Report of Factual Findings
Pilot Solid Waste Management Project in the West Bank under Global Partnership on Output-based Aid, Grant Agreement No. TF015321
Funded by the International Development Association
Managed by the Joint Services Council for Solid Waste Management for Hebron and Bethlehem
For the period from January 1, 2018 to September 30, 2018
Table of Contents

Report of Factual Findings................................................................. 1
Annex I: Project Background, Procedures Performed and Factual Findings ........ 2
Annex II: List of recommended municipalities and village councils: .............. 5
Report of Factual Findings

To the management of the World Bank
Pilot Solid Waste Management Project in the West Bank Project
West Bank and Gaza

We have performed the procedures agreed with you and enumerated in the accompanying Annex I to this report, with respect to the Project entitled “Pilot Solid Waste Management Project in the West Bank” under Global Partnership on Output-based Aid, Grant Agreement No. TF015321, funded by the International Development Association (“IDA” or “World Bank”) and managed by the Joint Services Council for Solid Waste Management for Hebron and Bethlehem (JSCHB) for the period from January 1, 2018 to September 30, 2018. Our engagement was undertaken in accordance with International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in following up on the findings reported in the issued Project management letter to JSCHB.

We report our procedures performed and factual findings in Annex I of the report.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance.

Had we performed additional procedures or had we performed an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for the information of the World Bank and is not to be used for any other purpose or to be distributed to any other parties.

Yours faithfully,
Ernst & Young – Middle East
License # 206/2012

A. Maher Abushaaban
License # 155/1998

June 24, 2019
Ramallah – Palestine
Annex I:
Project Background, Procedures Performed and Factual Findings
1. Project Background
The Palestine Liberation Organization (for the benefit of the Palestinian Authority) and the International Bank for Reconstruction and Development and the International Development Association ("IDA" or "World Bank"), acting as an administrator of funds provided by the International Finance Cooperation under Global Partnership on Output-based Aid (GPOBA), Grant Agreement No. TF015321 dated September 1, 2013 in the amount of U.S. $ 8,256,623 entered into an agreement to finance the project entitled “Pilot Solid Waste Management Project in the West Bank” managed by the Joint Services Council for Solid Waste Management for Hebron and Bethlehem (JCSHB) for the period from September 1, 2013 to September 30, 2018.

On January 31, 2019, Ernst & Young – Middle East issued the final management letter to the management of the Joint Services Council for Solid Waste Management for Hebron and Bethlehem (JCSHB). The management letter includes one finding with regard Project expenses, the details of the finding are as follow:

**Observation**
During our audit, we noted that an amount of U.S. $ 69,822 was transferred from the Project account to J.SCHB bank account. As per World Bank communication with JSCHB, the amount should be paid as subsidies to the recommended municipalities and village councils.

No payments were made to the recommended municipalities and village councils up to the audit report date which was January 31, 2019.

**Recommendation**
We recommend JSCHB to allocate the amount as per the agreed arrangement with the World Bank or to get WB approval to use the extra funds in other activities.

**Management Response**
- The main idea for the GPOBA Project is that JSCHB pays for the private operator based on the five indicators and the waste tonnage delivered to T.S and landfill on behalf of the municipalities and village councils, therefor no payment was made for municipalities and village councils.
- The transferred amount of U.S. $ 69,822 came from two main categories
  b. Consulting services: U.S. $ 3,156.
- Based on the above, the JSCHB will process the reduction of this money from the debit of the good performing municipalities and village councils according to the operation manual of Project.
2. Procedures Performed

In accordance with the World Bank contract dated April 9, 2019, the requested from us to perform a follow up procedures to the finding raised and issued on January 31, 2019. The purpose of the procedure is to verify and check if JSCHB allocated the World Bank excess money to the recommended municipalities and village councils.

3. Factual Findings

Based on the procedures performed, and table depicted in Annex II, JSCHB allocated an amount of U.S. $ 69,822 to the recommended municipalities and village councils. The settlement was made through crediting/offsetting the due amounts from these municipalities and village councils in accordance with JSCHB board of directors meeting held and approved on June 18, 2019.
Annex II:

List of recommended municipalities and village councils:
<table>
<thead>
<tr>
<th>Name of municipality/village council</th>
<th>Amount (U.S. $)</th>
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</thead>
<tbody>
<tr>
<td>Adh Dhahiriya municipality</td>
<td>2,481.7</td>
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<tr>
<td>Al Karmil village council</td>
<td>498.3</td>
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<td>Al Majd village council</td>
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<td>Al Yasiriyya municipality</td>
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<td>Beit Amra village council</td>
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<td>Assamu municipality</td>
<td>875.0</td>
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<tr>
<td>Ashshuyukh municipality</td>
<td>1,205.4</td>
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<tr>
<td>Bani Naim municipality</td>
<td>2,484.5</td>
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<tr>
<td>Bait Kahil village council</td>
<td>762.2</td>
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<tr>
<td>Beit Ula municipality</td>
<td>1,532.7</td>
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<tr>
<td>Beit Ummar municipality</td>
<td>1,088.3</td>
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<tr>
<td>Deir al Asal al That village council</td>
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<tr>
<td>Dura municipality</td>
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<td>Helhul municipality</td>
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<td>Hebron municipality</td>
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<td>Idhna municipality</td>
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<td>Imreish village council</td>
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<td>Khirbet Ad Deit village council</td>
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<td>Khурсa village council</td>
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<td>Sikka village council</td>
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<td>Al Khadr municipality</td>
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<td>Dar Salah village council</td>
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<td>Zatara municipality</td>
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