

African Legal Support Facility (ALSF)

**Independent Auditors' Report on
the Special Purpose Financial
Statements of the African Legal
Support Facility**

Year ended December 31, 2010
African Legal Support Facility (ALSF)
African Development Bank
Temporary Relocation Agency
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This report contains 8 pages



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African Development Bank
Temporary Relocation Agency
15 avenue du Ghana
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Independent Auditors' Report on the Special Purpose Financial Statements of the African Legal Support Facility

Year ended December 31, 2010

We have audited the accompanying Special Purpose Financial Statements of the African Legal Support Facility (ALSF), which comprise the statement of financial position and the statement of commitment as at and for the year ended December 31, 2010 and notes, comprising a summary of significant accounting policies and other explanatory information. The Special Purpose financial statements have been prepared by Management of the African Development Bank in compliance with the accounting and financial reporting matters as set out in the accounting policies in Note 2 of the Special Purpose Financial Statements as at and for the year ended December 31, 2010.

Management's Responsibility for the Financial Statements

These Special Purpose Financial Statements referred to above present as at December 31, 2010 total funds available of **EUR 12,200,971**, a net funds balance of **EUR 11,632,771** and Funds available for commitment of **EUR 7,476,329**.

Management of the African Development Bank is responsible for the preparation of these Special Purpose Financial Statements and for determining the acceptability of the basis of accounting policies as set out in Note 2 of the Special Purpose Financial Statements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these Special Purpose Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing applicable to compliance auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance that the Special Purpose Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Special Purpose Financial Statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the Special Purpose

Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Special Purpose Financial Statements.

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

Opinion

In our opinion, the Special Purpose Financial Statements of the African Legal Support Facility (ALSF) are prepared, in all material respects, in accordance with the accounting and financial reporting matters as set out in the accounting policies in Note 2 of the Special Purpose Financial Statements for the year ended December 31, 2010.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the special purpose financial statements, which describe the basis of accounting.

These Special Purpose Financial Statements are prepared for the purposes of submitting approved and audited Special Purpose Financial Statements to the African Legal Support Facility's Management Board and Governing Council and to the Donors in accordance with the Agreement for the establishment of the African Legal Support Facility, and are not intended to be a presentation in conformity with a recognised accounting framework, such as, International Financial Reporting Standards.

Our report is intended solely to the Management Board and the Governing Council of the African Legal Support Facility and to the Donors. Our audit work has been undertaken so that we might state to the Management Board and the Governing Council of the African Legal Support Facility and to the Donors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Facility, the Management Board and the Governing Council of the African Legal Support Facility and the Donors, for our audit work, for this report or for the opinion we have formed.

This report cancels and replaces our report issued on May 27, 2011

Tunis, 07 JUIN 2011

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AFRICAN LEGAL SUPPORT FACILITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010
(Expressed in EUR)

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AFRICAN LEGAL SUPPORT FACILITY
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010
 (Expressed in EUR)

	<u>Notes</u>	<u>2010</u>
CONTRIBUTIONS:		
Contribution received	3	12 166 900
Interest earned	4	34 071
Total funds available		<u>12 200 971</u>
 DISBURSEMENTS:		
Disbursements	5	(568 200)
Net Funds available		<u><u>11 632 771</u></u>
 REPRESENTED BY		
Cash in bank	6	11 607 680
Net amount receivable	7	25 091
Net Funds balance		<u><u>11 632 771</u></u>

AFRICAN LEGAL SUPPORT FACILITY
STATEMENT OF COMMITMENT AS AT DECEMBER 31, 2010
(Expressed in EUR)

2010

Total funds available	12 200 971
Less : Commitments	
Ongoing activities (Annex 1)	(4 724 642)
Total funds available for commitment	<u>7 476 329</u>

AFRICAN LEGAL SUPPORT FACILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2010
(Expressed in EUR)

1. Purpose of the Facility

Following the endorsement on April 30, 2008 of the Board of Directors of the African Development Bank, the African Legal Support Facility ("ALSF" or the "Facility") was formally established in June 2009 as a legally autonomous and independent institution in response to calls from G-8 finance ministers and African finance ministers to: (i) assist AfDB's Regional Member Countries (RMCs) address litigation brought against them by vulture funds (and other such entities) which creates obstacles to obtaining the full benefits of debt relief available; (ii) create an avenue for regional members of the African Development Bank (the Bank) to access technical advice when negotiating complex commercial transactions (especially in the area of infrastructure and natural resources); and (iii) investing in and organizing the training of legal counsel from participating RMCs to equip them with legal expertise necessary to better represent their countries.

Following a Memorandum of Understanding (MoU) dated 22 July 2010, between the African Development Bank and the African Legal Support Facility the Bank accepted to host ALSF as an agent and carry out activities contained in the MoU, as directed by the Management Board of ALSF to facilitate its day-to-day functioning.

2. Accounting Policies

The accounts of the Facility are kept in Euros (EUR) and transactions are recorded on cash basis. Disbursements in currencies other than the EUR are converted to the EUR using the cross rates prevailing between the currencies, the Bank's Unit of Account (UA) and EUR on the date of the transaction.

For accounting purposes, the UA is deemed to be equivalent in value to one Special Drawing Right (SDR) of the International Monetary Fund (IMF).

3. Contributions

AfDB's total contribution of EUR 12,166,900 as at December 31, 2010, is made of cash (EUR 11,991,200 equivalent of the amount of UA 10,000,000 contributed by the Bank to the Facility) and in-kind (EUR 175,700). The in-kind contribution by the Bank is made up of the salary and benefits of the Acting Director, and also the cost of office space used by the Facility.

4. Interest Earned

This represents net interest earned on the cash deposit of the Facility in their bank account as at December 31, 2010, net of the exchange differences and other bank charges.

5. Disbursements

Disbursements are payments for approved projects/activities. Disbursements also include Administrative Expenses incurred by the Bank in managing the facility. The total disbursements as at December 31, 2010 amounted to EUR 568,200. Details are presented in Annex 1.

6. Cash in Bank

This represents the balance held in the Facility's bank account opened in De Nederlandse Bank, Amsterdam, as at December 31, 2010.

7. Net Amount Receivable

The net amount receivable mainly represents advances made for workshops and seminars to be conducted for the Facility as at December 31, 2010.

AFRICAN LEGAL SUPPORT FACILITY
SUMMARY OF ONGOING ACTIVITIES AS AT DECEMBER 31, 2010
 (Expressed in EUR)

Activities	Budgeted Amount	Disbursements Q1	Disbursements Q2	Disbursements Q3	Disbursements Q4	Total Disbursements for the year	Unspent Budget Amount
Legal Support to countries	1 894 201	-	-	-	-	-	1 894 201
Capacity Building	1 515 361	-	-	-	38 923	38 923	1 476 438
Administrative Expenses (i)	175 700	-	58 567	58 567	58 566	175 700	-
Allowance Director	17 048	-	-	-	-	-	17 048
Car Rental Services	6 314	-	-	-	-	-	6 314
Consultancy	593 236	-	-	-	229 741	229 741	363 495
Short Terms Staff	61 800	-	-	-	7 625	7 625	54 175
Official Missions	107 393	-	-	-	62 904	62 904	44 489
ALSF Meetings: AA, MB, GC	129 683	-	-	-	45 665	45 665	84 018
Hospitality	16 417	-	-	-	82	82	16 335
Entertainment	12 628	-	-	-	-	-	12 628
Office Supplies	6 314	-	-	-	146	146	6 168
Promotional Activities	50 512	-	-	-	7 414	7 414	43 098
Printing, Reproduction & Publication	31 570	-	-	-	-	-	31 570
Other Communication Expenses	37 884	-	-	-	-	-	37 884
Library (Research)	12 628	-	-	-	-	-	12 628
External Audit Fee	18 942	-	-	-	-	-	18 942
Translation	5 051	-	-	-	-	-	5 051
Other Personnel Expenses	3 789	-	-	-	-	-	3 789
Hosting Arrangement	28 171	-	-	-	-	-	28 171
TOTAL	4 724 642	-	58 567	58 567	451 066	568 200	4 156 442

(i) Administrative Expenses is made up of expenses incurred by the Bank in managing the Facility