Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

On the Financial Statements Audit of the Rural and Renewable Energy Agency (RREA) with project name Renewable Energy Electrification in Liberia (REEL)

Project ID Number: P-L-R-FA0-001
Loan Number:2100150042154

For the Year Ended December 31, 2025

June 30, 2026

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

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Acronyms / Abbreviations Symbols

Acronym	Meaning
AfDB	African Development Bank
AG	Auditor General
CFIP	Certified Forensic Investigation Professional
COSO	Committee of Sponsoring Organization of the Treadway Commission
FCCA	Fellow Member of the Association of Certified Chartered Accountant
GAC	General Auditing Commission
GoL	Government of Liberia
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards for Supreme Audit Institutions
LD	Liberia Dollar
PAD	Project Appraisal Document
PAP	Project Affected Persons
REEL	Renewable Energy Electrification in Liberia
RREA	Rural Renewable Energy Agency
ToR	Term of Reference
USD	United States Dollar

June 26, 2026

Hon. Samuel Nagbe
Executive Director
Rural Renewable Energy (RREA)
Newport Street
Monrovia, Liberia

FINANCIAL STATEMENTS AUDIT OF THE RENEWABLE ENERGY ELECTRIFICATION IN LIBERIA (REEL) FOR FISCAL YEAR ENDED DECEMBER 31, 2025

Opinion

We have audited the financial statements of the **Renewable Energy Electrification in Liberia (REEL)** for the period January 1 to December 31, 2025, which comprise the statement of Receipts and Payments, and the statement of Comparison of Budget and Actual Amounts and summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with 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 Renewable Energy Electrification in Liberia (REEL) in accordance with the ethical requirements that are relevant to our audit of the financial statements in Liberia, 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 Responsibilities

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 REEL is responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) and AFDB Guidelines. Those standards and the applicable guidelines required that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depends on the auditor's judgment, including the assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Monrovia, Liberia
June 2026

STATEMENT OF RESPONSIBILITIES

The Financial Statements as set out on pages 10 to 14 have been prepared in accordance with the provisions of the Public Financial Management Act of 2009 and in compliance with the Cash Basis International Public Sector Accounting Standards (Cash IPSAS), as adopted by the Government of Liberia.

In accordance with the provisions of the Public Financial Management (PFM) Act of 2009, I am responsible for the control of and accounting for public funds received, held, and expended for and on behalf of the Rural Renewable Energy Agency (RREA).

Under the provisions of the same Act, I am required to prepare quarterly and annual unaudited final accounts of the RREA to be submitted to the Minister of Finance and Development Planning, for the periods to which they relate. However, I have delegated the preparation of the unaudited final accounts to the Director of Finance for my transmittal to the Minister, as provided in the attendant Regulations of the Public Financial Management Act of 2009. Accordingly, I am pleased to submit the required public accounts of the RREA in compliance with the PFM Act and its attendant Regulations. I have provided, and will continue to provide, all the information and explanations as may be required in connection with the financial statements presented herein.

In preparing these Financial Statements, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgment and estimates. To the best of my knowledge and belief, these Financial Statements agree with the books of accounts, which have been properly kept.

I accept responsibility for the integrity of these financial statements, the financial information they contain and their compliance with the provisions of the Public Financial Management (PFM) Act of 2009.

RURAL RENEWABLE ENERGY AGENCY
EXECUTIVE DIRECTOR
REPUBLIC OF LIBERIA

Mr. Samuel Nagbe
EXECUTIVE DIRECTOR
Rural Renewable Energy Agency (RREA)

29/06/2026
Date

Overview of the Financial Statements

PROJECT DESCRIPTION

The Liberia Renewable Energy project aims at developing the run-of-river Gbedin Falls HPP with a total capacity of 9.34 MW. Other activities related to the construction of the infrastructures are also envisaged including the electrification of communities located in proximity of the existing distribution network and the capacity building for hydropower plant development and management. The works will also involve the construction of 8km 33kV evacuation line as well as construction of 18km access road to the project site. The Gbedin Falls site are located at St John River in Nimba County. The Falls are in a remote area of heavy forest 7km from Gbedin village in the district of Sanniquellie Mahn. Access to the site from Monrovia is via the 260km paved road from Monrovia to Ganta, then the 34km unpaved road (under construction) from Ganta to Mr Kona town, 10km unpaved road from Mr Kona town to the end of unpaved road and 8km of inaccessible footpath to the project site. The nearest seaports are the Freetown port of Monrovia and the port of Buchanan. The rail train from Port of Buchanan and going to Yekepa passes 18.5km from the project site.

2.1 Project Components

2.1.1 The project has three components as illustrated in Table 2.1. These components are described in more detail in Annex B.2.

Tableau 2.1 Component Description

N°	Component	Cost (UA million)	Description
A	**Infrastructures**	19.07	**A1. Hydro-electro-mechanical equipment, associated civil works and 33kV Evacuation line:** - Construction Designs, Supply, installation, test and commissioning of Hydro-Electro-Mechanical (HEM) equipment and the steel penstock - Plant Civil works, buildings and all other necessary civil works constructions - Construction of 8km 33kV line from the Power plant to the existing cross-border line - Construction of associated 33kV substations including provision of possible future extensions
			A2. Access Road - Construction of new 8kmaccess road - Complete rehabilitation of 10km existing access road
			A3. Electricity Access to local communities - Distribution lines and service connections

B	**Project Implementation Support**	2.65	- Consultancy services for Design, preparation of bidding documents, tendering and Supervision of construction works - Implementation of the Environmental and Social Management Plan (ESMP), Resettlement Action Plan (RAP), Livelihood Restauration Program and Gender Action Plan (GAP) - Acquisition of two project vehicles and office equipment
			- Provision for purchase of hydrological data acquisition system and data collection equipment - Support to the PCU, consumables, fuel, vehicle maintenance, etc. - Audit services
C	**Technical Assistance and Capacity building**	0.50	- Consultancy services to undertake - hydrological data collection and analysis, climate change mitigation and adaptation mechanisms Electrical Engineer - Civil Engineer - Project Accountant - Environmental and Social safeguard Specialist - Monitoring and Evaluation Officer - Provision for external training (Design, construction, operation and management of Hydropower plants; hydrological data acquisition and collection)
Contingencies		2.22	Physical and price escalation contingencies
Total Project cost		**24.45**	

Receipts

The Rural and Renewable Energy Agency (RREA) with project name Renewable Energy for Electrification in Liberia Project for the reporting period January 1, 2025- December 31, 2025, received US$**144,000.00** from the African Development Bank Credit to increase access to electricity and to foster the use of renewable energy resources.

Payments

The Rural and Renewable Energy Agency (RREA) controlled from its bank accounts an amount of **US$297,256.70** of which the total of **US$273,475.99** was expended on the following activities: **US$186,774.00** was paid for Consultancy services while Operations expense accounted for **US$78,341.99** and Fixed expense accounted for **US$8,000.00.**

Prepared by Ms. Marthaline K. Horace
Position: Finance Director
Date: June 29, 2026

Approved by Mr. Samuel B. Nagbe
Position: Executive Director
Date: June 29, 2026

Renewable Energy for Electrification in Liberia
Statements of Cash Receipts and Payment
For the period ended December 31, 2025

Account	NOTES	FY 25 RECEIPT/PAYMENTS CONTROLED BY ENTITY US$	FY 24 RECEIPT/PAYMENTS CONTROLED BY ENTITY
TITLE/DESCRIPTION			
RECEIPTS			
ADF Grant Special Account 1	1	114,000.00	276,111.97
ADF Loan Account 1		30,000.00	-
ADF Grant Special Account 2	**1**		
RAP		-	
Total Receipts	**-**	**144,000.00**	**276,111.97**
Payments			
Operations			
Consultancy	**2**	186,774.00	51,869.00
Operations	**3**	78,341.99	87,222.77
Operations REEL RAP	**3**	360.00	390.00
Fixed Assets	**4**	8,000.00	7,745.00
Total Payments		**273,475.99**	**147,226.77**
Net Increase/Decrease		**(129,475.99)**	**128,885.20**
Cash at Beginning of the year December 31,2024		**153,256.70**	**24,341.50**
Cash at the end of year December 30, 2025		**23,780.71**	**153,256.70**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE Renewable Energy for Electrification in Liberia Project
FOR THE PERIOD ENDED December 31, 2025

Account Title/Description	Actual Amount	Final Budget	Original Budget	Difference: Final Budget and Actual	Percentage Variance (explain variance above 10%)
	US$	US$	US$	US$	%
Cash Inflows					
B/F ADF Grant	152,715.99	-	-	152,715.99	100%
ADF Bank REEL RAP	497.56	-	-	497.56	100%
Petty Cash	43.15	-	-	43.15	100%
AFD Grant	114,000.00	482,995.49	599,932.25	(368,995.49)	76.40%
ADF Loan	96,650.00	233,100.00	270,250.00	(136,450.00)	58.54%
SREP Grant	62,425.52	4,560,101.12	8,304,317.12	(4,497,675.60)	98.63%
TSF Grant	49,860.00	418,485.94	418,585.93	(368,625.94)	88.09%
Total Receipts	**476,192.22**	**5,694,682.55**	**9,593,085.30**	**(5,218,490.33)**	91.64%
Cash Outflows					
Consultancy	365,709.52	5,421,592.55	9,319,635.30	5,055,883.03	53.86%
Operations	78,341.99	272,730.00	273,090.00	194,388.01	28.72%
Operations REEL RAP	360.00	360.00	360.00	-	100%
Fixed Asset	8,000.00	8,000.00	8,000.00	-	100%
Total Expenditure	**452,411.51**	**5,694,682.55**	**9,583,085.30**	**(5,242,271.04)**	59.42%
Net Cash Flows	**23,780.71**	**-**	**-**	**23,780.71**	

NOTES TO THE FINANCIAL STATEMENTS

1.1 General Information and Accounting Policies

The Rural and Renewable Energy Agency (RREA) is an Agency of the Government established and enacted into law on July 6, 2015, for the purpose of facilitating and accelerating the economic transformation of rural Liberia by promoting the commercial development and supply of modern energy services to rural areas with an emphasis on locally available renewable resources. One of the RREA's principal functions includes planning and financing of rural energy projects for implementation by public, private, and community developers, including educating the public about renewable energy options and opportunities. The RREA is also mandated to manage the Rural Energy Fund (REFUND), a transparent financial management system through which all domestic and international resources intended for rural energy programs shall be managed to achieve universal energy access. The principal address of the entity is Newport Street, Monrovia, Liberia.

(a) Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Public Financial Management Act, 2009 and comply with the International Public Sector Accounting Standard (IPSAS) Cash Basis.

(b) Reporting Entity

The financial statements are for the Rural and Renewable Energy Agency

(c) Reporting Currency and Translation of Foreign Currencies

(i) Functional and Presentation Currency

The functional currencies are the Liberian Dollar and the United States Dollar, and the reporting currency is the United Sates Dollar. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

(ii) Translation of Transactions in Foreign Currency

Foreign currency transactions are translated into United States Dollar using the exchange rates circulated by the Central Bank of Liberia (CBL).

(d) Reporting Period

The reporting period for these financial statements is January 1, 2025, to December 31, 2025, representing changes in the government reporting period from Fiscal year to Calander year.

(e) Payment by external third parties

During the period under review, African Development Bank made Five Direct payments on behalf of the project in the amount of US$**178,935.52** as seen below:

No	Date	Beneficiary	Amount Requested	Amount Approved	Funding Source
1	1-Jan-25	Wilkins Engineering Ltd	62,425.52	62,425.52	SREP
2	13-Jan-25	FRED Engineering	37,250.00	37,250.00	ADF Loan
3	22-May-25	FRED Engineering	22,350.00	22,350.00	ADF Loan
4	8-Aug-25	WAPCOS Limited	49,860.00	49,860.00	TSF Grant
5	10-Nov-25	Environmental Consultancy, Inc.	7,050.00	7,050.00	ADF Loan
			178,935.52	**178,935.52**	

Below is a breakdown of receipt by REEL Hydro Project A/C

1.2 1 AFDB Credit	FY 2025	FY 2024
Dates	**US$**	
September 11,2024		111,627.86
December 10,2024		164,484.11
September 18,2025	114,000.00	
Total	**114,000.00**	**276,111.97**

Below is a breakdown of receipt by RENEWABLE ENERY FOR ELECTRIFICATION IN LIBERIA

1.3 1 AFDB Credit	FY 2025	FY 2024
Dates	**US$**	
December 10,2025	30,000.00	-
Total	**30,000.00**	**-**

US$**144,000.00** is the total amount received into the project designated accounts.

2. Consultancy

Consultancy	FY 2025	FY 2024
Local Consultants		
Electrical Engineer	29,982.00	28,200.00
Drivers	10,350.00	5,400.00
SREP Coordinator	54,450.00	4,500.00
Project Accountant	28,476.00	2,373.00
Community Laison Office	11,400.00	6,650.00
Civil Engineer	28,476.00	2,373.00
Monitoring & Evaluation Officer	23,730.00	2,373.00
Total	**186,774.00**	**51,869.00**
Grand Total	**186,774.00**	**51,869.00**

The amount of US$**186,774.00** represents payment to consultants of the Renewable Energy Electrification in Liberia Project (REEL) as remuneration.

3. Operations – Special Account

Operations	FY 2025	FY 2024
Cost of implementation of ESMP & RAP	6,635.00	6,597.00
Consultancy services to undertake hydrological data collection and analysis, climate change mitigation	2,880.00	4,320.00
Bank Charges	2,433.22	3,418.82
External Audit Services	3,138.00	5,185.00
Electricity (LEC)	1,800.00	1,600.00
Maintenance of Vehicle	11,926.19	15,585.45
Fuel for Vehicle	1,050.00	
Office supplies	498.00	5,312.45
Printing & publications	1,257.00	3,050.00
Internet Service	10,187.58	-
Site Supervision	26,466.00	9,554.00
SREP Coordinator	-	10,000.00
Project Accountant	-	6,000.00
Fiduciary Support/Project Back		16,600.05
Meetings, Workshops, Seminars & Conference	2,043.00	
Building Maintenance	30.00	
Provision of Training	7,998.00	-
Total	**78,341.99**	**87,222.77**

Operations – REEL RAP

Operations	FY 2025	FY 2024
Bank Charges	360.00	360.00
Total	**360.00**	**360.00**
Grand Total	**78,701.99**	**87,585.77**

The above breakdown of US$ **78,701.99** was disbursed on the project's operations.

4. Fixed Assets

Fixed Assets	FY 2025	FY 2024
Work station		5,000.00
Air conditioner		645.00
Smart TV		175.00
Office chair		225.00
Semi executive chairs		1,700.00

Fixed Assets	FY 2025	FY 2024
HP Desktop	1,211.66	
HP Desktop	1,211.66	
HP Desktop	1,211.66	
YOGA Laptop	1,455.00	
YOGA Laptop	1,455.00	
YOGA Laptop	1,455.00	
Total	**8,000.00**	**7,745.00**

The amount of US$**8,000.00** represents the total expenditure on fixed assets.

Explanatory Notes to the Financial Statement

1. During the period under review, a total of **US$482,995.49** was budgeted for the Special Account. However, only **US$114,000.00** was received during the reporting period.

2. This resulted in a shortfall of **US$368,995.49** compared to the approved budget. The amount received represents **23.60%** of the final budget, reflecting a **76.40%% variance** as shown in the Budget versus Actual statement.

3. During the period under review, a total of US$233,100.00 was budgeted under the ADF Loan for services to be rendered. However, actual direct payment and actual received for operations during the period amounted to **US$96,650.00.** This resulted in a shortfall of **US$136,450.00** compared to the approved budget. The variance represents a 58.54% shortfall against the final budget, as reflected in the Budget versus Actual statement.

4. During the period under review, a total of US$4,560,101,12 was budgeted under the SREP Grant for services to be rendered. However, actual direct payments received by contractor during the period amounted to US$62,425.52. This resulted in a shortfall of US$(4,497,675.60) compared to the approved budget. The variance represents a 58.54% shortfall against the final budget, as reflected in the Budget versus Actual statement.

5. During the period under review, a total of **US$418,485.94** was budgeted under the TSF Grant for services to be rendered. However, actual payments made during the period amounted to **US$49,860.00**. This resulted in a shortfall of **US$368,625.94** compared to the approved budget. The variance represents a 58.54% shortfall against the final budget, as reflected in the Budget versus Actual statement.

6. The overall received has a shortfall US$5,218,490.33 representing 91.64% shortfall as reflected in the Budget versus Actual Statement.

7. Consultancy amount in the amount of US$365,709.52 represents expenditure incurred for the period for both local (US$186,774.00) and direct payments made by the AFDB (178,935.52).

8. Overall, FY spending is currently below (59.42%) the planned budget, and expenditure is expected to increase as outstanding commitments and planned activities to be executed in 2026.

Statement of Liabilities

Taxes Withheld and not Remitted

Description	Name	Gross amount US$	Months taxes withheld	10% Withholdings US$	Total withheld US$
Salary for Dec.2025	Archiebald Brown III	2,637.00	1	263.70	263.70
Salary for Dec.2025	Boimah S. Barclay	2,637.00	1	263.70	263.70
Salary Oct-Dec. 2025	Josephus A. G. Sonniful	3,238.00	3	323.80	971.40
Salary for Dec.2025	Senesee S. Hemoh	5,500.00	1	550.00	550.00
Salary for Dec.2025	T. Woibah Sumo	2,637.00	1	263.70	263.70
Total					**2,312.50**

Fixed assets purchased on credit during the period under audit

Fixed Assets	Amount
Visitor chair	95.00
Visitor chair	95.00
Visitor chair	95.00
Visitor chair	95.00
Visitor chair	95.00
Visitor chair	95.00
Visitor chair	95.00
Visitor chair	95.00
Visitor chair	95.00
Visitor chair	95.00
Total	**950.00**