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African Development Fund

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Independent Auditors' Report on the Special Purpose Financial Statements of the African Development Fund to the Board of Governors of the African Development Fund

Year ended 31 December 2007

We have audited the accompanying Special Purpose Financial Statements of the African Development Fund ("the Fund") prepared in compliance with the accounting and financial reporting matters as set out in the accounting policies in Note B of the Special Purpose Financial Statements for the year ended 31 December 2007.

These Special Purpose Financial Statements have been prepared for the purposes of submitting approved and audited Special Purpose Financial Statements to the Board of Governors as required by Article 26(v), 35(l) and 35(3) of the Agreement Establishing the Fund, and are not intended to be a presentation in conformity with a recognised accounting framework, such as, International Financial Reporting Standards.

This report is made solely to the Fund's Board of Governors, as a body, in accordance with Article 26(v), 35(l) and 35(3) of the Agreement Establishing the Fund. Our audit work has been undertaken so that we might state to the Fund's Board of Governors those matters we are required to state to them in an auditors' 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 Fund and its Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Annual Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with Articles 26(v), 35(l) and 35(3) of the Agreement Establishing the Fund and the accounting policies set out in Note B to the Special Purpose Financial Statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these Special Purpose Financial Statements based on our audit. We conducted our audit in compliance with International Standards on Auditing applicable to compliance auditing. Those standards require that we comply with

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*African Development Fund
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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 the Auditors' judgement, 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, the auditor considers internal control relevant to the entity's preparation and presentation 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 Special Purpose Financial Statement presentation.

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

Opinion

In our opinion, the Special Purpose Financial Statements of the Fund have been prepared, in all material respects, in accordance with the accounting and financial reporting matters as set out in the accounting policies in Note B of the Special Purpose Financial Statements for the year ended 31 December 2007.

Paris La Défense, 2nd April 2008

KPMG Audit
A division of KPMG S.A.

A handwritten signature in black ink, appearing to read 'P. Brouard', written over a horizontal line.

Pascal Brouard
Partner