

108115

**“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, 2015 to December 31, 2015

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, 2015 to December 31, 2015 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, 2015 to December 31, 2015 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, 2015 to December 31, 2015 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, 2015 to December 31, 2015 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

June 9, 2016

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, 2015 to December 31, 2015


STATEMENT OF PROJECT'S ACTIVITIES

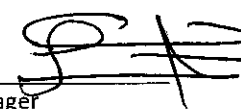
(All amounts in USD)

	Notes	From January 1, 2015 to December 31, 2015	Cumulative From inception until December 31, 2014	Cumulative From inception until December 31, 2015
Source of funds (World Bank):				
	(3)			
Advance payment		-	483,030	483,030
Replenishments/Transfers to HCSW		198,751	2,836,793	3,035,544
Direct payments to suppliers		-	8,445,554	8,445,554
Total source of funds		198,751	11,765,377	11,964,128
Application of funds				
	(4)			
Category 1:				
Consulting services		44,870	67,996	112,866
Category 2:				
Civil works		368,795	9,415,784	9,784,579
Goods		-	53,243	53,243
Consulting service		18,000	351,850	369,850
Non-consulting service		-	488,750	488,750
Category 3:				
Consulting service		-	-	-
Category 4:				
Incremental service		-	614,474	614,474
Consultants services		64,872	424,240	489,112
Total application of funds		496,537	11,416,337	11,912,874
Changes in fund balance		(297,786)	349,040	51,254
Add (Less): advance payments to contractors			-	
Currency variance gain/(loss)		(13,249)	(41,293)	(54,542)
Add: prior period adjustments*		-	8,000	8,000
Add: fund balance – beginning of period		315,747	-	-
Cash balance at special bank account-end of the period		4,712	315,747	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 Dweik
 General Director
 HCSW


 Anas Raji
 Financial Manager
 HCSW

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, 2015 to December 31, 2015

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	2015		2014	
		GBP	USD	GBP	USD
Beginning balance		204,234	315,747	200,786	331,057
Add:					
IDA replenishments	(3)	128,999	198,751	99,213	156,209
Total					
Deduct:					
Project's expenditures	(4)	330,053	496,537	95,765	153,544
Payments during the year:		330,053	496,537	95,765	153,544
Currency variances – gain/(loss)		-	(13,249)	-	(17,975)
Balance – end of period		3,179	4,712	204,234	315,747

- 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 December 31, 2015 allocated as illustrated below:

	<u>Budget</u>
(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	<u>499,000</u>
	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, 2015 to December 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in USD)

NOTE (3) – SOURCES OF FUNDS

Details-

Date	Description	Replenishments/Transfers to HCSW 2015		Advance Payments 2015 USD	Direct Payments 2015 USD	Total Sources of Funds USD
		GBP	USD			
5/7/2015	36 th Installment	128,999	198,751	-	-	198,751
	Total 2015	128,999	198,751	-	-	198,751
	Previous Installments	2,054,060	2,836,793	483,030	8,445,554	11,765,377
	Cumulative from inception to December 31, 2015	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, 2015 to December 31, 2015

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	-	-	18,000	-	-	-	-	-	-	18,000
Construction of the plant infrastructure-Sorting	-	90,157	-	-	-	-	-	-	-	90,157
Construction of Sorting plant - Steel Works	-	91,640	-	-	-	-	-	-	-	91,640
Construction of leachate treatment plant	-	162,198	-	-	-	-	-	-	-	162,198
Supervision of construction landfill	-	-	-	-	-	-	64,872	-	-	64,872
Auditing service	-	-	-	-	-	-	-	-	-	-
Electricity network JEDCO	-	24,800	-	-	-	-	-	-	-	24,800
Awareness Campaigns	-	-	-	-	-	44,870	-	-	-	44,870
Total 2015	-	368,795	18,000	-	-	44,870	64,872	-	-	496,537
Cumulative from inception to December 31, 2013	307,621	9,484,505	517,500	49,510	46	18,439	315,730	614,474	108,510	11,416,337
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

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, 2015 to December 31, 2015

NOTES TO THE FINANCIAL STATEMENT

(All amounts in USD)

NOTE (5) - BUDGET Vs. ACTUAL

Details-

	Budget	Cumulative From inception until December 31, 2015	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	112,866	7,134
(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 part 3 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
	499,000	489,112	9,888
Total application of funds	12,000,000	11,912,874	87,126
Changes in Fund Balance	-	51,254	-
Currency variance gain/(loss)	-	(54,542)	-
Add: Prior period adjustments	-	8,000	-
Adjusted Fund Balance	-	4,712	-

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 December 31, 2015
Source of funds (World Bank):	
Advance payment	-
Replenishments/Transfers to HCSW	-
Direct payments to suppliers	147,240
Total source of funds	147,240
Application of funds	
Category 1:	
Goods, works, non-consulting services, and consultants' services	147,240
Total application of funds	147,240
Changes in fund balance	-

ANENEX II: OTHER DONORS FINANCIAL STATEMENT

Other Donors Financial Statement ¹


(All amounts in USD)

	2015	From July 15, 2009 to December 31, 2014	Cumulative
REVENUES			
Revenue from Yatta operation	-	336,916	336,916
Revenue from tannery transfer	-	103,529	103,529
Contributions	-	453,293	453,293
Revenue from sale tenders	-	7,157	7,157
In Kind Donations	-	454,023	454,023
Transfers From Donors	-	3,034,453	3,034,453
Other Revenues	-	40,968	40,968
Total Revenues	-	4,430,339	4,430,339
EXPENSES			
Accounts Receivable - Local	-	63,260	63,260
Accounts Payable	-	18,731	18,731
Land	-	2,310,702	2,310,702
Rent Yatta landfill	-	70,822	70,822
Fuel Expense	10,202	70,501	80,703
Salaries	-	182,781	182,781
Currency difference	-	13,140	13,140
Labor Salaries	-	11,088	11,088
Buildings	-	57,605	57,605
Printing & translating Expense	-	16,213	16,213
Operation and maintenance of vehicle & equipment	-	15,051	15,051
Insurance expenses	-	6,260	6,260
Government Fees	-	2,842	2,842
Training and travel of TOU staff	-	2,947	2,947
Ceremony	-	1,689	1,689
Computers	2,962	18,009	20,971
Beverage & Hospitality Expense	-	4,013	4,013
Office Equipment	1,634	7,524	9,158
Implementation ESMP	-	1,328	1,328
Consulting Service	-	9,883	9,883
Office Furniture	2,975	12,435	15,410
Health insurance	-	1,338	1,338
Car rent	-	18,671	18,671
Advertising Expense	-	8,469	8,469
Work wear	594	346	940
Wheel Carriers for medical waste	-	6,657	6,657
Spare parts for treatment unit	-	12,544	12,544
Office Rent	-	12,253	12,253
Total for current page	18,367	2,957,102	2,975,469

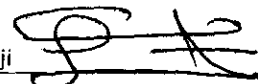
¹ During the year 2012 the European Commission provided in kind contributions in terms of machinery, equipment, and vehicles for a total amount of USD 3,668,942. HSCW also purchased and contributed a land for the benefit of the project in the year 2012 for a total amount of USD 368,645.

(All amounts in USD)

	2015	From July 15, 2009 to December 31, 2014	Cumulative
Total from previous page	18,367	2,957,102	2,975,469
Communication & Internet Expense	-	8,174	8,174
Workshops	-	877	877
Stationary & consumables Expense	-	3,175	3,175
Interest & Bank Charges	48	7,575	7,623
Utilities & Cleaning Expense	-	1,397	1,397
Maintenance Expense	4,056	133	4,189
Electricity Expense	-	2,396	2,396
Travel Cost	-	15,415	15,415
Transportation	-	784	784
Miscellaneous Expenses	-	45	45
Construction of Hebron Transfer Station	-	29,967	29,967
Equipment	5,051	703,502	708,553
Lawyer Fees	-	22,924	22,924
Vehicles	-	281,278	281,278
Awareness Campaigns	-	1,614	1,614
Studies and Research	-	5,565	5,565
Office Supplies	393	2,364	2,757
Per Diem	-	11,875	11,875
Cost of Conference	-	6,714	6,714
Construction of the plant infrastructure - medical	-	30,755	30,755
Construction of Tarqumia TS	-	196,753	196,753
Trainers & training costs	-	5,073	5,073
Visibility actions (awareness campaign)	-	7,722	7,722
Ventilation System	-	6,220	6,220
Containers for medical waste	5,341	21,130	26,471
Operational Expense (Medical Waste)	5,513	61,852	67,365
JSC contribution in PMSP medical	-	13,356	13,356
Rehabilitation of labor restrooms and toilets	6,742	-	6,742
Total Expenses	45,511	4,405,737	4,451,248
Fund Balance	(45,511)	24,602	(20,909)



 Yasser Dweik
 General Director
 HCSW



 Anas Raji
 Financial Manager
 HCSW