



Promoting Accountability of Public Resources

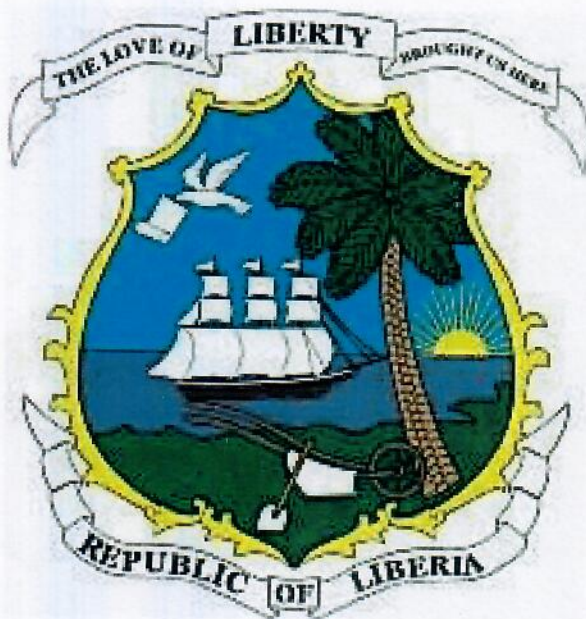
# AUDITOR GENERAL'S REPORT

**ON THE FINANCIAL STATEMENT AUDIT  
OF COTE D'IVOIRE, LIBERIA, SIERRA  
LEONE AND GUINEA -RURAL  
ELECTRIFICATION (CLSG-RE)**

**FOR THE PERIOD JULY 1, 2021- December  
31, 2022**

**June 2023**

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



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Mr. Paschal Buckley  
Chief Executive Officer (CEO) Liberia  
Electricity Corporation (LEC) Monrovia,  
Liberia

June 29, 2023

Dear Mr. Buckley:

**RE: AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF COTE D'IVOIRE-LIBERIA-SIERRA LEONE-GUINEA-RURAL ELECTRIFICATION (CLSG-RE) FOR THE PERIOD ENDED DECEMBER 31, 2022.**

**Opinion**

We have audited the financial statements of Cote d'Ivoire-Liberia-Sierra Leone-Guinea -Rural Electrification (CLSG-RE) for the year ended June 30, 2021. These financial statements comprise the Statement of Cash Receipts and Payments, Statement of Comparison of Budget and Actual Amounts for the fiscal year then ended and summary of significant accounting policies and other explanatory information.

In our opinion the accompanying financial statements of CLSG-RE (Project ID: P-Z1-F00-057) present fairly in all material respects, the Statement of Receipts and Payments as at June 30, 2021, Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and other explanatory notes for the fiscal period 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 the entity 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 in accordance with the African Development Bank guideline 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 CLSG-RE Management is responsible for overs

**Executive Summary**

The Republic of Cote D'Ivoire, the Republic of Liberia, the Republic of Sierra Leone, and the Republic of Guinea jointly entered into a treaty for the construction of the CLSG interconnection electric power line. The CLSG Liberia Component Loan Agreement was signed on November 26, 2013 between the Republic of Liberia and the African Development Fund. The fund agreed to lend the Republic of Liberia amount not exceeding the equivalent of Twenty-Four Million Nine Hundred and Forty Thousand Units of Accounts (UA 24, 940,000). The project with the objective



*Auditor General's Report on the Financial Statement Audit of  
Cote d'Ivoire-Liberia-Sierra Leone-Guinea-Rural Electrification (CLSG-RE)  
FOR THE PERIOD JULY 1, 2021- December 31, 2022*

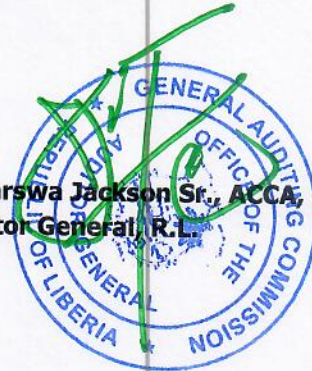
to facilitate sustainable energy trade between the participating countries and help establish dynamic electric power market in the sub-region, involves the construction of a high voltage interconnection network linking Cote d'Ivoire, Liberia, Sierra Leone, and Guinea. The project aims at electrifying communities situated along the power line, building the capacities of the project executing agencies, and conducting feasibility studies for hydroelectric power stations.

During the fiscal year ended December 31, 2022, Liberia Electricity Corporation as the Executing Agency for the African Development Bank Project-CLSG-RE received disbursement of US\$300,224.00 in the Special Account and no Zero amount as Direct Payment to suppliers. The cumulative year-to-date disbursement to the project is summed up to US\$300,244.00. The project received the funds from the African Development Funds into its special account maintained at the Central Bank of Liberia and to suppliers for goods. Most of the fund was expended on operating activities as part of the project for which this report covered.

The Financial Statements of the CLSG-RE project are prepared in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis and the African Development Guidelines. The financial statements presented herein include statement of Receipt and Payments, Statement of Fund Balance and Cash Status, Statement of Financial Position, and Notes covering the period July 1, 2021 to December 31, 2022. The Project Progress Report and other reports are prepared and presented separately.

**Monrovia, Liberia**  
June 2023

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



**CLSG-Liberia Rural Electrification**

(In United States Dollars)

**STATEMENT OF FINANCIAL PERFORMANCE  
(RECEIPTS AND PAYMENTS)**

RECEIPTS	NOT E	July 1,2021 to December 31, 2022			July 1,2020 to June 30, 2021		
		SPECIAL ACCOUNT	DIRECT PAYME NTS	TOTAL	SPECIAL ACCOUNT	DIRECT PAYMENTS	TOTAL
		US \$	US \$	US \$	US \$	US \$	US \$
AFDB- CREDIT	2	300,224.00	-	300,224.00	281,622.50	3,190,193.80	3,471,816.30
<b>Total Receipts</b>		<b>300,224.00</b>	<b>-</b>	<b>300,224.00</b>	<b>281,622.50</b>	<b>3,190,193.80</b>	<b>3,471,816.30</b>
<b>PAYMENTS</b>							
Consultancy	3	148,313.00	-	148,313.00	148,773.38	-	148,773.38
Training		-	-	-	-	-	-
Fixed Assets		-	-	-	-	-	-
Works		-	-	-	-	3,190,193.80	3,190,193.80
Operating Costs	4	219,722.28	-	219,722.28	114,660.36	-	114,660.36
<b>Total Expenditure</b>		<b>368,035.28</b>	<b>-</b>	<b>368,035.28</b>	<b>263,433.74</b>	<b>3,190,193.80</b>	<b>3,453,627.54</b>
NET INCREASE (DECREASE) IN CASH		(67,811.28)	-	(67,811.28)	18,188.76	-	18,188.76
Cash at the beginning of the year	5	93,149.48	-	93,149.48	74,960.72	-	74,960.72
Cash at the End of the Quarter, December. 3	5	25,338.20	-	25,338.20	93,149.48	-	93,149.48

*The notes on pages 8 to 10 form an integral part of these financial statements.*



**CLSG-Liberia Rural Electrification**  
(In United States Dollars)

**STATEMENT OF FINANCIAL POSITION**

<b>FOR THE EIGHTEEN MONTH ENDED DECEMBER 31, 2022</b>		<b>December. 2022</b>	<b>June 2021</b>
	<b>Note</b>	<b>US\$</b>	<b>US\$</b>
<b>ASSETS EMPLOYED</b>			
Current Assets			
Cash and Bank Balances	5	25,338.20	93,149.48
		<b>25,338.20</b>	<b>93,149.48</b>
<b>FUND BALANCES</b>			
Financed By:			
<b>Accumulated Fund (ADF Loan)</b>		<b>25,338.20</b>	<b>93,149.48</b>

*The notes on pages 8 to 10 form an integral part of these financial statements.*

**CLSG- Liberia Rural Electrification**  
(In United States Dollars)

**STATEMENT OF BUDGET AND ACTUAL COMPARISON (Cost Category)**

ACCOUNT TITLE/DESCRIPTION	Approved Budget	Actual	Difference: Approved Budget and Actual	Percentage Variance
	US \$	US \$	US \$	%
<b>CASH INFLOWS</b>				
ADB Funds	5,792,650.00	300,224.00	-	
Balance B/F	74,960.72	93,149.48	-	
Other receipts	-	(3,190,193.80)	(3,190,193.80)	
<b>Total Receipts</b>	<b>5,867,610.72</b>	<b>(2,796,820.32)</b>	<b>(3,190,193.80)</b>	
<b>CASH OUTFLOWS</b>				
Service	911,360.00	148,313.00	763,047.00	16%
Works	4,785,290.99	(3,190,193.80)	7,975,484.79	-67%
Goods	-	-	-	
Operating Cost	96,000.00	219,722.28	(123,722.28)	229%
Total Expenditure	<b>5,792,650.99</b>	<b>(2,822,158.52)</b>	8,614,809.51	-49%
<b>NET CASH FLOWS</b>	<b>74,959.73</b>	<b>25,338.20</b>	<b>17,229,619.02</b>	<b>34%</b>

\* Actual amounts encompass both cash and third party settlements.

The notes on pages 8 to 10 form an integral part of these financial statements.

### **Overview of the project**

To address constraints facing the electricity sub-sectors within the ECOWAS region, member states have collectively decided to harmonize their energy policies on the basis of the Energy protocol defining the legal frame work for regional corporation on energy. In this context, the West African Power Pool (WAPP) was established as an ECOWAS cooperation mechanism for pooling resources with view of integrating the operations of the national electricity power grids of members states into a unified regional market. The Cote d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) redevelopment was established as one of the sub-program under WAPP's five (5) priority projects.

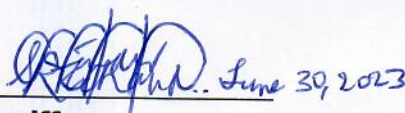
To address the constraints facing the Electricity Sub-Sectors within the ECOWAS region, member states decided to harmonize their policies on the basis the Energy protocol defining the legal framework for regional cooperation on energy. In this context, the west African Power Pool (WAPP) was established as an ECOWAS cooperation mechanism for pooling resources with the view of integrating the operation of the national electricity power grids of member states into a unified regional market. The Cote d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) redevelopment was established as one of the sub-programs under the WAPP's five (5) priority projects.

The Government of Liberia also adopted a National Energy Policy (NEP) in 2009 as a single project under the aegis of the WAPP Secretariat and through the WAPP join implementation committee as established by the four governments. The four National Electricity Companies for each CLSG member country was selected as the executing agency for the Rural Electrification Component.

On November 26, 2013, the AFDB agreed with the Government of Liberia to finance CLSG-RE Component of Liberia under the WAPP rural electrification program. The Financing Agreement became effective in 2016 after the Government of Liberia certified the conditions for effectiveness and entry in force of the Financing Agreement. First disbursement was made in July 2016.

The project appraisal calls for a three-year period from January 2016 to December 2019, however, due to unforeseen delays and bureaucracies from both the funders and the GOL, the project began in the last quarter of 2017. It should also be noted that there have been about three (3) successive change of administration at the LEC between December 2016 (When the Management contract between GOL and Manitoba Hydro ended) and January 2018. These changes, coupled with the overall transition at the national level and the signing of a new Management contract with ESBI since January 2018 till now, have impacted the project schedule. The PIU has furnished a revised implementation schedule from November 2017 to December 2021 and has been approved by the African Development Bank.

The Project Coordination & Management Unit (PCMU) of the Liberia Electricity Corporation has been given the responsibility of implementing the project. The PIU is headed by a Project Coordinator who reports to the overall LEC Executive Director for Projects & Planning and the African Development Bank. In collaboration with the Project Coordinator, the PCMU has other LEC staff dedicated to the project as follows, Sr. Electrical Engineer, a Project Engineer (Civil) a Procurement Officer, Administrative/Finance officer, a Project Accountant, Procurement Officer and two drivers. The PIU Human Resource capacity has been boosted by the addition of a Procurement Expert, Financial Management Specialist for Donor Funded Projects, Finance Officer for Donor Funded Projects, and Two Procurement Assistants. The PCMU manages the project scope, schedule and budget as enshrined in the Project Appraisal Document (PAD) and approved by the AFDB. The PCMU has established the administrative and financial protocols for the project operation which includes a Project Implementation Manual (PIM) and Financial Procedure Manual.

*for*  
  
**Adam Sheriff**  
Chief Financial Officer  
LESSAP / LEC

  
**Henry Kimber**  
Project Coordinator  
LESSAP / LEC





## **Objective**

The project aims at electrifying communities situated along the power lines, building the capacities of the project executing agencies, and conducting feasibility studies for hydroelectric power stations. Public institutions such as health centers within communities along the power line will also supply the power.

### **I. Project Description and Cost Estimates**

The project comprises the following five Categories:

- **Services/Consultancies:** This involves human capital deployed to implement the project at various levels, including Project Managers, Procurement Expert, Environmentalists, Financial Management, etc.
- **Works:** This involves the construction of transmission lines, construction of substation, the construction of distribution networks including connection services, and the deployment of energy efficient lighting.
- **Training:** This involves the building of capacity for the relevant staff working on the project and the technical persons within the implementing agencies.
- **Goods:** This involves procurement of related materials for the implementation of the project. This includes, procurement of vehicles, transformers and related connection materials and not forgetting laptops.
- **Operating Cost/Project Management:** This has to do with all other expenditures relating to the day-to-day running of the project Implementation Unit. This could include, bank service charges, fuel, vehicle repairs & Maintenance, communication, stipends to project staff seconded by LEC, etc.

### **II. Significant Accounting Policies**

The financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) Modified Cash Basis and in the manner required by the Loan agreements and the African Development Bank's Policy and procedures. This implies that all expenditures are expended whether they are revenue or capital in nature and income is recognized when funds are received from the AFDB.

### **III. Currency**

The financial statements have been presented in United States Dollars, the reporting currency of the executing agency, the Liberia Electricity Corporation. Transactions in foreign currencies are translated and recorded in United States Dollars at the prevailing rate on the date of the transaction. The project book of accounts and special account at the CBL are maintained in United States Dollars.

### **IV. Banking Information**

The project account is domiciled at the Central Bank of Liberia with account titled: CLSG-Liberia Rural Elec. (ADF Loan) with account number **1502023692**



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CLSG-RURAL ELECTRIFICATION Project

	LEC	LEC	LEC	LEC	LEC	LEC	Cumulative Expenditure From Inception to Date
	2021/22	2020/21	2019/20	2018/19	2017/18		
<b>2</b>							
<b>AFDB - Credit</b>							
<b>AFDB Replenishment Direct Payment :</b>	300,224.00	281,622.50	235,400.75	311,303.50	-		1,128,550.75
Parker & Associates	-	-	46,660.00	15,770.00	-		62,430.00
Income Electrix Ltd	(3,190,193.80)	3,190,193.80	-	-	-		-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
<b>3</b>							
<b>Consultancy</b>							
International Consultancy	140,858.00	145,773.38	147,845.78	136,867.36	-		571,344.52
Local Consultancy	<b>7,455.00</b>	<b>3,000.00</b>	<b>46,660.00</b>	-	-		57,115.00
	<b>148,313.00</b>	<b>148,773.38</b>	<b>194,505.78</b>	<b>136,867.36</b>	-		<b>628,459.52</b>

**Training**

Capacity Building - Project Staff	-	-	-	-	-		-
DSA, Hotel & Accommodation	-	-	-	-	-		-
Air Fare, Vehicle Etc.	-	-	-	-	-		-
	-	-	-	-	-		-

**Fixed Assets**



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Works						
Income Electrix	(3,190,193.80)	3,190,193.80	-	-	15,770.00	15,770.00
					<b>15,770.00</b>	<b>15,770.00</b>
<b>4 Operating Costs</b>						
- refreshments/Consumables	-	-	-	-	-	-
- Tools & Accessories	-	-	-	-	-	-
- travelling & Transport	-	-	-	-	-	-
- Advertisement & Publicity	-	-	-	-	-	-
- Fuel and Lubricants	-	-	-	-	-	-
- Repair & Maintenance	-	-	-	-	-	-
- Printing charges	-	-	-	-	-	-
- Communication & Internet	-	-	-	-	-	-
- Project Management	219,722.28	114,660.36	82,411.38	-	-	-
	<b>219,722.28</b>	<b>114,660.36</b>	<b>82,411.38</b>	<b>104,826.55</b>	<b>516,475.03</b>	<b>521,413.03</b>
<b>5 BANK &amp; CASH BALANCE</b>						
PENING CASH & BANK BALANCES	93,149.48	74,960.72	69,817.13	206.69	-	-
LOSING CASH & BANK BALANCES	25,338.20	93,149.48	74,960.72	69,817.13	25,338.20	25,338.20

