Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

On the Financial Statement Audit of the Transition Support Facility Fund For African Private Sector Assistance Phase II (TSFFAPA) Project

For the fiscal year ended December 31, 2025

June 2026

P. Garswa Jackson Sr. FCCA, CFIP, CFC
Auditor General, R. L.

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ACRONYMS USED

Acronym	Meaning
AG	Auditor General
FCCA	Fellow Member of the Association of Chartered Certified Accountant
C**FC**	Certified Financial Consultant
CFIP	Certified Forensic Investigation Practitioner
ISSAI	International Standard of Supreme Audit Institutions
GAC	General Auditing Commission
TSFFAPA	Transition Support Facility Fund For African Private Sector Assistance Phase II Project
INTOSAI	International Supreme Audit Institution
IPSAS	International Public Sector Accounting Standards
R. L	Republic of Liberia

June 30, 2026

Hon. Rudolph Merab
Managing Director
Forestry Development Authority
Wein Town, Mount Barclay
Montserrado County, Liberia

RE: AUDITOR GENERAL'S REPORT ON THE FINANCAL STATEMENT AUDIT OF THE TRANSITION SUPPORT FACILITY FUND FOR AFRICAN PRIVATE SECTOR ASSISTANCE PHASE II (TSFFAPA) PROJECT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025.

Opinion

We have audited the accompanying financial statements of the Transition Support Facility Fund for African Private Sector Assistance Phase II (TSFFAPA) Project which comprises the Statement of Receipts and Payments, Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Statement of Receipts and Payments for the period ended December 31, 2025, Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and other explanatory notes for the period ended December 31, 2025 in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting.

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the TSFFAPA Project in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Management's Responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS Cash Basis, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

The TSFFAPA Project Management is responsible for overseeing the Project's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

P. Garswa Jackson Sr. FCCA, CFIP, CFC
Auditor General, R. L.

Monrovia, Liberia
June 2026

GENERAL INFORMATION

PROJECT MANAGEMENT TEAM

Project Financial Management Unit:	Papin Daniels, Jr, CA, CPA, CFE Unit Director Project Financial Management Unit (PFMU) Leroy N. Fendor, CA, CPA Deputy Director Subozu Kollie, CFE, CA, CPA Project Internal Auditor
Registered Office:	Project Financial Management Unit (PFMU) Ministry of Finance Broad and Mechlin Street Liberia
Project Implementation Unit:	Emmanuel Lewis Project Coordinator SME Enterprise Project Phase II project Project Implementation Unit (PMU)
Project Location:	Forestry Development Agency Mount Barclay Liberia
Bankers:	Ecobank Liberia Limited Monrovia

Statement of Project Management Responsibility

The Project Financial Management Unit (PFMU) of the Ministry of Finance and Development Planning and the Project Coordinator for AfDB – SME Enterprise Project Phase II project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on December 31, 2025.

This responsibility includes (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii)maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii)designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud,(iv) safeguarding the assets of the project, (v)selecting and applying appropriate accounting policies and (v)making accounting estimates that are reasonable in the circumstances.

The PFMU and the Project Coordinator for AfDB – SME Enterprise Project Phase II project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The PFMU and the Project Coordinator for AfDB – SME Enterprise Project Phase II project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended December 31, 2025, and of the Project's financial position as at that date. The PFMU and the Project Coordinator for AfDB – SME Enterprise Project Phase II project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The PFMU and the Project Coordinator for AfDB – SME Enterprise Project Phase II project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Project Financial management Unit and the Project Coordinator for AfDB – SME Enterprise Project Phase II project on February 24th, 2026

STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE PERIOD ENDED JUNE 1, 2024 TO DECEMBER 31, 2025

In United States Dollars	Notes	**June 1, 2024 to December 31, 2025**	Cummulative
Receipt			
AfDB Grant & Loan	4	**1,092,208**	1,092,208
Toptal Receipt		**1,092,208**	1,092,208
Payment			
Organization/Support of Local Producers	5	**237,336**	237,336
Project Management/Coordination and Support to PIU	6	**657,323**	657,323
Total Payments		**894,659**	894,659
Excess of receipts over payments (payments over receipts)		**197,549**	197,549
Fund Balance as at beginning		**-**	-
Cummulative fund balance		**197,549**	197,549

The notes on pages 6 to 9 are integral part of these project financial reports

Note:

The third party payments of **US$505,384** which are direct payments have been extracted from the total funds receipt and the total payments made.These are payments made on behalf of the project by theAfrican Development Bank and thus required disclosures. These payments are available for review upon request by the auditors

This is the project first year in operation and thus there is no comparatives.

STATEMENT OF FUND BALANCEAND CASH STATUS
FOR THE PERIOD ENDED JUNE 1, 2024 TO DECEMBER 31, 2025

	In United States Dollars	Notes	**June 1, 2024 to**
A	**Fund Balance**		
	Balance of Project Fund		-
	Add: Total Receipts during the period		**1,092,208**
	Total Fund available for operations		**1,092,208**
	Less: Total Payments during the period		**894,659**
	Balance of project fund at the end of the year		**197,549**
B	**Cash Status:**		
	Cash at Bank		**197,549**
	Total Cash on hand and in bank		**197,549**
	Difference between A and B		-

The notes on pages 6 to 9 are integral part of these project financial reports

Note:
The third party payments of **US$505,384** which are direct payments have been extracted from the total funds receipt and the total payments made.These are payments made on behalf of the project by the African Development Bank and thus required disclosures. These payments are available for review upon request by the auditors
This is the project first year in operation and thus there is no comparatives.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED DECEMBE 4

Ananlysis of Variance

Activities Within Components	**Project Allocation**	**Annual**	**Actual Expenditure**	**Variance**
	US$	US$	US$	US$
Organization/Support of Local Producers	1,305,548	1,174,459	237,336	937,123
Project Management/Coordination and Support to PIU	277,552	738,503	657,323	81,180
Total	**1,583,100**	**1,912,962**	**894,659**	**1,018,303**

The notes on pages 6 to 9 are integral part of these project financial reports

Variance:

The variances seen are the direct payment made which has been reported as third party and therfore not reflecting on this page. We are reporting the budgeted amount to indicate how much was allocated for these expenditures during the period under review. The variance arising from Budget vs Actual during the period being reflected valuing $1,018,303 resulted form payments made directly from special account . However, lessing Direct payments the Disbursement Office (third party) would give an actual variance of $512,919.

STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED JUNE 1, 2024 TO DECEMBER 31, 2025

In United States Dollars	Notes	June 1, 2024 to December 31, 2025
Assets		
Cash and cash equivalent		**197,549**
Total Assets		**197,549**
Fund Balance		
Grants		**197,549**
Accumulated Fund Balance		**197,549**

30/06/26

Papin Daniels, Jr.
Director, Donor Financed Projects
PFMU, MFDP

30/06/26

Emmanuel Lewis
Project Coordinator-FAPA II
FDA

The notes on pages 6 to 9 are integral part of these project financial reports

1. Background and Information of the Project

With support from the African Development Bank (AfDB); the SME Enterprise Project Phase II project objective is to promote private sector participation in Secondary wood processing for inclusive green growth, employment and economic diversification in the Republic of Liberia. It seeks to achieve the through focus on young people and women to explore Opportunities presented by the large youthful population and abundant forest resources to dive economic growth, job creation and enhanced capacity of public institutions) The SME Enterprise Project Phase II was approved by the African Development Bank on **September 20th 2023** with a grant amount of **USD 1,583,100**. The aim of the project is

i. Support to individual Carpenters and furniture makers that are registered with the eleven (11) association by providing small processing tools as well as the conduct of study tours to Ghana or the Republic of Benin for two (2) persons per association over a period of twenty-One (21) days, Also, those registered in the women association shall be trained for a period of Six (6) months at tone of the centers at the Executing Agency, and

ii.

iii. Organization of inception, Mid-term and final workshops of the project as we as the the holding of Steering Committee Meetings)

iv.

v. Component II- Project Management/ Coordination and support to the PIU: This Component will involve the management and provision of institutional support to government departments, Supervision of project activities and outcomes, Subcomponent include;

vi. Project management, supervision, Monitoring, evaluation and reporting; and

vii. Supporting the staff of the PIU with monthly transportation allowance to enhance the implementation of the project.

2. Use of Grant Proceeds

The table below sets out the categories of items to be financed out of the grant proceeds, the allocation of the amounts of the grant to each category and the percentage of expenditures for items to be financed in each category:

Category	**Amount of grant allocated expressed in US$**	**% of expenditure to be financed**
Organization/Support of Local Producers	1,305,548	100
Project Management/Coordination and Support to PIU	277,552	100
Total	**1,583,100**	

All categories of expenditure shown in these financial statements are fully financed based on the percentage below:

	% of Expenditure
AfDB	100
Total	**100**

3. Significant Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS) as adopted by the Government of Liberia and in the manner required by the Project Grant Agreement as required by the African Development Bank's Operating Policies and Procedures and PFMU's Financial Management manual.

Reporting currency

Financial reports have been presented in United States Dollars. Transactions denominated in other currencies are translated into United States Dollars and recorded at the rate of exchange ruling at the date of transactions. Balances denominated in other currencies are translated into United States Dollars at the rate of exchange prevailing on the reporting date.

Loan Receipts

Loan from donors for the SME FAPA II project is recognized and reported in the Statement of Receipt and Payment as income when received and held in a bank account called Special income account for disbursement purposes. All payments for the SME FAPA II project and activities are made from the special account.

Cash and bank balances

Cash consist of cash in hand and balance at bank. Although there is a suspension posed on the all-Liberia's portfolio by the African Development Bank (AfDB), for the SME FAPA II, there was an existing account operated by the project before this suspension was enacted. Only major payments under the projects during the period were made through direct payments by the AfDB to consultants, contractors and vendors

Recognition of expenditure (capital and revenue)

All expenditures are expensed whether they are revenue or capital in nature and income is recognized when funds are received from the World Bank.

Tax

The project is 100 percent exclusive of tax.

Comparative Analysis

This is the project first year in operation and thus there is no comparatives.

Special Account

This Special Account for this project received its first disbursement in August 2025.

GOL In-Kind

GOL's in-kind contribution to the project is quoted at $200,000 USD, including personnel (seconded staff), office furniture, Office space, meeting rooms, Electricity, Public Land, etc.

In United States Dollars	**June 1, 2024 to December 31, 2025**	Cummulative
4 Grant Receipt		
TSF Pillar III 5900155018403	**586,824**	586,824
	586,824	586,824
Third Party Payments		
Direct Payment		
TSF Pillar III 5900155018403	**505,384**	505,384
	505,384	505,384
5 Organization/Support of Local Producers		
Establishment of three Functioning Shared Demonstration Centers	**-**	-
Support to Eleven (11) Associations	**-**	-
Support to individual carpenters and furniture makers	**-**	-
Organization of project meetings and workshops		
Operating Costs	**237,336**	237,336
	237,336	237,336
	237,336	237,336
6 Project Management/Coordination and Support to PIU		
Project management, supervision, monitoring, evaluation & reporting		
Operating Costs	**12,560**	12,560
	12,560	12,560
Support to PIU staff		
Consultant Services	**50,670**	50,670
Goods	**402,024**	402,024
Operating Costs	**192,069**	192,069
	644,763	644,763
	657,323	657,323
9 Cash receipts through grant and other Sources		
AfDB Funding Source	**1,092,208**	1,092,208

10 **Cash paid**

Organization/Support of Local Producers	**237,336**	237,336
Project Management/Coordination and Support to PIU	**657,323**	657,323
Total Payments	**894,659**	894,659

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PROJECT SPECIAL ACCOUNT STATEMENT

Account Number: 6102045822
Account Type: Current Account
Depository Bank (s): EcoBank
Address: 11th Street, Sinkor
Monrovia, Liberia

Currency: United States Dollar

	June 1, 2024 to December 31, 2025
Total Grant Received	1,092,208
Total grant income reported	1,092,208
Amount spent	894,659
Balance as at beginning	-
Balance as at December 31, 2025	197,549
Closing Balance Consist of:	
ADF Account No. 5900155018403	197,549
	197,549