



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**On the Financial Statements Audit of
Smallholder Agriculture Transformation and
Agribusiness Revitalization Project (STAR-P)**

**for Fiscal Period July 1 2020-June 30, 2021,
IDA Credit No.: 63600
Project Code: P160945**



January 2022

**Hon. P. Garswa Jackson, Sr. ACCA, CFIP, CFC
Auditor General, R.L.**

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**Project financial statements
From July 1, 2020 - June 30, 2021**

INSTITUTIONAL DETAILS/INFORMATION

PROJECT ADDRESS: Program Management Unit, Ministry of Agriculture, LIBSUCO
Compound, LPRC Road, Off Somalia Drive, Garnersville Monrovia

BANKER: Account Numbers 6101663522 EcoBank, Liberia Limited. 11 Streets
Sinkor, Morovia, Liberia

AUDITOR: General Auditing Commission of Liberia, Old Executive Mansion,
Ashmun Street, Monriva, Liberia

AUDITOR GENERAL'S REPORT



January 31, 2022

Hon. Jeanine Milly Cooper
Minister
Ministry of Agriculture
New Ministerial Complex, Congo Town
Montserrado County, Liberia

Dear Hon. Cooper:

Opinion

We have audited the financial statements of Smallholder Agriculture Transformation & Agribusiness Revitalization Project (STAR-P) financed by the World IDA Credit No.: 63600 and Project Code: P160945 for the fiscal ended to June 30, 2021, 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 Smallholder Agriculture Transformation & Agribusiness Revitalization Project (STAR-P) financed by the World IDA Credit No.: 63600 and Project Code: P160945 present fairly, in all material respects, the statement of Receipts and Payments as at June 30, 2021, the statement of Comparison of Budget and Actual Amounts and summary of significant accounting policies and other explanatory information for the fiscal period then ended in accordance with International Public Sector Accounting Standards (IPSAS 2017) 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 the Project Implementing Unit (PIU) of the Ministry of Agriculture (MoA) 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS 2017) Cash Basis of Accounting 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.

Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Receipts and Payments. 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 Statement of Receipts and Payments 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 Statement of Receipts and Payments.



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

Monrovia, Liberia
January 2022

**Smallholder Agriculture Transformation & Agribusiness Revitalization Project
(STAR-P)**

Program Management Unit, Ministry of Agriculture
LIBSUCO Compound, LPRC Road, Off Somilia Drive, Gardnersville, Monrovia

IDA Credit No.: 63600; IFAD Grant: C1690; IFAD Loan: 1700;
Project Code: P160945; Funded by the World Bank

**Unaudited Financial Statements
For the Year Ended 30th June 2021**

Project Management Team			
No.	Name	Job Title	Telephone Contact
1.	Ansu Abraham Metzger	Project Coordinator	0886683407 / 0777683407
2.	Joseph Toh Hinnah	Financial Management Specialist	0886579118 / 0775944894
3.	Edward P. Borloh	Monitoring and Evaluation Officer	0886524003 / 0770524003
4.	Theoway T. Nyema, Sr.	Procurement Officer	0886529446 / 0770164022
5.	Torwon Sulonteh-Brown	Citizen Engagement & Comm. Officer	0886514911/0777514911
6.	Theophilus O. Baah	Agronomist	00886630918/0776630918
7.	Akaii Lineberger	Value Chain & Agribusiness Advisor	0886019004
8.	Dr. Cheryl Williams	Gender & Social Development Specialist	0886535223
9.	Stephen K. Kolee	Environmental & Social Safeguards Officer	0770032844

**Smallholder Agriculture Transformation & Agribusiness Revitalization Project
 (STAR-P)**

Program Management Unit, Ministry of Agriculture
 LIBSUCO Compound, LPRC Road, Off Somilia Drive, Gardnersville, Monrovia

IDA Credit No.: 63600; IFAD Grant: C1690; IFAD Loan: 1700;
 Project Code: P160945; Funded by the World Bank

**Unaudited Financial Statements
 For the Year Ended 30th June 2021**

National Project Steering Committee Members			
No.	Name of Member	Membership Type	Role
1.	Ministry of Agriculture	Statutory	Chairperson
2.	Ministry of Finance & Development Planning	Statutory	Co-chairperson
3.	Ministry of public Works	Statutory	Member
4.	Ministry of Lands, Mines & energy	Statutory	Member
5.	Ministry of Gender, Children & Social Protection	Statutory	Member
6.	Ministry of Commerce, Trade & Industries	Statutory	Member
7.	Central Bank of Liberia	Statutory	Member
8.	Liberia Bankers Association	Non-statutory	Member
9.	Liberia Chamber of Commerce	Non-statutory	Member
10.	Cooperative Development Agency (CDA)	Statutory	Member
11.	Liberia Agriculture Commodity Regulatory Agency	Statutory	Member
12.	Liberia Institute for Statistics & Geo-information Services	Statutory	Member
13.	Farmers union Network	Non-statutory	Member
14.	CHAP (Civil Society Organization in Agriculture Sector)	Non-statutory	Member
15.	Central Agriculture Research Institute	Statutory	Member
16.	Environmental Protection Agency	Statutory	Member
17.	Director of Program Management Unit	Not applicable	Secretary



**Smallholder Agriculture Transformation & Agribusiness Revitalization Project
(STAR-P)**

**Program Management Unit, Ministry of Agriculture
LIBSUCO Compound, LPRC Road, Off Somilia Drive, Gardnersville, Monrovia**

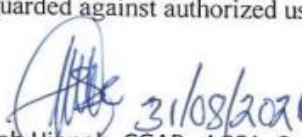
**IDA Credit No.: 63600; IFAD Grant: 1690; IFAD Loan: 1700;
Project Code: P160945; Funded by the World Bank**

**Unaudited Financial Statements
For the Year Ended 30th June 2021**

**STATEMENT OF MANAGEMENT RESPONSIBILITY FOR
FINANCIAL STATEMENTS**

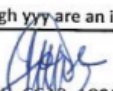

We acknowledge that the Management of the Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P) is responsibility for all information and presentations contained in the accompanying financial statements comprising the Statement of Cash Receipts and Payments, the Statement of the Comparison of Budget and Actual Amounts, and Notes to the Financial Statements for the year ended 30th June 2021. The financial statements have been prepared in conformity with Cash Basis IPSAS (IPSAS Financial Reporting Under the Cash Basis of Accounting (2017)) and generally accepted accounting principles as may be applicable and acceptable in the Republic of Liberia. They reflect amounts that are based on cash basis of accounting and Management's best judgment with appropriate consideration to materiality.

In this regard, Management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, and that assets are safeguarded against authorized use and disposition.


Joseph Toh Hinnneh, CGAP, ACCA, CertIPSAS
Financial Management Specialist


Ansu Abraham Metzger
Project Coordinator

*Auditor General Report on the
Financial Statement Audit of the Smallholder Agriculture Transformation and Agribusiness Revitalization Project
For the Period July 1, 2020 to June 30, 2021*

Smallholder Agriculture Transformation & Agribusiness Revitalization Project Programme Management Unit, Ministry of Agriculture, Liberia LIBSUCO Compound, LPRC Road, Off Somalia Drive, Gardnersville, Monrovia			
Statement of Cash Receipts and payments For the Year Ended 30th June 2021 (Expenditures Classified By Sub-components) Amounts in US Dollars (USD)			
Receipts	NOTES	2020-21	2019-20
IDA Credit Received in Cash	5	6,086,600.00	1,925,835.62
IDA Credit Direct Payments	9	-	5,000,000.00
Total Receipts		<u>6,086,600.00</u>	<u>6,925,835.62</u>
Payments			
Strengthening market oriented smallholder farmer groups	17	446,856.00	9,521.00
Capacity building and institutions strengthening for government MACs		230,273.30	228,230.00
Capacity building for selected private sector and non-state institutions		12,621.50	-
Strengthening the enabling environment and policy regulation		33,087.00	-
		<u>722,837.80</u>	<u>237,751.00</u>
Project preparatory funds, efficient project management , monitoring and evaluation		940,053.70	360,215.33
Communication, social mobilization, and citizen engagement		31,264.50	-
Contingency emergency response		3,779,217.60	5,000,000.00
		<u>4,750,535.80</u>	<u>5,360,215.33</u>
Total payments		<u>5,473,373.60</u>	<u>5,597,966.33</u>
Increase / (decrease) in cash & cash equivalents for the year		<u>613,226.40</u>	<u>1,327,869.29</u>
Cash & Cash equivalents as at July 1, 2020		<u>1,327,869.29</u>	-
Cash & Cash equivalents as at June 30, 2021	4	<u>1,941,095.69</u>	<u>1,327,869.29</u>
The Notes on pages xxx through yyy are an integral part of the financial statements.			
 JOSEPH TOH HINNER, CGAP, ACCA, CertIPSAS FINANCIAL MANAGEMENT SPECIALIST	4	 ANSU ABRAHAM METZGER PROJECT COORDINATOR	

The notes on Page 11 to 22 are an integral part of the financial statement

Smallholder Agriculture Transformation & Agribusiness Revitalization Project Programme Management Unit, Ministry of Agriculture, Liberia LIBSUCO Compound, LPRC Road, Off Somalia Drive, Gardnersville, Monrovia							
Statement of the Comparason of budget and Actual Amounts For the Year Ended 30th June 2021 (Expenditures Classified By Sub-components) (Approved Budget Prepared on Cash Basis) (Amounts in US Dollars (USD))							
Sub-components	Notes	Original Budget	Final Budget	Actual	Variance	% Variance	Spending Rate
Institutional Capacity Building & Strengthening of the Enabling Environment							
Strengthening market oriented smallholder farmer groups	14b	2,714,352.40	1,888,328.00	446,856.00	1,441,472.00	76%	24%
Capacity building and institutions strengthening for government MACs	14c	898,000.00	455,960.00	230,273.30	225,686.70	49%	51%
Capacity building for selected private sector and non-state institutions	14d	326,740.00	81,450.00	12,621.50	68,828.50	85%	15%
Strengthening the enabling environment and policy regulation	14e	130,000.00	345,000.00	33,087.00	311,913.00	90%	10%
		4,069,092.40	2,770,738.00	722,837.80	2,047,900.20	74%	26%
Enhancing Productivity & Competitiveness							
Investmmt support for productive links-farmers & agribusinesses	14f	9,739,306.00	3,470,000.00	-	3,470,000.00	100%	0%
Matching grants support for private agribusiness projects	14f	891,578.00	630,000.00	-	630,000.00	100%	0%
Consultancy fees for fund management	14f	197,083.00	23,750.00	-	23,750.00	100%	0%
		10,827,967.00	4,123,750.00	-	4,123,750.00	100%	0%
PPA, Project management, M&E, Citizen Engagement, and Contingency Emergency Response							
PPA, efficient project management , monitoring and evaluation	14g	1,602,240.00	1,545,357.00	940,053.70	605,303.30	39%	61%
Communication, social mobilization, and citizen engagement	14h	239,500.00	183,000.00	31,264.50	151,735.50	83%	17%
Contingency emergency response	14i	5,525,000.00	5,527,800.07	3,779,217.60	1,748,582.47	32%	68%
		7,366,740.00	7,256,157.07	4,750,535.80	2,505,621.27	35%	65%
total	14a	22,263,799.40	14,150,645.07	5,473,373.60	8,677,271.47	61%	39%
See Note xxxx for explanations of material variances							
The Notes on pages xxxv through yyy are an integral part of the financial statements.							
JOSEPH TOH HINNEH, CGAP, ACCA, CertIPSAS FINANCIAL MANAGEMENT SPECIALIST				ANSU ABRAHAM METZGER PROJECT COODINATOR			

The notes on Page 11 to 22 are an integral part of the financial statement

Smallholder Agriculture Transformation & Agribusiness Revitalization Project Programme Management Unit, Ministry of Agriculture, Liberia LIBSUCO Compound, LPRC Road, Off Somalia Drive, Gardnersville, Monrovia							
Statement of the Comparason of budget and Actual Amounts For the Year Ended 30th June 2020 (Expenditures Classified By Sub-components) (Approved Budget Prepared on Cash Basis) (Amounts in US Dollars (USD))							
Sub-components	Notes	Original Budget	Final Budget	Actual	Variance	% Variance	Spending Rate
Institutional Capacity Building & Strengthening of the Enabling Environment							
Strengthening market oriented smallholder farmer groups		-	330,600.00	9,521.00	321,079.00	97%	3%
Capacity building and institutions strengthening for government MACs		-	389,250.00	228,230.00	161,020.00	41%	59%
Capacity building for selected private sector and non-state institutions		-	121,000.00	-	121,000.00	100%	0%
Strengthening the enabling environment and policy regulation		-	120,000.00	-	120,000.00	100%	0%
		-	960,850.00	237,751.00	723,099.00	75%	25%
Enhancing Productivity & Competitiveness							
Investmmt support for productive links-farmers & agribusinesses		-	6,500.00	-	6,500.00	100%	0%
		-	6,500.00	-	6,500.00	100%	0%
PPA, Project management, M&E, Citizen Engagement, and Contingency Emergency Response							
PPA, efficient project management , monitoring and evaluation		192,662.86	938,485.62	360,215.33	578,270.29	62%	38%
Communication, social mobilization, and citizen engagement		5,000.00	20,000.00	-	20,000.00	100%	0%
Contingency emergency response		-	12,012,750.00	5,000,000.00	7,012,750.00	58%	42%
		197,662.86	12,971,235.62	5,360,215.33	7,611,020.29	59%	41%
total		197,662.86	13,938,585.62	5,597,966.33	8,340,619.29	60%	40%
This Statement of the Comparason of budget & Actual Amounts for FY 201920 has been reproduced for purpose of providing comarative information. The Notes on pages xxxx through yyy are an integral part of the financial statements.							
JOSEPH TOH HINNEH, CGAP, ACCA, CertIPSAS FINANCIAL MANAGEMENT SPECIALIST				ANSU ABRAHAM METZGER PROJECT COODINATOR			

The notes on Page 11 to 22 are an integral part of the financial statement

Notes to the financial statements

For the year ended 30th June 2021

Note 1: Background to the Project

The STAR-P was approved by the Board of Directors of the World Bank on January 15, 2019. Its Project Development Objective is to increase agricultural productivity and the commercialization of smallholder farmers for selected value chains in nine (9) counties. A US\$25 million IDA Financing Agreement was signed on February 15, 2019 and subsequently ratified by the legislature. The agreement became effective on 28th June 2019.

In addition to the initial US\$25 million mentioned above, the Government of Liberia signed a co-financing agreement for STAR-P with the International Fund for Agriculture Development or IFAD on November 21, 2019, having received approval from its own Board in September of the same year. This is for US\$23 million, thus taking the project value to US\$48 million. The IFAD funding is on a pari passu basis. It was ratified by the legislature and the funding become available, though not received, the year ended 30th June 2021(FY 2020-21).

The total amount of project funds are to be financed three (3) components and four (4) categories. However, IFAD is not funding Categories Three (CERC) and Four (PPA), and sub-components 2.3 (Financial institutions), and 3.3 CERC Activities.

Note 2: Accounting Policies

Basis of preparation

Consistent with the requirement of the Public Financial Management Act (2009) as amended and reinstated (October 30, 2019), the financial statements have been prepared in accordance with Cash Basis IPSAS (Financial Reporting under the Cash Basis of Accounting (2017)).

The Accounting policies have been applied consistent with those of the prior year and have been consistently applied throughout the reporting period.

Reporting entity

The financial statements are those of the Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P) alone. They are neither for the Program Management Unit (PMU) or the Ministry of Agriculture as a whole. The financial statements encompass the reporting entity as specified in the relevant Financing Agreement between the Government of Liberia and the World Bank.

Reporting currency

Presentation currency is the United States dollar.

Note 3: Comparative information

Like other accounting standards, IPSASs including Cash Basis IPSAS (Financial Reporting under the Cash Basis of Accounting (2017)) require the presentation of comparative information for comparability of performance and position over time. Therefore, comparative figures from prior year have been provided in the Statement of Cash Receipts and Payments. As this is not practicable for

the Statement of the Comparison of Budget and Actual Amounts, the prior year statement was reproduced for the purpose of comparability. Where applicable, these approaches have been consistently followed in these notes, providing prior year comparative figures or reproducing prior year notes.

Note 4: Cash and cash equivalents

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents consist of balances with banks and investment in short- term money market instruments. The amount of cash and cash equivalents at year end was US\$1,941,095.69 (One million nine hundred forty-one thousand ninety-five and 69/100 United States dollars), comprising of the following amounts:

Cash and cash equivalents		
Description	2020-21	2019-20
Cash on hand & Petty	2,000.00	-
Short- term Investments		-
Balances with bank	<u>1,939,095.00</u>	<u>1,327,869.29</u>
TOTAL	<u>1,941,095.00</u>	<u>1,327,869.29</u>
Reconciliation		
Petty Cash - STAR-P	1,000.00	-
Petty Cash- CERC	1,000.00	-
Cash in Bank (DA-B Ecobank)	126,063.29	1,327,869.29
Cash in Bank (DA-C Ecobank)	<u>1,813,032.40</u>	-
TOTAL	<u>1,941,095.69</u>	<u>1,327,869.29</u>

The full amount as stated above is restricted for use for STAR-P’s activities only.

Note 5: IDA Credit Received in Cash

Four (4) withdrawal applications were made for cash advances during the reporting period. Funds were received into STAR-P’s Designated Accounts (DA-B and DA-C) at Ecobank (Liberia) Limited for two (2) of them. Undrawn/unpaid WAs represented funds requested from IFAD through the World Bank. One amount for US\$1,049,600.00 was received after the period end.

WA Date	WA Reference	Value Date	Amount
02 Oct. 2020	STAR-P/MOA/005-CERC	07 Oct. 2020	5,525,000.00
08 Apr 2021	STAR-P/MOA/006-A	14 APR 2021	<u>561,600.00</u>
			<u>6,086,600.00</u>

Prior Year (FY 20219-20) Withdrawals

WA Date	WA Reference	Value Date	Amount
18 Dec. 2019	STAR-P/MOA/001	19 Dec. 2019	197,662.86
12 May 2020	STAR-P/MOA/002	12 May 2020	<u>1,728,172.76</u>
			<u>1,925,835.62</u>

Note 6: Completion of restructuring of the project

**SMALLHOLDER AGRICULTURE TRANSFORMATION & AGRIBUSINESS REVITALIZATION
PROJECT**

PMU, MINISTRY OF AGRICULTURE

REVISED IDA PROJECT ALLOCATION TABLE BY SUB-COMPONENTS

CODE	DESCRIPTION	Initial Allocations by Sub-components AMOUNT US\$	Sub-Comp. Proportion	Revised Allocations by Components AMOUNT	Revised Allocations by Sub-Components AMOUNT
1	Component 1: Institutional Capacity Building & Strengthening the Enabling Environment for farmers, State and non-state Actors				
1.1	Strengthening Market-oriented Smallholder Farmer Groups for Selected Commodity Value Chains	1,900,000.00	38%	3,750,000.00	1,425,000.00
1.2	Institutional Strengthening for Selected Government Ministries, Departments, and Agencies	1,200,000.00	24%	3,750,000.00	900,000.00
1.3	Capacity Building for Selected Private Sector and non-state Institutions	1,500,000.00	30%	3,750,000.00	1,125,000.00
1.4	Strengthening the Enabling Environment, Policy, Regulations, and Administrative Procedures for Agribusiness Development	400,000.00	8%	3,750,000.00	300,000.00
	Sub-Total	<u>5,000,000.00</u>	<u>100%</u>	<u>3,750,000.00</u>	<u>3,750,000.00</u>
2	Component 2: Enhancing Productivity and Competitiveness				
2.1	Investment Support for Productive Linkages Between Smallholder Farmers and Agribusiness	13,750,000.00	85%	7,575,000.00	6,409,615.38
2.2	Support to Agribusiness and Business Development Service Enterprises	2,100,000.00	13%	7,575,000.00	978,923.08

2.3	Support to Financial Institutions	400,000.00	2%	7,575,000.00	186,461.54
	Sub-Total	16,250,000.00	100%	7,575,000.00	7,575,000.00
3	Component 3: PPA, Project Management, Monitoring and Evaluation, Citizen Engagement, Contingency Emergency				
3.1	PPA, Effective Project Management, Monitoring and Evaluation (Includes PPA of US\$1,006,287.95)	3,250,000.00	87%	3,150,000.00	2,730,000.00
3.2	Effective Communication and Citizen Engagement	500,000.00	13%	3,150,000.00	420,000.00
3.3	Contingency Emergency Response	-		10,525,000.00	10,525,000.00
	Sub-Total	3,750,000.00	100%	13,675,000.00	13,675,000.00
	Grand Total	25,000,000.00	100%	25,000,000.00	25,000,000.00

REVISED IDA PROJECT ALLOCATION BY CATEGORY

No.	Description	Amount \$
1.1	Strengthening Market-oriented Smallholder Farmer Groups for Selected Commodity Value Chains	1,425,000.00
1.2	Institutional Strengthening for Selected Government Ministries, Departments, and Agencies	900,000.00
1.3	Capacity Building for Selected Private Sector and non-state Institutions	1,125,000.00
1.4	Strengthening the Enabling Environment, Policy, Regulations, and Administrative Procedures for Agribusiness Development	300,000.00
2.2	Support to Agribusiness and Business Development Service Enterprises	978,923.08
2.3	Support to Financial Institutions	186,461.54
3.1	Effective Project Management, Monitoring and Evaluation	1,723,712.05
3.2	Effective Communication and Citizen Engagement	420,000.00
	CAT 1	7,059,096.67
2.1	Investment Support for Productive Linkages Between Smallholder Farmers and Agribusiness	6,409,615.38
	CAT 2	6,409,615.38
3.3	Contingency Emergency Response	10,525,000.00
	CAT 3	10,525,000.00
3.1	PPA (Note PPA is Inclusive in 3.1 for an amount of US\$1,006,287.95)	1,006,287.95
	CAT 4	1,006,287.95
	TOTAL ALL CATEGORIES	25,000,000.00

ST+A1:D36AR-P
PMU, Ministry of Agriculture, Liberia
ALLOCATION OF IFAD FUNDS BY COMPONENTS

Sub-comp	Loan Amount	Grant Amount	Total
1.1	2,462,000.00	911,000.00	3,373,000.00
1.2	291,000.00	108,000.00	399,000.00
1.3	108,000.00	40,000.00	148,000.00
1.4	242,000.00	90,000.00	332,000.00
Subtotal	3,103,000.00	1,149,000.00	4,252,000.00
2.1	10,224,000.00	3,782,000.00	14,006,000.00
2.2	764,000.00	283,000.00	1,047,000.00
2.3	-	-	-
Subtotal	10,988,000.00	4,065,000.00	15,053,000.00
3.1	2,326,000.00	869,000.00	3,195,000.00
3.2	365,000.00	135,000.00	500,000.00
3.3	-	-	-
Subtotal	2,691,000.00	1,004,000.00	3,695,000.00
Grand Total	16,782,000.00	6,218,000.00	23,000,000.00

Note: US\$9000.00 was added to Sub-comp 3.1 IFAD Grant to balance the total. This shortage was due to rounding.

ALLOCATION OF IFAD FUNDS BY CATEGORIES

Category	Loan Amount	Grant Amount	Total
1.1	2,462,000.00	911,000.00	3,373,000.00
1.2	291,000.00	108,000.00	399,000.00
1.3	108,000.00	40,000.00	148,000.00
1.4	242,000.00	90,000.00	332,000.00
3.1	2,326,000.00	869,000.00	3,195,000.00
3.2	365,000.00	135,000.00	500,000.00
CAT 1	5,794,000.00	2,153,000.00	7,947,000.00
2.1	10,224,000.00	3,782,000.00	14,006,000.00
2.2	764,000.00	283,000.00	1,047,000.00
CAT 2	10,988,000.00	4,065,000.00	15,053,000.00
Grand Total	16,782,000.00	6,218,000.00	23,000,000.00

Revised Combined Project Allocations By Category

CAT	IDA	IFAD	TOTAL
CAT 1	7,059,096.67	7,947,000.00	15,006,096.67
CAT 2	6,409,615.38	15,053,000.00	21,462,615.38
CAT 3	10,525,000.00	-	10,525,000.00
CAT 4	1,006,287.95	-	1,006,287.95
TOTAL	25,000,000.00	23,000,000.00	48,000,000.00

In November 2019, the Government of Liberia signed a co-financing agreement with the International Fund for Agricultural Development (IFAD) to provide US\$23.00 million as co-financier of STAR-P. The agreement was subsequently ratified by the National Legislature and became effective during the reporting period. Thus, the project allocation is now US\$48.00 million.

As a result of the covid-19 pandemic, the Government of Liberia made an appeal to the World Bank in order for the Government to activate the emergency clause within the financing agreement for the funds (US\$25.00 million) being contributed by the International Development Association (IDA). The Government appealed for re-allocation of US\$10.525 million of IDA's allocation to be used for Covid-19 emergency response. The approval of this request by the World Bank precipitated the restructuring of the IDA financing agreement. This process was finalized on September 3, 2020, that is, during the reporting period. The restructured or revised amounts per sub-component and per category are presented above.

Note 7: Undrawn project balance

Description	2020-21	2019-20
Project value, July 1, 2019 (IDA financing)	-	25,000,000.00
Additions during the financial year (IFAD co-financing)	23,000,000.00	-
total project valance	48,000,000.00	25,000,000.00
Withdrawals during the year	6,086,600.00	6,925,835.62
Withdrawals in prior periods	6,925,835.62	-
Project preparatory advance (PPA)	998,450.00	998,450.00
Total withdrawals	14,010,885.62	7,924,285.62
Undrawn project balance	33,989,114.38	17,075,714.38

Note 8: Unspent project balance

Category	Value	2020-2021	Expenditures 2019-2020	Accumulative	Balance
Category 1	15,006,096.67	1,762,406.00	597,966.33	2,360,372.33	12,645,724.34
Category 2.	21,462,615.38	-	-	-	21,462,615.38
Category 3.	10,525,000.00	3,710,967.60	5,000,000.00	8,710,967.60	1,814,032.40
Category 4	1,006,287.95	-	998,450.00	998,450.00	7,837.95
Total	48,000,000.00	5,473,373.60	6,596,416.33	12,069,789.93	35,930,210.07

Reconciliation of Unspent project balance

Undrawn project balance (<i>see Note 7 above</i>)	33,989,114.38
Cash & bank (<i>see Note 4 above</i>)	1,941,095.69
Unspent project balance	<u>35,930,210.07</u>

Note 9: Direct Payment and Related Refund

In FY 2019-20 a single direct payment was made by the World Bank on STAR-P's behalf to the World Food Programme (WFP). The amount was US\$5,000,000.00 (Five million United States dollars) for purchase, transportation and distribution of assorted food commodities as part of the Government of Liberia's food assistance to the population for emergency response to the COVID-19 pandemic. The full contract amount was paid in advance by the Bank. Consistent with the requirements of Cash Basis IPSAS the full amount was expended.

During the period, WFP reported, however, that they spent US\$3,785,971.00. They were negotiations for WFP to re-program and spend the balance on something other than the originally planned. However, those discussions did not materialize and WFP have informed the GOL that it will return any remaining funds. When that is done, part of the prior year expenditure will be revised for any amount received as refund.

Note 10: Project Expenditures by Components

1. Institutional Capacity Building & Strengthening the Enabling Environment

1.1 Strengthening market oriented smallholder farmer groups	446,856.00	9,521.00
1.2 Capacity building and institutions strengthening for government MACs	230,273.30	228,230.00
1.3 Capacity building for selected private sector and non-state institutions	12,621.50	-
1.4 Strengthening the enabling environment and policy regulation	33,087.00	-
Total	<u>722,837.80</u>	<u>237,751.00</u>

3. Project Preparatory Advance, Efficient Project Management, Monitoring and Evaluation, Citizen Engagement, and Contingency Emergency Response

3.1 Project preparatory funds, efficient project management, monitoring and evaluation	940,053.70	360,215.33
3.2 Communication, social mobilization, and citizen engagement	31,264.50	-
3.3 Contingency emergency response	3,779,217.60	5,000,000.00
	4,750,535.80	5,360,215.33

For the first two financial years, no expenditures were incurred for Component 2 which related to LACF activities. The funds manager was hired in May 2021 and first payment for deliverable was made in July 2021.

Note 11: Project Expenditures per Quarter

17 Promoting Accountability of Public Resources



Quarter	2020-21	2019-20
Quarter 1	204,704.03	-
Quarter 2	2,032,166.21	46,495.33
Quarter 3	1,551,466.61	103,696.75
Quarter 4	1,685,036.75	5,447,774.25
Total	5,473,373.60	5,597,966.33

Note 12: Project expenditures by nature

Code	Description of Transactions	2020-21	2019-20
2111	Wages & Consultancy Fees	585,526.65	216,810.39
2210	Consumable Food Items/ Supplies	252,394.50	5,000,000.00
2211	Travel Expenses	200,935.00	7,215.00
2212	Utilities	78,608.76	8,180.00
2213	Rent	84,297.00	
2214	Fuel & Lubricants	123,366.98	9,934.00
2215	Repairs & Maintenance	103,762.54	749.00
2216	Office Materials, Consumables & Services	144,562.94	8,418.40
2217	Consulting, Advisory & Audit Services	83,884.50	15,021.00
2218	Specialized Materials & Services	1,813,633.10	
2219	Education & Training Related	11,209.52	
2221	Other General Expenses	117,658.37	20,728.54
2223	Insurance & Other Charges/Fees	24,812.20	2,400.00
2611	SMEs Grants	295,151.54	
3122	Machinery, Furniture & Transport Equipment	1,553,570.00	306,870.00
3123	ICT Infrastructure		1,640.00
	Grand Total	5,473,373.60	5,597,966.33

Note 13: Schedule of Fixed Assets

Note 12: Schedule of Fixed Assets

Description	Motor Vehicles	Motorbikes	Furniture, Fixtures & Air Conditions	Communication Equipment	Office Equipment	Agriculture Equipment	Total
Balances, July 1, 2020	89,950.00	33,750.00	320	1,640.00	0.00	0.00	125,660.00
Additions	300,500.00	18,750.00	37335	4,725.00	70,200.00	1,335,912.50	1,767,422.50
Total	390,450.00	52,500.00	37,655.00	6,365.00	70,200.00	1,335,912.50	1,893,082.50
Loss Due to Fire	36,300.00	-	-	-	-	-	36,300.00
Handovers	-	-	-	-	-	-	-
Balances, June 30, 2021	354,150.00	52,500.00	37,655.00	6,365.00	70,200.00	1,335,912.50	1,856,782.50

Note: The project lost a vehicle to fire. The vehicle was enroot to a mission when it gutted with fire. The cause of the fire was not established. The Project Insurer is in the processing of paying amount equivalent to 66.67% of the cost of the vehicle. The project will have to top this up in order to buy a new vehicle.

Schedule of Fixed Assets for prior year

Description	Motor Vehicles	Motorbikes	Furniture, Fixtures & Air Condition s	Communication Equipment	Total
Balances, July 1, 2020	-	-	-	-	-
Additions	272,800.00	33,750.00	320.00	1,640.00	308,510.00
Total	272,800.00	33,750.00	320.00	1,640.00	308,510.00
Disposals/Handovers	182,850.00	-	-	-	182,850.00
Balances, June 30, 2020	89,950.00	33,750.00	320.00	1,640.00	125,660.00

Note: Four (4) vehicles were handed over as support to MOA and the MFDP. The MFDP received a vehicle whilst the MOA received three (3) vehicles, including one for the chairperson of the National Steering Committee.

Note 14: Explanation for Material Variances from the Statement of Comparison of Budget and Actual Amounts

a. General overview of total variance

It is required that an amount of variance, whether favorable or adverse, is explained in as much as it is material. A material variance per the World Bank's requirement and as considered for the purpose of this report is any amount that is equal to or greater than 10% of the budgeted amount for which the variance has been calculated. Normally or per standard, the materiality level for this purpose is 5 percent.

The Original Budget was US\$22 million. It was well known to the Finance Team from the outset that this amount contains very significant planning error. Key planning assumptions appeared not to have been properly evaluated before related activities were included in the budget. Prominent amongst these were the Communication for Development (C4D) contract for US\$0.761 million which was not finalized though budgeted for a full year, the LACF activities though budgeted for a full year at US\$10 million did not commence until May 2021 (month 11 of the financial year). Even at that, key milestones which are expenditure drivers had not be achieved to enable material spending. Many key staff, including a Project Accountant/Accounts Officer, who were budgeted for a full year were either on-boarded late or never hired at all.

As a result, the budget was revised to a final budget of US\$14 in mid-year. The final budget was executed by about 39 percent, a 1 percent decline in performance when compared to the year before which achieved 40 percent. The key factors mentioned above continued to play the significant role in the level of implementation. For example, the C4D for US\$0.183 million in the final budget was never signed by year-end. Only about US\$0.185 million of the US\$4.1 million for Component 2 was committed at year-end. That amount was expended in July of the succeeding year and cannot be reported in this financial year for Cash Basis of Accounting.

Together these elements alone constitute 48 per cent of the overall unspent balance of about US\$8.68 million. Additionally, about 16.67% per cent of implementation time was lost to delay in the approval of the Annual Work Plan & Budget by the National Project Steering Committee (NPSC).

- b.** Sub-component 1.1, strengthening market-oriented smallholder farmer groups, was underspent for the reporting period by 76 percent, a better performance when compared to prior year's 97 percent unspent balance. The financial year 2020-21 was marked with supporting farmers, farming groups and cooperatives to continue their farming activities during the COVID-19 crisis. Support was given to farmers but under the CERC sub-component. Also, other contributing factors to the low spending under this sub component can be attributed to the delay in recruiting the County Focal Persons. They were recruited in the 3rd quarter of the financial year.
- c.** Sub-component 1.2, capacity building and institutions strengthening for government ministries, agencies, commissions, etc., was underspent by 49 percent during the year, a decline of 8 per cent in spending when compared to the prior year. During the reporting period, the project made strive in providing the necessary capacity to strengthen government MACs that are providing support for the project implementation. The project could not exhaust the entire fund appropriated to support the Government

MAC due to the late recruitment of the Agribusiness Specialist who is the focal person between the MACs and the Project. The role of the Agribusiness Specialist is to provide guidance to the MACs on their role in the project implementation. The Project had to streamline its support to the MACs to avoid wastage of funds in the absence of the Agribusiness Specialist.

- d.** Sub-component 1.3, capacity building for selected Private Sector and non-state Institutions, was underspent for the year by 15 percent, a 15% improvement on the performance of the year before. The COVID-19 crisis reshaped the project's focus to responding to food security and livelihood. Currently there are capacity building modalities in place for private sector stakeholders and umbrella bodies. These capacity buildings activities could not be achieved due to COVID 19 regulations that restricts gathering.
- e.** Sub-component 1.4, strengthening the enabling environment for policy regulation, was underspent during the reporting period by 90%, a 10% improvement on the performance of the prior year. The planned activities could not be carried out due to COVID-19 social distancing restrictions and the declared state of emergency. The activities in this sub-component largely targeted working with the Legislature to pass or ratify key regional instruments relevant to the agriculture sector.
- f.** Component 2 (Sub-components 2.1, 2.2 & 2.3), Enhancing productivity and competitiveness, was underspent by 100 percent. The unspent amount is about US\$4.1 million. The cost drivers are activities to be implemented by the Liberia Agriculture Commercialization Fund (LACF) manager. This fund manager was not hired until May 2021. As such the deliverables linked to

payments could not be achieved. These include amongst others things an inception report, a LACF Manual, LACF bank account, etc. It is expected that the activities for Components 2 will actual kick up in the next financial year.

- g. Sub-component 3.1, efficient project management, monitoring and evaluation, was 39 percent unspent for the year. This is a far better performance than the prior year which was 62 percent unspent. The primary factor affecting performance for this sub-component was the late or no on-boarding of key in-house constants (staff) who were budgeted for the full financial year.
- h. Sub-component 3.2, effective communication and citizen engagement, was underspent for the year by 83%. This is an improvement when compared to the prior year with an unspent balance of 100 per cent. The C4D Firm which should drive activities for this sub-component has not been hired despite the firm signing an agreement during the period. The other party (GOL/STAR-P) who offered that contract has not yet signed unto it. The 17 % was spent on public information and related activities conducted mostly by the communication Officer of STAR-P.
- i. Sub-component 3.3, Contingency emergency response, has a 32% unspent balance. This is an improvement in performance compared to a 58 percent unspent balance from last financial year. Key activities like land clearing, repair of irrigation systems, related purchase of farming tools, etc. were delayed. The required Environmental and Social Safeguard activities could not be carried out due to misunderstanding. As CERC is primarily implemented by the Ministry of Agriculture, the MOA said that these ESSG assessments had already been carried out and therefore prohibited project consultants from doing so. However, the required reports needed for World Bank's no objection to the activities could not be provided to substantiate the claim.

Note 15: Expenditures by budget item

Code	Description of Transactions	2020-21	2019-20
IA02	Rehabilitation	129,940.97	
IB01	Motor Vehicles - 4WD Pickups	182,850.00	49,950.00
IB02	Motor Vehicles - Motorbikes	18,750.00	33,750.00
IB03	Motor Vehicles - Cars (SUVs)	80,000.00	
IB04	Motor Vehicles - Cars (Hard Tops)	37,650.00	222,850.00
IC01	Agriculture Equipment	1,335,912.50	
IC03	Office Equipment	70,200.00	
IC04	Furniture	35,335.00	320.00
IC06	Communication Equipment	4,725.00	1,640.00
IC08	Farming Inputs	589,218.60	
IC09	Food Assistance	1,122,502.00	5,000,000.00
IC99	Other Equipment	152,585.00	
ID01	Staff training	2,482.52	
ID02	Beneficiaries training	31,639.00	450.00
ID03	Studies and surveys	-1,306.25	
ID04	Meeting and Workshop	5,880.00	2,827.10
ID05	Communication & information dissemination	30,262.00	500.00
ID06	Consultancy	95,709.00	33,461.29
ID07	Support to MOA/PMU	17,205.38	
ID09	Secretariat Support	19,498.00	

IE01	IDA Mission & Supervision	3,785.00	
IE03	Activities Monitoring & Evaluation	150,987.49	
IG03	Window 3. Matching grant to agricultural SMEs Serv. provider	293,906.54	
IG05	Farming Inputs - Kitchen Gardens	1,245.00	
RA01	STAR-P Staff Consultants - Salaries	541,017.79	177,754.00
RA02	STAR-P Staff Consultants - Allowances	6,291.78	760.00
RA03	PMU Staff Consultants - Salaries	12,793.78	8,820.00
RB01	Maintenance & Operation of Vehicles	52,307.30	
RB02	Maintenance & Operation of Motorbikes	31.57	
RB03	Vehicle Rental	58,852.00	
RC01	Office Operating Costs	343,802.27	53,989.94
RC02	Office Operating Cost - PMU Support	47,314.36	10,894.00
	Grand Total	5,473,373.60	5,597,966.33

Note 16: Contracts with No/Less Allocations in Cost Table

<i>Description</i>	Amount
<i>1. Finance, Investment & Commercialization consultant</i>	<i>60,000.00</i>
<i>2. Financial Management Adviser</i>	<i>100,000.08</i>
<i>3. Agric Knowledge Management Adviser</i>	<i>100,000.08</i>
<i>4. Communication and Marketing Adviser</i>	<i>100,000.08</i>
<i>5. Small Business Administration Consultant for MoCI</i>	<i>67,200.00</i>
Total	427,200.24

The project has a combined cost table which itemizes the activities, goods, services, staff consultants, to be hired. Except for the Small Business Administration Consultant for MoCI for whom the 24-month contract amount exceeds the allocation for the Small Business Administration (SBA) in the cost table, the other positions were not provided for at all. The implication is that some project targets might not be achieved since funds are technically being diverted. The Cost Table and targets will need to be revised to correct this.

Note 17: Reclassification of budget and expenditures – current and prior year

Following the approval of the contingency emergency response sub-component (CERC), two implementation mechanisms were agreed by leaderships of the implementing agency and the PIU. The understanding amongst them was that there were a so-called "STAR-P CERC" and "MOA CERC". The MOA CERC was appropriated with

US\$5.00 million given to the World Food Programme (WFP) for emergency food assistance to some Liberians and US\$5.525 million for direct implementation by the Ministry of Agriculture, thus bringing the total for MOA CERC to US\$10.525 million. Simultaneously, STAR-P CERC was budgeted for about US\$1.59 million and expenditure incurred amounted to about US\$0.506 million. As the total amount approved by the World Bank for CERC cannot exceed US\$10.525 million, budget and expenditure for STAR-P CERC has had to be reclassified for reporting purposes to the main project activities. This includes a US\$500.00 expenditure from prior year. The budget amount and expenditures were transferred from 3301, STAR-P CERC, to Sub-component 1.1.

Note 18: Authorization Date

The financial statement was authorized for publication on 31st December 2021 by the Minister of Agriculture.