

## **TABLE OF CONTENTS**

|   |    |
|---|----|
| General introduction of the African Solidarity Fund           | 3  |
| Organs  | 4  |
| Message from the incumbent Chairman of the Board of Directors | 8  |
| International and African economic environment                | 10 |
| Operational activities  | 12 |
| Administrative activities                                     | 20 |
| Financial statements as at 31/12/2008                         | 23 |
| Resolutions of the Board of Directors                         | 32 |

## **OUR ADDRESS:**

**African Solidarity Fund  
617, Avenue du Président KARL CARSTENS  
PL 005  
B.P. 382 NIAMEY - NIGER  
Quartier Plateau - Commune I**

**Phone : (227) 20 72 26 32/33/34  
Fax : (227) 20 73 30 44  
Web site : [www.fonds-solaf.org](http://www.fonds-solaf.org)  
E-mail : [fsa@fonds-solaf.org](mailto:fsa@fonds-solaf.org) et [fsa@intnet.ne](mailto:fsa@intnet.ne)**

# **GENERAL INTRODUCTION OF THE AFRICAN SOLIDARITY FUND**

## **1. MISSION**

The mission of the African Solidarity Fund is to contribute to the economic development of its African Member States by playing a role as a catalyst for financial systems, in order to enable governments, as well as public and private enterprises, to have access to credit for financing productive investment projects on one hand, and on the other, by facilitating the mobilisation of domestic savings by intervening on the financial markets.

## **2. OBJECTIVES**

The objectives of the ASF are to:

- Promote the financing of investments by serving as a catalyst for the financial systems of Member States.
- Facilitate the mobilisation of domestic and external savings by intervening on the financial markets.
- Contribute to the establishment and consolidation of local guarantee funds.

## **3. INTERVENTION TECHNIQUES**

The FSA uses three intervention techniques, to carry out its mission:

- Granting guarantees for the repayment of bank loans and bond issues.
- Granting debt refinancing, thus extending the duration of loans.
- Granting interest rate subsidies for loans granted for project financing.

## **4. AREAS OF INTERVENTION**

The ASF is active in all sectors of economic activity: basic infrastructure, rural development, agro-industry, telecommunications, energy, hotel industry, real estate, transport, etc. with the sole exception of trade.

## **5. MEMBER STATES**

Benin, Burkina Faso, Burundi, Central African Republic, Côte d'Ivoire, Gabon, Mali, Mauritius, Niger, Rwanda, Senegal, Chad, and Togo.



# **ORGANS**

## **1. BOARD OF DIRECTORS**

### **CHAIRMAN**

#### **BENIN:**

##### **Mr. Félicien Chabi ZACHARIE**

Director General of Treasury and Public Finance  
Ministry of Development, Finance, and Economic Affairs  
COTONOU

### **MEMBERS**

#### **BURKINA:**

##### **Mr. MALGOUBRI Rémy Léopold**

Director, Public Debt  
Ministry of Economic Affairs and Finance  
OUAGADOUGOU

#### **BURUNDI:**

##### **Mr. Nicodème NTIRANDEKURA**

Advisor to the Minister  
Ministry of Economic Affairs, Finance  
and Development Cooperation  
BUJUMBURA

### **CENTRAL AFRICAN REPUBLIC**

##### **Madame Isabelle GAUDEUILLE**

Cabinet of the Minister of Finance  
BANGUI



**COTE D'IVOIRE:**

**Mr. Kotro Blaise DIEGBA**

Director of External Economic Affairs  
and Sub-regional Integration (DAFEXI)  
Ministry of Economics and Finance  
ABIDJAN

**GABON:**

**Mr. MEYE BEKOUROU be OBAME**

Deputy Director of Cabinet of the Prime Minister  
LIBREVILLE

**MALI:**

**Mr. Boubacar Sidiki WALBANI**

Director General, Public Debt Department  
Ministry of Finance  
BAMAKO

**MAURITIUS:**

**Mr. Premcoomar BEEHARRY**

Director, Procurement Policy Office  
Ministry of Finance and Economic Development  
PORT-LOUIS

**NIGER:**

**Mr. ABDOU SOUMANA**

Permanent Secretary  
Ministry of Economic Affairs and Finance  
NIAMEY



**RWANDA:**

**Mr. François NKULIKIYIMFURA**

Director of Treasury  
Ministry of Finance and Economic Planning  
KIGALI

**SENEGAL:**

**Mr. Aboubacry Demba LOM**

Director of National Planning  
Department of National Planning and  
Coordination with Regional Planning  
Ministry of Economics and Finance  
DAKAR

**CHAD:**

**Mr. Ibrahim Badji MOLLIMI**

Deputy Permanent Secretary  
Ministry of Finance and Budget  
N'DJAMENA

**TOGO:**

**Mr. Mongo AHARH-KPESSOU**

Permanent Secretary for Monitoring of Reform  
Policies and Financial Programmes  
Ministry of Economic Affairs and Finance  
LOME

**BENIN:**

**Mr. Dieudonné Maurice ADJAH**

Administrator of the Treasury  
Directorate General of Treasury and Public Finance  
COTONOU  
**Substitute Director**



## GENERAL MANAGEMENT

### **Managing Director:**

*Mr. Jean-Marie Vianney NYIRIMIHIGO*

### **Legal Advisor to management:**

*Ms. Rahamata SIDIBE*

### **Finance and Accounts Manager**

*Mr. Emile Yado OUEDRAOGO*

### **Director, General affairs**

*Mr Allasra NOUDJALTA*

### **Director of Operations**

*Mr. Halid ALHASSANE*

## **2. EXTERNAL CONTROLLERS**

### **Financial Controller:**

#### **Cabinet Audit & Conseil SIDIBE & Associés**

*Mr. Ousmane SIDIBE*

*Partner*

NIAMEY

### **External Auditors:**

#### **Audit, Commissariat aux Expertises Comptables et Conseil (EFIC)**

*Mr. Hadi Goni BOULAMA*

NIAMEY.

# MESSAGE FROM THE INCUMBENT CHAIRMAN DIRECTOR FOR THE REPUBLIC OF BENIN

The year 2008 was marked by several events, for the African Solidarity Fund (ASF):

1. **Institutional reforms:** the Fund held the first meeting of its competent Ministers from Member States on 20<sup>th</sup> December 2008, at its headquarters in Niamey. During this meeting, the Ministers adopted the Fund's new basic texts, that is, the revised agreement establishing the African Solidarity Fund, and its statutes. The main innovations introduced by the new texts are as follow:
  - Extension of the ASF range of products.
  - Opening of the Fund's capital to new members: African and non African countries, Development Financing Institutions, and private corporations.
  - Modification of the organs of the Fund, which are now:
    - o The General Assembly
    - o The Board of Directors
    - o General Management
  - Reorganisation of the structure of the Fund's capital to bring it in line with those of international financial institutions, with two components: **Called up Share Capital** and **Callable Share Capital**.
  - The increase of the Fund's capital, which has been raised to FCFA 150 billion, with **20%** or FCFA 30 billion in the form of **Called up Share Capital** and **80%** or FCFA 120 billion comprising the **Callable Share Capital**. At least two thirds (2/3) of the capital shall be held by African Member States.

After the new texts had been adopted, the Ministers adopted a decision in the form of a subscription and call for capital, through which each Member State decided at the minimum, to double their current share in the capital of the ASF. Thus, the capital subscribed by the current member countries increases from FCFA 10 billion to 20 billion in terms of paid up capital, and FCFA 80 billion in callable share capital, that is, a subscribed capital of FCFA 100 billion.

The Ministers reaffirmed the attachment of Member States to the African Solidarity Fund and expressed their warm appreciation for its operational and financial performance.



2. **Management of the ASF:** The Fund continued the reforms aimed at improving its prudential management enhancing its capacities. Consequently:
- The Fund undertook to overhaul its information technology system with the purchase of the IBIS integrated software package from CERGI Banking Services (Côte d'Ivoire), which covers the various management functions: Accounting, Budget/Expenditure, Payments, Immobilisations, Evaluation, and Monitoring of Liabilities. The equipment platform was renewed with the acquisition of two new servers and the complete rehabilitation of the Fund's IT room, which was also made secure.
  - The Fund continued to improve the quality of its portfolio with the consolidation of liabilities monitoring; implementation of a risk scoring system; observance of prudential ratios; improvement of the project evaluation system, and the strengthening of mechanisms for obtaining security interests.
  - The Fund defined a new policy for setting up provisions for its commitments, which distinguishes between two types of provisions:
    - o A provision for general risk, which covers all the off-balance sheet liabilities where the rate of provision depends on the scoring of each commitment. For 2008, the total amount of provisions set up to this effect was FCFA 1 399 719 724.
    - o A provision for receivables arising out of guarantee calls, which is similar to the existing debt provision arrangements in banks.
3. **Operational activities:** 2008 was marked by the most serious financial crisis since the 1929 crisis. This crisis, which started with the "sub primes crisis", led to the collapse of all financial markets and contaminated the economy as a whole. This brought about a plunge in the GDP growth rate of developed countries. The African continent was not overly affected in 2008 and recorded an overall GDP growth of 5.4%.

Within this context, the operations of the African Solidarity Fund were affected by the limited number of private bond issues on the financial market. Consequently, the cumulated sum of interventions in 2008 is lower than in 2007. The total is FCFA 11 448 800 000, as against FCFA 15 598 159 488 in 2007, and covers 13 investment projects in various Member States. These new operations raise the total of approved guarantees to FCFA 216 918 196 675 as at 31<sup>st</sup> December 2008.

4. **Financial activities:** The global financial crisis did not spare our Institution, which fell prey to the consequences of the malfunctions of the global financial system. The Fund's investments depreciated considerably, leading to the constitution of significant provisions for depreciation, to the tune of FCFA 3 879 272 603.



Thus, the value of investment securities fell sharply during this year, FCFA 11 130 613 327 to FCFA 5 546 832 474.

The collapse of financial markets did not only affect the value of securities; it also led to a reduction in returns on investments.

Operating income fell significantly, not only as a result of the reduction in commissions, but also and above all because of the reduction in interest accruing from receivables arising out of guarantee calls.

On the whole the 2008 financial year ended with a balance sheet total of FCFA 26 797 960 015 and a net deficit of FCFA – 4 450 732 950.

The priority thus becomes to consolidate the Fund's financial resources in order to restore its intervention capacity. The priority measures will be as follows:

- Payment by Member States of all or part of their share of the capital.
- Initiate all action required to restore the assets of the ASF.
- Recovery of receivables arising out of guarantee calls and in particular the debt of the ICS, the first instalment of which was paid in October 2008.
- Recovery of the BCEAO loan.
- Accession of new members to the African Solidarity Fund.

At the end of my tenure as chairman of the Board, which comes to an end on 31<sup>st</sup> December 2008, I wish to thank all my fellow Directors, the General Management, and the staff of the Fund, for their invaluable support, and wish full success to **Mr. MALGOUBRI Rémy Léopold**, Director for Burkina Faso and chairman of the ASF Board of Directors for 2009.

**Mr. Félicien Chabi ZACHARIE**

**Chairman of the Board of Directors**



**INTERNATIONAL AND AFRICAN ECONOMIC ENVIRONMENT**



During 2008, the global economy experienced the most serious crisis since 1929. The “sub primes crisis”, which began in 2007, worsened in 2008. Indeed, as the number of defaults on payments of mortgage loans increased, the value of mortgage-backed securities deteriorated. Short term investors and depositors withdrew, leaving the issuers in grave difficulties. In a climate of uncertainty, banks, including those that were not directly affected, stopped giving loans as they did not know which establishments could hold toxic securities, and they had no idea of the extent of the phenomenon. In the summer of 2008, the collapse of the American bank, Lehman Brothers, sparked off a major financial crisis, which quickly spread to all financial markets as a result of global integration and the close links among financial institutions.

Central banks reacted strongly to the lack of liquidity on the market. Governments in developed countries initiated short term strategies and plans to control the crisis, mainly through the following:

- Reduction in leading rates.
- Granting of cash facilities to banks and major businesses.
- Setting up guarantee mechanisms.
- Increasing the capital of banks.
- Government purchase of toxic assets.

These emergency measures made it possible to avoid a financial cataclysm. However, the financial crisis extended to the real economy as a result of the reduction in credit. Indeed banks, which had to write off their non-performing loans, could no longer grant loans, due to their equity obligations. This resulted in a slowing down of economic growth.

In industrialised countries, the crisis brought about a slump in industrial production (in particular in the automobile industry), an increase in unemployment, and a deep plunge in households’ consumption.

In the United States, for example, GDP growth in 2008 fell by -1% to 1.3%, compared to 2.2% in 2007.

The fifteen countries of the euro zone registered an overall growth of 0.8% for the whole of 2008, that is, less than a third of the 2.6% registered in 2007. For all 27 countries in the European Union, GDP growth in 2008 was 0.9%, compared to 2.9% in 2007.

In Japan, GDP fell by more than 10% during the last quarter of 2008. Annual growth for the 2008-2009 financial year, which ends on 31<sup>st</sup> March 2009, is expected to be negative by -2%.



In China, the fourth ranking economy globally, as a result of the reduction in exports, GDP growth was expected to slow down to 9.4% in 2008, compared to 11.4% recorded in 2008.

The African continent, whose economy is poorly integrated globally, was not strongly affected by the crisis in 2008. GDP growth on the continent is estimated at 5.4% in 2008. Forecasts for the continent in 2009 are however pessimistic because it is expected to experience the indirect effects of the crisis sharply, due in particular to:

- The fall in prices of raw materials.
- Reduction in exports.
- Lower income from tourism.
- Reduction in development assistance and transfers from migrants.

This situation could cancel the progress made on the continent in improving basic conditions, in particular through the following:

- Significant reduction in deficits.
- Strong reduction of indebtedness.
- Reorganisation of the productive sector.
- Increase in foreign exchange reserves.

Coming to the specific situation of Member States of the African Solidarity Fund (ASF), their economic performance is once again below the general average observed in sub-Saharan Africa, as a result of negative endogenous and exogenous factors.

The UEMOA zone recorded a GDP growth of 3.9% in 2008, compared to 3.7% in 2007. In the area of public finance, as a result of budgetary measures adopted by governments to control the rising cost of living, budgetary deficit increased to 5.7% of GDP in 2008, compared to 5.1% in 2007. Indeed, the strong pressure on prices of consumer goods raised inflation rates to their highest observed levels for more than a decade. Average annual inflation thus rose to 7.4%, as against 2.4% in 2007.

Countries of the CEMAC zone experienced higher growth than those in the UEMOA zone, even though growth dropped in comparison to 2006 and 2007. The overall GDP of the zone was around 4.3% in 2008, compared to 4.5% in 2007 and 5.1% in 2006. This reduction in growth is due mainly to the fall in export revenue, especially for oil producing countries such as Congo, Gabon, Equatorial Guinea, and Chad.

The three non CFA Franc member countries of the ASF recorded satisfactory economic performance. Burundi shows a GDP growth rate of 4.5%, a strong increase as compared to 2007. The economies of Mauritius and Rwanda recorded robust growth rates of 7% and 12% respectively in 2008.



## OPERATIONAL ACTIVITIES



## INTERVENTIONS DURING THE 2008 FINANCIAL YEAR

During the 2008 financial year, the Fund recorded 34 requests for intervention from various Member States, including 32 requests for guarantees, one request for an interest rate subsidy, and one for a loan extension. All these requests were processed and the viable applications were evaluated by the Operations Division. Thirteen projects were submitted to the Directors for approval during the two ordinary sessions of the Board of Directors and an on-site visit that took place during the 2008 financial year.

All 13 projects submitted to the Board of Directors were approved and concern 11 requests for bank loan guarantees and 2 requests for bond issue guarantees.

The table below gives a breakdown of guarantees approved in 2008:

| N°                 | PROJECT PROMOTER | COUNTRY      | LENDER            | GUARANTEED AMOUNT     |
|--------------------|------------------|--------------|-------------------|-----------------------|
| 1                  | CNI              | Gabon        | BDEAC             | 1 680 000 000         |
| 2                  | MDS Mali         | Mali         | BNDA              | 318 000 000           |
| 3                  | SNTC             | Niger        | Ecobank Niger     | 360 000 000           |
| 4                  | SSTV             | Niger        | Ecobank Niger     | 150 000 000           |
| 5                  | ENNY             | Rwanda       | Banque de Kigali  | 355 800 000           |
| 6                  | STONES           | Mali         | Banking Pool Mali | 950 000 000           |
| 7                  | MILK CHEL SA     | Burundi      | PTA Bank          | 360 000 000           |
| 8                  | SHELTER AFRIQUE  | Intern. Ins. | Bond loan         | 2 000 000 000         |
| 9                  | RENACA           | Benin        | Ecobank Benin     | 400 000 000           |
| 10                 | ACFB             | Benin        | Ecobank Benin     | 75 000 000            |
| 11                 | ACI              | Mali         | Bond loan         | 4 200 000 000         |
| 12                 | TAANADI          | Niger        | BRS Niger         | 150 000 000           |
| 13                 | CET              | Niger        | BIA Niger         | 450 000 000           |
| <b>GRAND TOTAL</b> |                  |              |                   | <b>11 448 800 000</b> |

Thus, the total amount of guarantees approved by the African Solidarity Fund for 2008 stood at FCFA 11 448 800 000, compared to FCFA 15 598 159 488 in 2007, representing a 25% reduction. This reduction is explained by the low number of issues of private bonds on the financial market as a result in particular of the fact that private issuers were pushed out of the market by governments, whose issues do not require guarantees, and also by the liquidity crisis on the market in 2008.

To take the example of the Shelter Afrique operation, although this is a sound company, which was carrying out its third issue on the financial market, the issue was under-subscribed and obtained barely 26.6% of the amount requested. Also, NESKO from



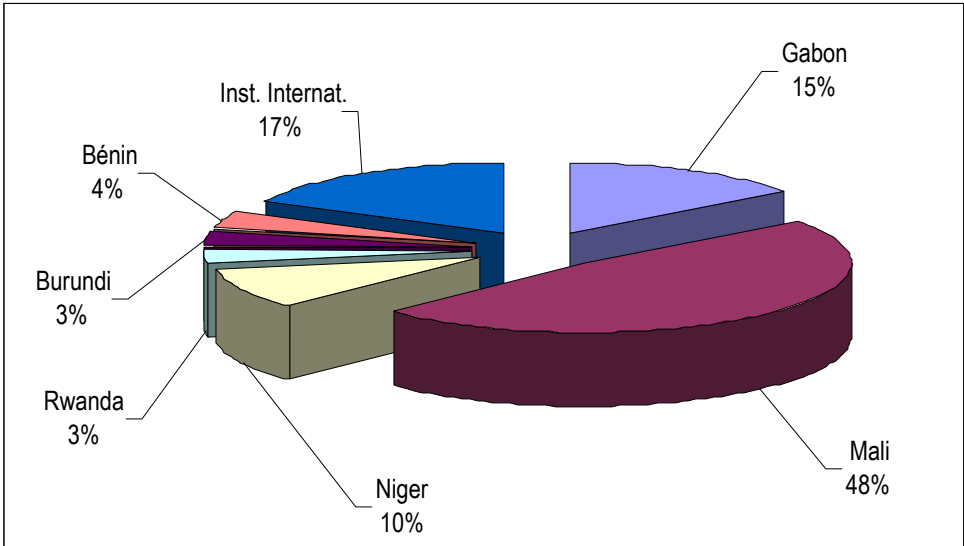
Burkina Faso was only able to mobilise FCFA 600 million or 20% of a total issue of FCFA 3 billion.

It must also be indicated that the reduction in approvals is partly the result of the African Solidarity Fund complying with the new prudential arrangements, which considerably reduce the risk exposure levels.

Approvals of ASF guarantees for loans to the microfinance sector, which only represented 0.1% in 2007 rose to 7.5% in 2008 with approvals in favour of one microfinance institution in Niger (TAANADI) and two microfinance networks in Benin (RENACA and ACFB).

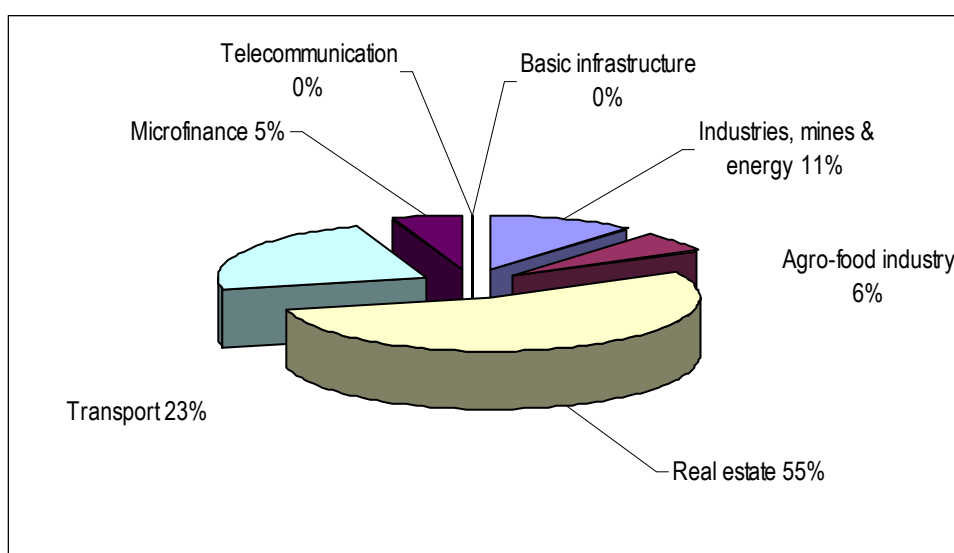
Approvals in 2008 concerned six member countries and one international institution working in all Member States of the ASF. This confirms the portfolio diversification and mitigation of the geographical risk for the Fund.

The breakdown by beneficiary country is as follows:



As far as sectors are concerned, guarantees granted by the ASF in 2008 can be broken down as follows:

|                            |                       |                |
|----------------------------|-----------------------|----------------|
| Industries, mines & energy | 1 305 800 000         | 11.41%         |
| Agro-food industry         | 678 000 000           | 5.92%          |
| Real estate                | 6 200 000 000         | 54.15%         |
| Transport                  | 2 640 000 000         | 23.06%         |
| Microfinance               | 625 000 000           | 5.46%          |
| Telecommunications         | 0                     | 0.00%          |
| Basic infrastructure       | 0                     | 0.00%          |
|                            | <b>11 448 800 000</b> | <b>100.00%</b> |



## **GENERAL REVIEW OF INTERVENTIONS AS AT 31 DECEMBER 2008**

### **Guarantees**

As at 31 December 2006, the total amount of guarantees granted by ASF stood in principal at FCFA 216 918 196 675, in respect of 134 projects in 12 of the 13 Member States. The Fund's operations made it possible to mobilise financing to the tune of FCFA 430 billion.

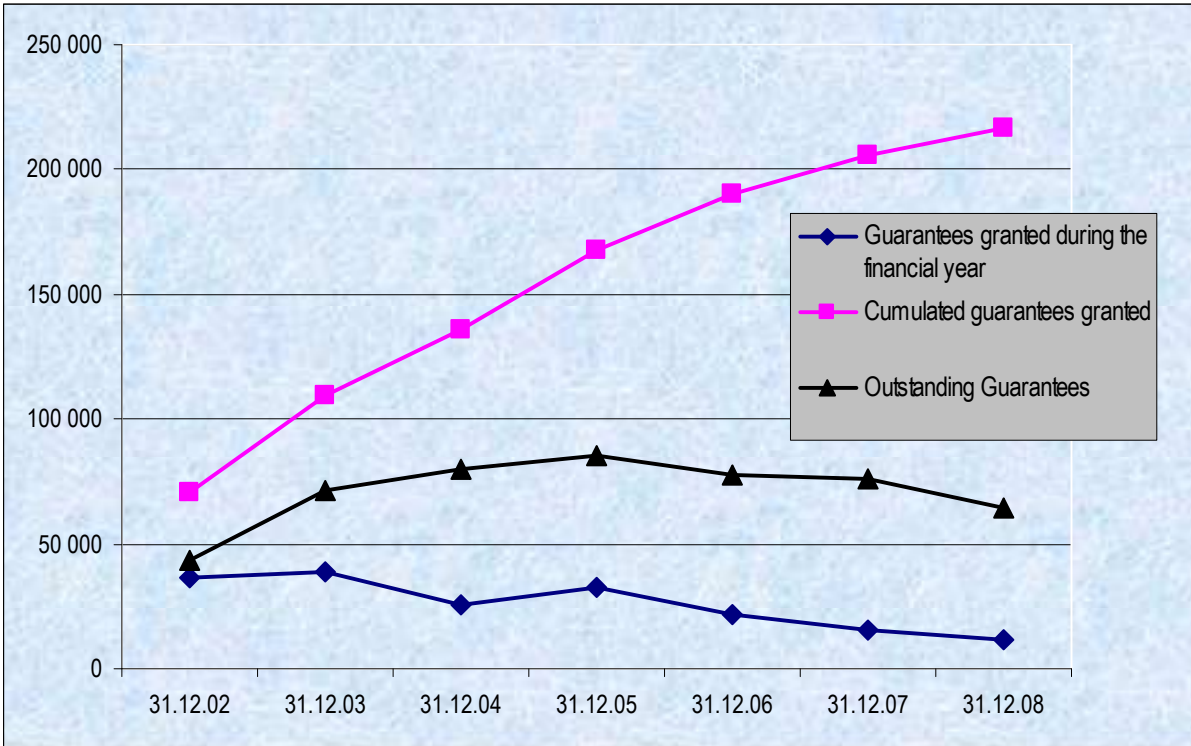


The trends of ASF guarantees from 2002 to 2008 are shown as follows (in millions of FCFA):

|  | 31.12.02 | 31.12.03 | 31.12.04 | 31.12.05 | 31.12.06 | 31.12.07 | 31.12.08 |
|--|----------|----------|----------|----------|----------|----------|----------|
| Guarantees granted during the financial year | 36 611   | 38 881   | 25 820   | 32 361   | 21 921   | 15 598   | 11 449   |
| Cumulated guarantees granted                 | 70 888   | 109 769  | 135 589  | 167 950  | 189 871  | 205 469  | 216 918  |
| Outstanding Guarantees                       | 43 245   | 71 102   | 79 803   | 85 266   | 77 632   | 76 389   | 64 653   |

Outstanding guarantees increased from FCFA 76 389 823 908 at 31/12/2007 to FCFA 64 653 186 448 at 31/12/2008, representing a decrease of 15.4%. This reduction can be explained by the high level of depreciations (in particular guarantees on bond loans), which could not be compensated by the commitments signed during the 2008 financial year.

The graph below illustrates the trends in ASF approvals and outstanding debts:

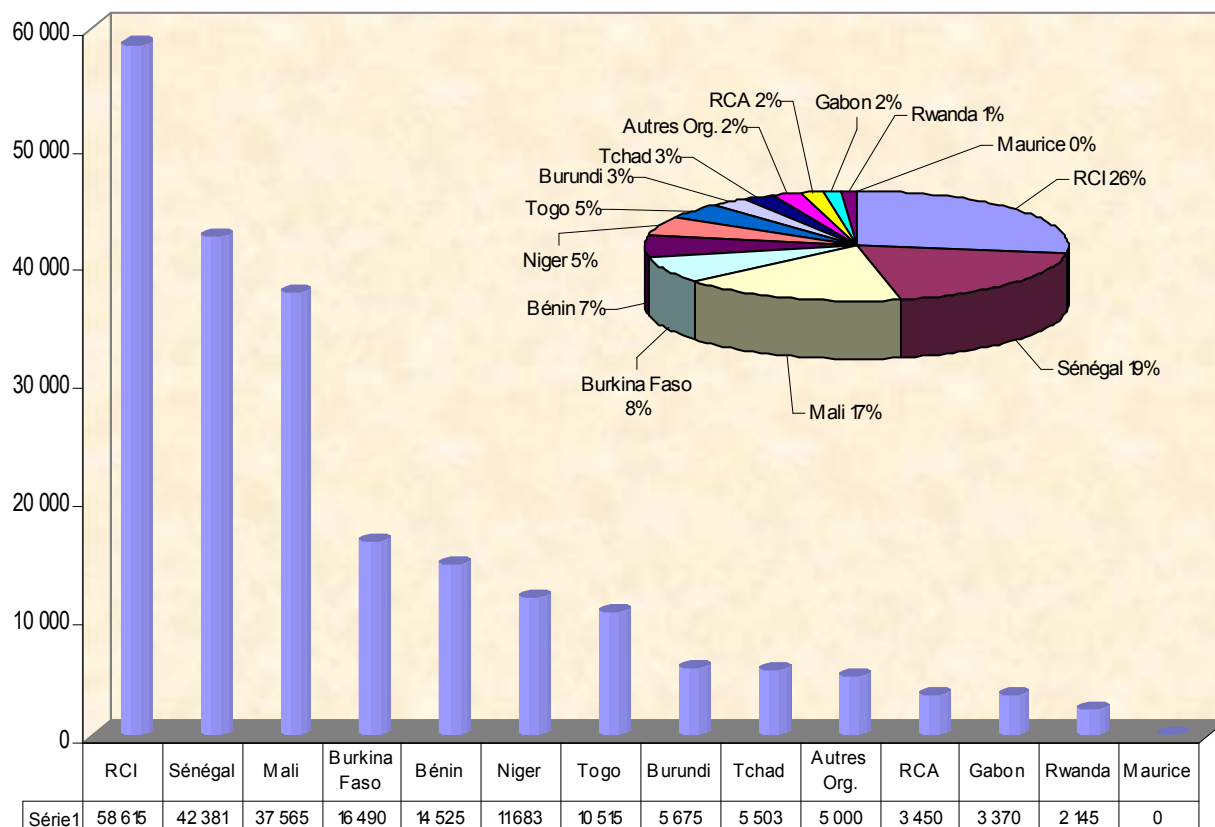


This graph illustrates the steady progression of ASF interventions: +54.9% in 2003, +23.5% in 2004, +23.9% in 2005; +11.8% in 2006, +8.2% in 2007, and 5.6% in 2008. However the volume of approvals granted has been on a downward trend since 2006 when the euphoria of private issuers and subscribers on the financial market began to die down. Outstanding guarantees also increased until 2005, before beginning to go



down starting from 2006, as a result of the fact that annual depreciations became higher than new commitments.

The distribution of outstanding guarantees by Member State as at 31 December 2008 is as follows (in millions of FCFA):



The breakdown of guarantees granted by sector of intervention is shown as follows (in millions of FCFA):

| SECTORS                      | AMOUNT         | %              |
|------------------------------|----------------|----------------|
| Telecommunications           | 46 198         | 21.30%         |
| Energy                       | 43 414         | 20.01%         |
| Agro-industry                | 31 513         | 14.53%         |
| Finance                      | 23 370         | 10.77%         |
| Hotel industry & real estate | 22 288         | 10.27%         |
| Industry                     | 19 175         | 8.84%          |
| Transport                    | 16 265         | 7.50%          |
| Basic infrastructure         | 14 070         | 6.49%          |
| Microfinance                 | 625            | 0.29%          |
|                              | <b>216 918</b> | <b>100.00%</b> |

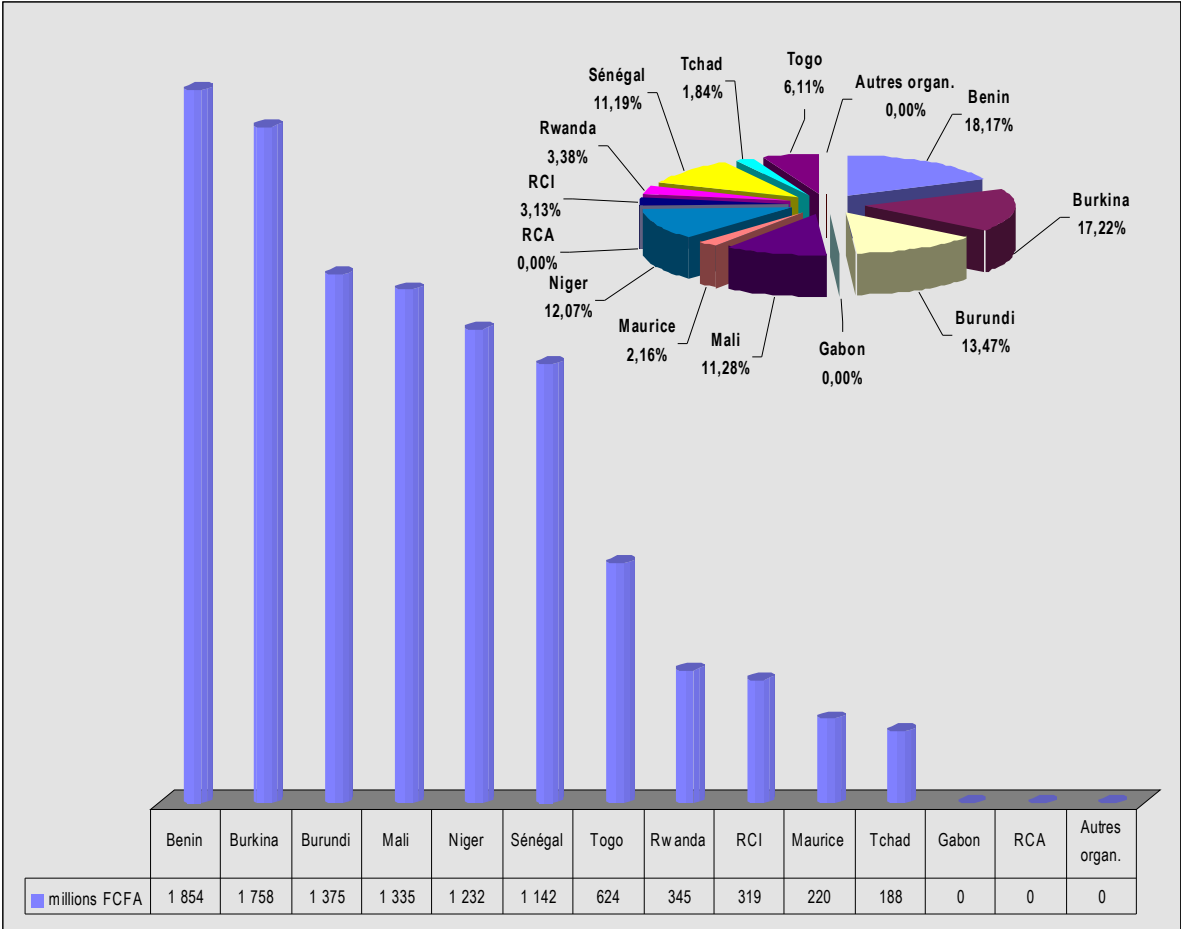


**Interest rate subsidies**

Owing to the dwindling of resources allocated to interest rate subsidy operations, the ASF did not approve any new subsidy interventions during the 2008 financial year.

As at 31<sup>st</sup> December 2007, the cumulated amount of interest rate subsidies granted by the ASF stood at FCFA 10 937 322 156 for 80 projects in 11 Member States. The interest rate subsidies granted by the ASF contributed to mobilising a cumulated total of FCFA 180.4 billion for the benefit of beneficiary Member States.

These subsidies are broken down among Member States as follows:



At the same date, outstanding subsidies, that is, the total amount granted but not yet disbursed (reserves committed for subsidies) was FCFA 3 286 653 438 for thirty-nine projects. Some of these projects could not be carried out as planned in the feasibility studies submitted to the ASF and on the basis of which the approval for the subsidy was given; others saw their promoters go bankrupt, while yet others never requested payment of the subsidies from the ASF until they expired.

Thus, during its 76<sup>th</sup> session, the ASF Board of Directors decided to cancel the expired subsidies, which represented a total of FCFA 1 470 759 437. This amount was set aside as provision for general risks, in line with the new provision policy. Since these provisions are in the form of reserves, they shall be included in the bank's equity in order to enable the ASF to improve its operational capacity while complying with its prudential norms.

### **Loan repayment extensions**

During the 2008 financial year, the ASF did not grant any loan repayment extensions. The cumulated amount of financing granted by the Fund as at 31<sup>st</sup> December 2008 stood at FCFA 722 000 000. As at 31<sup>st</sup> December 2008, outstanding debts arising from loan repayment extensions stood at about FCFA 148 million, held on the Green Hills Academy company of Rwanda.

### **OTHER ACTIVITIES**

During the 2008 financial year, the Fund maintained permanent contact with the different financial backers and promoters of its project portfolios. Thus:

- The ASF hosted a joint review mission of the BDEAC and the WADB during which the three institutions took stock of their cooperation, reviewed common cases and discussed their procedures and methods of work.
- The BDEAC organised an open day in Libreville, Gabon, for investors and Gabonese banks, in conjunction with the ASF. On that occasion, the two institutions made detailed presentations about their products and operating methods to their audience. The Managing Director of the ASF took advantage of this opportunity to meet the competent authorities of the ASF in Gabon.
- An ASF mission, under the leadership of the Managing Director, participated in the meeting organised by the CREPMF in July 2008 in Lome, on the reform of the financial market guarantee system and rating of operators. During his visit to Lome, the ASF Managing Director had a working session with the President of the WADB during which they reviewed a number of joint dossiers and discussed the complementarity of the missions of their two institutions. They also discussed the



common understanding of the ASF guarantee, which is a mechanism for risk sharing with financial backers.

- Several portfolio monitoring missions were organised in 2008 to Mali, Côte d'Ivoire, Burundi, and Senegal.



## ADMINISTRATIVE ACTIVITIES



## 1. INSTITUTIONAL REFORMS

The Council of Ministers of the African Solidarity Fund's competent authorities was held in Niamey in the Republic of Niger, on 20<sup>th</sup> December 2008. During this meeting, the Ministers adopted new basic texts (revised agreement and statutes), thus giving new impetus to the Fund. The main innovations introduced by the new texts are as follows:

- Extension of the ASF range of products in particular through:
  - o Equity participation
  - o Management of funds on behalf of third parties
- Opening the capital of the Fund to new members with a view to having four categories of members:
  - o African Member States
  - o Non African Member States
  - o Public development financing institutions
  - o Private corporations
- Modification of the organs of the Fund, which are now:
  - o The General Assembly
  - o The Board of Directors
  - o General Management
- Granting the ASF all the privileges, immunities and tax exemptions accorded to International Financial Institutions, in all Member States.
- Amendment of the decision-making procedure through a qualified majority instead of unanimity.
- Clarifying the procedures for entry into force and amendment of basic texts.

Where the capital is concerned, the new Statutes proposed that it be restructured as follows:

- The **Authorised Capital** represents the ceiling amount of ASF capital. It is broken down into the **Subscribed Capital** (by Fund shareholders) **Unsubscribed Capital** (reserved for future ASF members).
- The **Authorised Capital** comprises two parts: the **Called up Share Capital** and the **Callable Share Capital**.
- The **Called up Share Capital** represents the portion of the capital that is called by the Board of Directors and paid up by shareholders within deadlines that are in line with OHADA provisions.



- The **Callable Share Capital** can only be called in exceptional circumstances, in particular if the fund has difficulties honouring its commitments. It therefore represents a form of guarantee from the shareholders.

The new Statutes set the Fund's **Authorised Capital** at FCFA 150 billion, with **20%** or FCFA 30 billion in the form of **Called up Share Capital** and **80%** or FCFA 120 billion comprising the **Callable Share Capital**.

The new Statutes stipulate that at least two thirds (2/3) of the Authorised Capital of the ASF shall be held by Regional Member States (Category A).

## **2. ADMINISTRATION AND HUMAN RESOURCES MANAGEMENT**

The new Staff Rules and the new Salary Scale adopted by the Board of Directors in November 2007 came into force starting from January 2008.

The organisational structure of the Fund was modified in March 2008, following the adoption of a new organisational chart by the Board of Directors in November 2008. Thus, three new departments were set up, namely, the Finance and Accounts Department (FAD), the Operations Department (OPD), and the General Affairs Department (GAD). They replaced the Financial and Accounting Operations Division, the Research and Projects Division, and the General Administration Division. Each Department is made up of two Divisions.

The different managers and some division chiefs were appointed in March 2008. The definition of the missions and tasks attributed to the various departments and their attached divisions were drafted and applied in an administrative note from the Managing Director.

Concerning staff movements, in April 2008 one of the senior officials of the Fund, who had held the position of Operations Manager, left after being called to take up a position in government in his home country.



As at 31 December 2008, the staff complement of the ASF stood at 34, distributed as follows:

| Distribution                    | Senior Executive staff | Executive staff | Intermediate Staff | Support Staff | TOTAL     |
|---------------------------------|------------------------|-----------------|--------------------|---------------|-----------|
| General Management              | 1                      | 2               | 1                  | 1             | 5         |
| General Affairs Department      | 1                      | 3               | 4                  | 9             | 17        |
| Finance and Accounts Department | 1                      | 1               | 2                  |               | 4         |
| Operations Department           | 3                      | 2               | 3                  |               | 8         |
| <b>TOTAL</b>                    | <b>6</b>               | <b>8</b>        | <b>10</b>          | <b>10</b>     | <b>34</b> |

### 3. SKILLS UPGRADING

In 2008, ASF senior officers took part in the following seminars:

- A seminar on the topic of "**Securing the banking profession legally in the OHADA zone**", organised by the *Association Africaine des Juristes de Banques* in Cotonou, Benin from 16<sup>th</sup> to 19<sup>th</sup> April 2008.
- A seminar on "**Structuring investment project financing**" organised by African Trade Insurance (ATI) with Euro Money Training, from 25<sup>th</sup> to 27<sup>th</sup> August 2008 in Nairobi, Kenya.

All of the executive and intermediate staff took part in a training programme on the new IBIS software from CERGI Banking Services: Accounting, Budgetary Management, Expenditure Management, Fixed Asset Management, Staff Wages, and Commitments Management.

### 4. ASSETS MANAGEMENT

As part of the move to maintain the ASF's real estate assets, major rehabilitation work was carried out at the ASF headquarters in 2008. Within the framework of the overhaul of the ASF's information technology system, new IT equipment was purchased, in particular two servers, high capacity converters, computers, laptop computers, printers, and IT network accessories.

As part of the IT migration and also drawing up the accounts for 2008, a comprehensive physical inventory of the Fund's assets was carried out.



**FINANCIAL STATEMENTS AS AT  
31/12/2008**

## BALANCE SHEET AS AT 31/12/2008

| ASSETS                                     | NET AMOUNTS           |                       | LIABILITIES                              | NET AMOUNTS           |                       |
|--|-----------------------|-----------------------|--|-----------------------|-----------------------|
|  | 2007                  | 2008                  |  | 2007                  | 2008                  |
| <b>CASHFLOW &amp; INTERBANK OPERATIONS</b> | <b>587 360 296</b>    | <b>842 488 812</b>    | <b>INTERBANK DEBTS</b>                   | <b>2 480 511 815</b>  | <b>1 731 520 092</b>  |
| - Cash in hand                             | 3 953 372             | 4 119 831             | <b>SUNDRY OPERATIONS</b>                 | <b>3 462 721 336</b>  | <b>3 476 445 854</b>  |
| - Cash in bank                             | 583 406 924           | 838 368 981           | - Bank overdrafts                        | 131 035               | 55 054 362            |
| - Cheques to be cashed                     | 0                     | 0                     | - Sundry creditors                       | 405 957               | 615 747               |
|  |                       |                       | - Suspense & sundry accounts             | 107 507 584           | 28 302 804            |
| <b>OPERATIONS WITH CLIENTS</b>             | <b>8 432 191 833</b>  | <b>8 952 370 622</b>  | - Backing fees received upfront          | 500 000               | 0                     |
| - Staff loans                              | 157 028 351           | 175 132 357           | - Commissions received upfront           | 148 390 640           | 99 291 843            |
| - Suspense account and sundries            | 44 744 454            | 111 915 589           | - Charges due                            | 79 373 683            | 166 768 661           |
| - Outstanding debts                        | 8 113 446 337         | 8 517 536 406         | - Passive suspense accounts              | 3 126 412 437         | 3 126 412 437         |
| - Loan repayment extension                 | 116 972 691           | 147 786 270           | <b>COMMITTED RESERVES</b>                | <b>3 900 492 090</b>  | <b>1 565 405 028</b>  |
|  |                       |                       | <b>ALLOCATED RESERVES</b>                | <b>98 119 393</b>     | <b>98 119 393</b>     |
| <b>SECURITIES &amp; SUNDRY OPERATIONS</b>  | <b>11 330 524 803</b> | <b>5 774 747 870</b>  | <b>PROVISIONS FOR RISK &amp; CHARGES</b> | <b>492 829 876</b>    | <b>519 982 409</b>    |
| - Investment securities                    | 11 130 613 327        | 5 546 832 474         | <b>PROVISIONS FOR GENERAL RISKS</b>      | <b>0</b>              | <b>1 435 814 802</b>  |
| - Sundry debtors                           | 25 288 351            | 25 288 351            | <b>AVAILABLE RESERVES</b>                | <b>1 484 061 557</b>  | <b>2 421 405 387</b>  |
| - Receivables                              | 173 030 253           | 200 903 391           | - Free reserves                          |                       | 1 779 405 387         |
|  |                       |                       | - Loan repay. extension reserves         |                       | 642 000 000           |
| - Suspense and sundry accounts             |                       |                       | <b>CAPITAL</b>                           | <b>10 000 000 000</b> | <b>19 309 000 000</b> |
| - Charges paid upfront                     | 0                     | 0                     | - Called and paid capital                | 9 165 692 188         | 9 509 215 133         |
| - Active suspense account                  | 1 592 872             | 1 723 654             | - Called and unpaid capital              | 834 307 812           | 9 799 784 867         |
| <b>FIXED ASSETS</b>                        | <b>772 422 893</b>    | <b>737 567 844</b>    | <b>RESULTAT NET</b>                      | <b>38 071 570</b>     | <b>-4 450 732 950</b> |
| - Deposits and guarantees                  | 4 805 500             | 4 805 500             | - Result of current financial year       | 38 071 570            | -4 450 732 950        |
| <b>FIXED ASSETS SUBTOTAL</b>               | <b>767 617 393</b>    | <b>732 762 344</b>    |  |                       |                       |
| - Current fixed assets                     | 0                     | 0                     |  |                       |                       |
| - Intangible operating fixed assets        | 3 192 682             | 0                     |  |                       |                       |
| - Tangible operating fixed assets          | 760 666 232           | 732 762 344           |  |                       |                       |
|  |                       |                       |  |                       |                       |
| - Intangible extra operating fixed assets  | 0                     | 0                     |  |                       |                       |
| - Tangible extra operating fixed assets    | 3 758 479             | 0                     |  |                       |                       |
| <b>SHAREHOLDERS OR ASSOCIATES</b>          | <b>834 307 812</b>    | <b>9 799 784 867</b>  |  |                       |                       |
| - Shareholders, uncalled capital           | 834 307 812           | 9 799 784 867         |  |                       |                       |
| <b>TOTAL</b>                               | <b>21 956 807 637</b> | <b>26 106 960 015</b> | <b>TOTAL</b>                             | <b>21 956 807 637</b> | <b>26 106 960 015</b> |
| <b>EXTRA BALANCESHEET COMMITMENTS</b>      |                       |                       |  |                       |                       |
| <b>ACTUAL COMMITMENTS RECEIVED</b>         |                       |                       | <b>ACTUEL COMMITMENTS GIVEN</b>          | <b>64 723 464 902</b> | <b>75 362 509 558</b> |

## INCOME STATEMENTS AS AT 31/12/2008

| ITEM  | 2007          | 2008           | DIFFERENCE     | %          |
|---|---------------|----------------|----------------|------------|
| <b>Income from financial operations</b>                             | 474 020 037   | 9 265 446      | -464 754 591   | -98,05     |
| * Interests on interbank loans                                      | 325 825       | 524 299        |                |            |
| * Interests and income from investment securities                   | 473 694 212   | 8 741 147      |                |            |
| <b>Charges on financial operations</b>                              | 355 507 758   | 244 651 850    | -110 855 908   | -31,18     |
| * Charges on investment securities                                  |               |                |                |            |
| * Other bank charges  | 355 507 758   | 244 651 850    |                |            |
| <b>Net of income and charges on financial operations</b>            | 118 512 279   | -235 386 404   | -353 898 683   | -298,62    |
| <b>Operating income</b>   | 1 809 888 551 | 928 672 120    | -881 216 431   | -48,69     |
| * Backing fees  | 771 244 168   | 597 221 619    |                |            |
| * Interests on customer and staff loans                             | 4 705 803     | 4 936 953      |                |            |
| * Commitment fees   | 210 785 792   | 145 091 232    |                |            |
| * Miscellaneous income  | 6 000 000     | 6 500 000      |                |            |
| * Remuneration for loan repayment extension                         | 4 149 115     | 6 972 474      |                |            |
| * Mobilized backing interests                                       | 813 003 673   | 167 949 842    |                |            |
| <b>General operating expenses</b>                                   | 970 838 537   | 1 212 987 057  | 242 148 520    | 24,94      |
| * Staff expenses  | 533 934 136   | 547 849 073    |                |            |
| * Other general expenses (including Board expenses)                 | 436 904 401   | 665 137 984    |                |            |
| <b>Gross operating surplus</b>                                      | 957 562 293   | -519 701 341   | -1 477 263 634 | -154,27    |
| <b>Allocation for depreciation</b>                                  | 100 173 883   | 73 817 550     | -26 356 333    | -26,31     |
| <b>Current operating income</b>                                     | 857 388 410   | -593 518 891   | -1 450 907 301 | -169,22    |
| <b>Exceptionnal income and profit</b>                               | 27 190 983    | 7 363 771      | -19 827 212    |            |
| <b>Exceptionnal charges and charges on previous financial years</b> | 274 208 661   | 22 579 282     | -251 629 379   | -91,77     |
| <b>Exceptionnal result</b>  | -247 017 678  | -15 215 511    | 231 802 167    | -93,84     |
|   |               |                |                |            |
| <b>Roll over provision and cession income</b>                       | 446 003 916   | 1 177 092 845  | 731 088 929    | 163,92     |
| * Provision for charges and risks                                   | 6 041 232     | 1 176 635 392  |                |            |
| * Miscellaneous income and profit                                   | 529 492       | 457 453        |                |            |
| * Provisions for securities depreciation                            | 437 833 602   | 0              |                |            |
| * Value on cession of assets  | 1 599 590     | 0              |                |            |
| <b>Exceptionnal provisions</b>                                      | 1 018 303 078 | 5 019 091 393  | 4 000 788 315  | 392,89     |
| * Provision for charges and risks                                   | 0             | 0              |                |            |
| * Provisions for doubtful debts or contested claims                 | 0             | 574 636 144    |                |            |
| * Provisions for interests on doubtful debts or contested claims    | 944 660 546   | 0              |                |            |
| * Provisions for take-off costs                                     | 73 642 532    | 46 897 554     |                |            |
| * Provisions for securities depreciation                            | 0             | 4 397 557 695  |                |            |
| <b>Net depreciation and exceptionnal provisions</b>                 | -572 299 162  | -3 841 998 548 | -3 269 699 386 | 571,33     |
|   |               |                |                |            |
| <b>Net income for the financial year</b>                            | 38 071 570    | -4 450 732 950 | -4 488 804 520 | -11 790,44 |

## SUMMARY OF ASF ACCOUNTS AS AT 31/12/2008

The accounts presented as at 31 December 2008 closed the 30<sup>th</sup> corporate year of the African Solidarity Fund.

The financial year ended with a balance sheet total of **FCFA 26 106 960 015** and a net annual deficit of **FCFA 4 450 732 950**.

Two major events marked the accounts for the 2008 financial year. On the one hand, there was the setting up of considerable provisions both for the depreciation of investments and to cover the Fund's commitments, and on the other hand the increase in the ASF's capital.

The global financial crisis strongly affected the assets held by the fund in securities, whose value fell from one year to the next, going from **FCFA 11 130 613 327** to **FCFA 5 546 832 474**.

This reduction followed the constitution of significant provisions for depreciation of investment securities, to the tune of **FCFA 4 397 557 695**, and the sale of a total of **FCFA 1 600 500 313** worth of securities during the financial year.

The total amount of receivables arising out of called guarantees, net of provisions, rose from **FCFA 8 113 446 337** at 31<sup>st</sup> December 2007 to **FCFA 8 517 536 406** at 31<sup>st</sup> December 2008, following disbursements made on loan repayment extensions and guarantee calls.

On the liabilities side, interbank debts went from **FCFA 2 480 511 815** at 31<sup>st</sup> December 2007 to **FCFA 1 731 520 092** at 31<sup>st</sup> December, following a partial refund of loans.

Following the decision by the competent Ministers in their meeting in Niamey on 20 December 2008, the Fund's capital was increased from **FCFA 10 billion** to **20 billion**, subscribed by the current members.

Where nominal accounts are concerned, operating income for the financial year stood at **FCFA 937 937 566** while costs were at **FCFA 1 457 638 907**, thus producing a deficit gross operating surplus of **FCFA 519 701 341**.

The reduction in operating income is due to the following:

- Reduction in income from financial operations
- Reduction in commitment fees and guarantee fees
- Reduction in interest on guarantees called up



Current operating income went from **FCFA 857 388 410** in 2007 to **FCFA -593 518 891** in 2008.

After the provisions had been set aside, the net income for the 2008 financial year decreased significantly in comparison to the 2007 financial year, going from **FCFA 38 071 570** to **FCFA -4 450 732 950**.

For off-balance sheet accounts, outstanding guarantees rose from **FCFA 75 362 509 558** as at 31<sup>st</sup> December 2007, to **FCFA 64 723 464 902** at 31<sup>st</sup> December 2008.

The reduction in outstanding guarantees is the result of early refund of certain receivables on one hand, and the fall in new guarantee commitments on the other.



## **SUMMARY OF THE EXTERNAL AUDITOR'S REPORT:**

### **EXTERNAL AUDITORS' GENERAL REPORT**

Financial year ended at 31<sup>st</sup> December 2008

Chairman of the Board of Directors,  
Ladies and gentlemen, the Administrators,

In execution of the mission assigned to us by the 74<sup>th</sup> session of the Board of Directors of 21 and 22 November 2007, we have the honour to present to you our general report on the financial year ended 31<sup>st</sup> December 2008, concerning:

- the audit of the financial statements of the Fund as attached hereto;
- special verifications and information provided for under the law.

These financial statements were drawn up by the management of the Fund. It is our duty, on the basis of our audit, to express an opinion on them.

### **1 – OPINION ON THE ANNUAL FINANCIAL STATEMENTS**

We carried out our audit in accordance with the standards of the profession. These standards demand the application of due diligence that makes it possible to obtain reasonable assurance that the annual financial statements do not contain significant anomalies. An audit consists of carrying out an examination, by sampling, of evidence that justifies the data contained in the financial statements. It also consists of assessing the accounting principles followed as well as the significant accounting estimates used to prepare the financial statements and assess their overall presentation. We are of the view that our checks provide a reasonable basis for the opinion expressed hereafter:

**We certify that the annual financial statements of the Fund for the year ended 31<sup>st</sup> December 2008 are regular and sincere and give a faithful picture of the results of the operations of the past financial year, as well as the income and expenditure and the assets of the Fund as at the 31<sup>st</sup> December 2008.**



Without prejudice to our opinion expressed above, we wish to inform you that we have made comments to the Board of Directors about the policy of provisions for guarantee calls and the use of data from the physical inventory of the Fund's fixed assets that was carried out at the end of the 2008 financial year.

## **2 – SPECIFIC CHECKS AND INFORMATION REQUIRED BY LAW**

In compliance with professional standards, we also carried out the specific checks required by law.

We have no observations on the sincerity and consistency of data provided with the financial statements.

Niamey, 6 May 2009.

---

**HADI GONI BOULAMA**  
**The External Auditors**



## NOTE ON ACCOUNTING METHODS AND PRINCIPLES

### 1. GENERAL ACCOUNTING PRINCIPLES

The annual accounts of the African Solidarity Fund (ASF) are prepared in accordance with the provisions of the Banking Accounting Plan applicable to banks and financial establishments in member countries of the West African Economic and Monetary Union (UEMOA), as well as the generally agreed accounting principles and methods in the banking profession within UEMOA.

### 2. DEPRECIATION POLICY

Fixed assets purchased by the Fund are subject to a depreciation schedule.

The depreciation applied, or the depreciation policy, is based on the following annual rates:

|                                |      |
|--------------------------------|------|
| - Software                     | 20 % |
| - Office and housing equipment | 20 % |
| - Office furniture             | 10 % |
| - Vehicles and motorcycles     | 33 % |
| - Buildings                    | 2 %  |
| - Fittings and installations   | 33 % |

### 3. PROVISION FOR RETIREMENT (art. 10-2 of the staff rules)

The Fund has a staff retirement pension scheme. This pension is equivalent to one month's salary for every year of service. At the end of each financial year, a provision is made which is equivalent to 1/12 of all salaries paid during the year.

#### 4. COMPLEMENTARY PROVISION FOR RETIREMENT

The Fund also has a complementary staff retirement pension scheme. This pension is equivalent to 17.60% of the gross annual salary, 1/3 of which is contributed by the employee and 2/3 by the employer.

#### 5. INVESTMENT SECURITIES OPERATIONS

The Fund's investment securities are managed by specialised financial institutions. At the end of the financial year, these securities are evaluated on the basis of the last quoted prices and the variations in values recorded.

#### 6. INTERESTS DUE BUT NOT RECEIVED BY THE END OF THE FINANCIAL YEAR

The interests on funds deposited during the last quarter in interest bearing accounts and interests on investment securities not collected at the end of the year are recorded as income receivable until they are actually paid.

#### 7. PROVISIONS FOR GENERAL RISKS

Provisions for general risks are provisions that are meant to cover the risks linked to the ASF's guarantee commitments. These commitments are accounted for off-balance sheet.

The rate of provisioning applied to the different commitments depends on the results of the portfolio rating (resolution n° 225/SEP/CD 73 of 28<sup>th</sup> June 2007), which classifies commitments into four categories (A, B, C, and D) depending on the risk, as follows:

| Category of risk | Rate of provisioning |
|------------------|----------------------|
| A                | 2%                   |
| B                | 3%                   |
| C                | 4%                   |
| D                | 5%                   |

## 8. CALLED UP GUARANTEES AND PROVISIONS FOR BAD DEBTS

When the ASF guarantee is called up, the amounts called and effectively disbursed are registered as debit under “non performing loans”. The commitment is then proportionally cancelled from the off-balance sheet column and recorded as asset in the balance sheet.

For the requirements of provisioning, “non performing loans” are classified as follows:

**a) *Bad debts***

Bad debts are those that date back to less than six (6) months, which corresponds to their contractual settlement deadline.

**b) *Disputed debts***

Disputed debts are debts that have exceeded the contractual settlement deadline of six (6) months, but whose duration is less than twelve (12) months.

**c) *Contentious debts***

Contentious debts are debts whose duration exceeds twelve (12) months.

**d) *Current debts***

The abovementioned doubtful, disputed, and contentious debts become **current debts** if a settlement agreement is concluded between the ASF and the debtor, with a timetable for reimbursement, and if the ASF is convinced that this timetable will be complied with.

The rates of provisioning applicable to the different categories are as follows:

| <b>Classification</b> | <b>Minimum applicable rate</b> |
|-----------------------|--------------------------------|
| Bad debts             | 20%                            |
| Disputed debts        | 50%                            |
| Contentious debts     | 100%                           |

For those debts that become current, the provisions set aside could be partly or fully recovered, based on a reasoned assessment of the chances of the debt being effectively refunded.



## **Mitigating factors**

The following mitigating factors<sup>1</sup> are taken into account in constituting provisions on non performing loans:

- For debts covered by the guarantee of government or its representatives, provisioning is optional. The ASF could proceed to set up a provision gradually, without any obligation, to the tune of the debt, over a period that shall not exceed five years, when a corresponding amount is not recorded in the State budget. Such provisions could be recovered as soon as the corresponding item is registered in the State budget.
- Loans that are not covered by collateral must be provisioned 100% during the financial year in which they are downgraded to contentious debts.
- For debts covered by collateral, provisioning is optional during the first two (2) financial years. The provision must cover at least 50% of the total risk at the end of the third financial year, and 100% at the end of the fourth financial year.
- Interest on unsettled debts that are recorded as credit in the operating account, must be provisioned in due proportion.

## **9. UNPAID FEES AND INTERESTS ON GUARANTEES**

The ASF receives two categories of fees: commitment fees and guarantee fees

Commitment fees are considered as income for the financial year during which the guarantee commitment was made.

As at 31<sup>st</sup> December, accrued guarantee fees of the last quarter or semester, which have not fallen due or have not been paid, are deducted and the amount recorded as income receivable.

## **10. ACCRUED LIABILITIES**

Accrued liabilities for the closed financial year, which are committed, but still outstanding, are recorded under “expenses due and accrued” or “accounts payable”.

---

<sup>1</sup> Identical to those laid out in **BCEAO Instruction 94-05** governing banking provisions in the UEMOA zone.



## RESOLUTIONS OF THE BOARD OF DIRECTORS

### **RESOLUTION N°279/CD 77 ON APPROVAL OF THE FINANCIAL STATEMENTS OF THE 2008 FINANCIAL YEAR**

The Board of Directors, having examined the financial statements for 2008 and listened to the reports of the external auditor, approves the financial accounts of the financial year which ended on 31/12/2008, which show a balance sheet total of **FCFA 26 106 960 015** and a net deficit of **FCFA 4 450 732 950**.

### **RESOLUTION N°280/CD 77 ON THE ALLOCATION OF THE NET RESULTS OF THE 2008 FINANCIAL YEAR**

The Board of Directors decides to allocate the net deficit of the 2008 financial year, of an amount of four billion four hundred and fifty million seven hundred and thirty-two thousand nine hundred and fifty (**FCFA 4 450 732 950**) to balance brought forward.

### **RESOLUTION N°281/CD 77 ON THE DISCHARGE TO MANAGEMENT**

The Board of Directors, having approved the financial statements for the 2008 financial year and the report on the implementation of the 2008 financial year budget, hereby gives discharge to the general management for its conduct of affairs during the financial year, which ended on 31/12/2008.

### **RESOLUTION N°282/CD 77 ON DISCHARGE TO THE EXTERNAL AUDITOR**

The Board of Directors, having heard the reports of the External Auditor, hereby gives the latter discharge for his mandate during the 2008 financial year.

