179	4,712	204,234	315,747
Add:					
IDA replenishments	(3)	-	-	128,999	198,751
Total					
Deduct:					
Project's expenditures	(4)	3,179	4,513	330,053	496,537
Payments during the year:				330,053	496,537
Currency variances – gain/(loss)		-	(199)	-	(13,249)
Balance – end of period		-	-	3,179	4,712

- Notes to the financial statements form an integral part thereof.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in USD)

NOTE (1) - GENERAL

During 2009, International Development Association – IDA (the “Donor”) entered into a financing agreement (the agreement) with the Palestinian Liberation Organization (PLO) concerning the project titled “Southern West Bank Solid Waste Management”. Under this agreement and its related amendments, the Donor agreed to grant PLO an amount of USD 12,000,000 to implement the Project over the period from January 14 2009 to October 31, 2016 allocated as illustrated below:

	Budget
(1) Consultants’ services and training under part 1(a) and (c) of the project	120,000
(2) Goods, works and services under part 2(a) and (f) of the project	10,749,362
(3) Consultants’ services under part3 of the project	-
(4) (a) Incremental operating costs; and	631,638
(b) consultants’ services, audit and training under part 4 of the project	499,000
	12,000,000

The project aims to improve solid waste disposal services for the communities and business of Palestinian Municipalities and Joint Services Councils in acceptable and environmentally friendly mechanism, including:

- Institutional strengthening and public awareness,
- Development and implementation of solid waste management investments,
- Innovation window for waste recycling and composting and,
- Project management support.

NOTE (2) – BASIS OF PREPARATION

a) Accounting Basis

The financial statement has been prepared in accordance with the cash basis of accounting. Under this basis, revenues are recognised when received, expenses are recognised when paid and fixed assets are expensed when purchased.

The accompanying statement of project’s activities, presents the contributions received and expenses incurred by HCSW regarding the Project only; and does not include any amounts received or spent under any other projects.

b) Translation of the Financial Statement

The accompanying financial statement is denominated in USD. Transactions denominated in other currencies are translated to USD using the exchange rate prevailing at the date of each transaction.

c) Statement of Sources and Uses of Funds (Special Bank Account Statement)

Statement of sources and uses of funds was prepared according to the IDA reporting requirements.

Palestinian Authority – Higher Council for Solid Waste Management for Hebron and Bethlehem

Southern West Bank Solid Waste Management Project

Statement of Project's Activities

For the period from January 1, 2016 to October 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in USD)

NOTE (3) – SOURCES OF FUNDS

Details-

Description	Replenishments/Transfers to HCSW		Advance Payments	Direct Payments	Total Sources of Funds
	GBP	USD	USD	USD	USD
Installments during 2016	-	-	-	-	-
Total from January 1, 2016 to October 31, 2016	-	-	-	-	-
Previous Installments	2,183,059	3,035,544	483,030	8,445,554	11,964,128
Cumulative from inception to October 31, 2016	2,183,059	3,035,544	483,030	8,445,554	11,964,128

Palestinian Authority – Higher Council for Solid Waste Management for Hebron and Bethlehem
 Southern West Bank Solid Waste Management Project
 Statement of Project's Activities
 For the period from January 1, 2016 to October 31, 2016

NOTES TO THE FINANCIAL STATEMENT

(All amounts in USD)

NOTE (4) – APPLICATION OF FUNDS (BY COMPONENT AND SUB-COMPONENT)

Details-

	Category 2 Infrastructure strengthening			Category 1 Institutional strengthening			Category 4 Project Management			Total
	<u>Cleanup of existing dumps sites and closure</u>	<u>Construction of a sanitary landfill and access road</u>	<u>Operation of Yatta landfill/ser vices</u>	<u>Capacity Building of JSC</u>	<u>Capacity Building of EQA</u>	<u>Public Awareness</u>	<u>Consulting, auditing and training</u>	<u>Incremental operation cost</u>	<u>International procurement consultant</u>	
Consulting service	-	-	-	-	-	-	-	-	-	-
Construction of the plant infrastructure-Sorting	-	-	-	-	-	-	-	-	-	-
Construction of Sorting plant - Steel Works	-	-	-	-	-	-	-	-	-	-
Construction of leachate treatment plant	-	-	-	-	-	-	-	-	-	-
Supervision of construction landfill	-	-	-	-	-	-	-	-	-	-
Auditing service	-	-	-	-	-	-	3,488	-	-	-
Electricity network JEDCO	-	-	-	-	-	-	-	-	-	-
Awareness Campaigns	-	-	-	-	-	1,025	-	-	-	-
Total from January 1, 2016 to October 31, 2016	-	-	-	-	-	1,025	3,488	-	-	4,513
Cumulative from inception to December 31, 2015	307,621	9,853,300	535,500	49,510	46	63,309	380,602	614,474	108,510	11,912,874
Cumulative from inception to October 31, 2016	307,621	9,853,300	535,500	49,510	46	64,334	384,090	614,474	108,510	11,917,387

Palestinian Authority – Higher Council for Solid Waste Management for Hebron and Bethlehem
 Southern West Bank Solid Waste Management Project
 Statement of Project's Activities
 For the period from January 1, 2016 to October 31, 2016

NOTES TO THE FINANCIAL STATEMENT

(All amounts in USD)

NOTE (5) - BUDGET Vs. ACTUAL

Details-

	Budget	Cumulative From inception until October 31, 2016	Remaining
Source of funds:			
IDA replenishments	12,000,000	11,964,128	35,872
Total source of funds	12,000,000	11,964,128	35,872
Application of funds			
(1) Consultants' services and training under part 1(a) and (c) of the project	120,000	113,891	6,109
(2) Goods, works and services under part 2(a) and (f) of the project	10,749,362	10,696,422	52,940
(3) Consultants' services under part3 of the project	-	-	-
(4) (a) Incremental operating costs; and (b) consultants' services, audit and training under part 4 of the project	631,638	614,474	17,164
Total application of funds	12,000,000	11,917,387	82,613
Changes in Fund Balance	-	46,741	(46,741)
Currency variance gain/(loss)	-	(54,741)	54,741
Add: Prior period adjustments	-	8,000	(8000)
Adjusted Fund Balance	-	-	-

ANENEX I: ADDITIONAL FINANCING

Additional Financing of the Southern West Bank Solid Waste Management Project: Grant Number “TF018376”

(All amounts in USD)

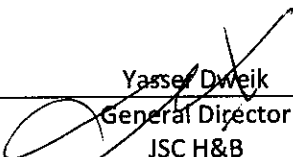
	From May 14, 2015 to October 31, 2016 cumulative
Source of funds (World Bank):	
Advance payment	-
Replenishments/Transfers to HCSW	-
Direct payments to suppliers	1,500,000
Total source of funds	1,500,000
Application of funds	
Category 1:	
Goods, works, non-consulting services, and consultants’ services	1,500,000
Total application of funds	1,500,000
Changes in fund balance	-

ANENEX II: OTHER DONORS FINANCIAL STATEMENT

Other Donors Financial Statement

(All amounts in USD)

	<u>From January 1, 2016 to October 31, 2016</u>
REVENUES	
Transfers From Donors (Italian council)	98,127
Total Revenues	98,127
EXPENSES	
Salaries	25,889
Currency difference	(243)
Office Furniture	1,110
Work wear	275
Stationary & consumables Expense	282
Interest & Bank Charges	98
Equipment	566
Office Supplies	282
Construction of compost yard at Almenye landfill	71,034
Trainers & training costs	333
Total Expenses	99,626
Fund Balance	(1,499)


Yasser Dweik
General Director
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Financial Manager
JSC H&B