

AFRINIC

The Internet Numbers Registry for Africa



2018

ANNUAL REPORT AND
FINANCIAL STATEMENTS





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Chairman's Message

I have the honour of presenting AFRINIC's Annual Report and Financial Statements for the year 2018. The year has been rich in achievements as we have continued to build our financial reserve and stability. The company has sustained a formidable financial reserve to mitigate against potential risks of the ever-changing technologies of our industry.

I wish to thank our members and the community for the immense support that enabled us effectively discharge our duties. During this period we actively participated in over 30 meetings globally where our contributions were valuable in advancing the Internet both within our region and globally.

Our quest to bring efficient and affordable Internet in Africa remains as we continue to engage with key stakeholders and address the pertinent issues of the Internet and its sustainable growth.

Our efforts are clearly bearing fruits even as we enter the post-IPv4 era. We must keep engaging with the community through capacity building and outreach activities across the continent to champion IPv6 deployment in the African region. With 6,137,856/32s of IPv4 address space, 72 /32s IPv6 address space and 170 AS Numbers distributed in 2018, we have played a significant role in ensuring Internet penetration is on the rise in Africa.

We cannot ignore the challenges AFRINIC has faced over the year. From a technicality that was exploited

at the last AGMM, which adversely impacted the election to a number of internal structural issues that affected the staff morale and the resignation of the CEO.

I take this opportunity to thank AFRINIC staff, led by the CEO, for maintaining the organisation's unique ability to adapt to an environment that remains volatile and challenging. The organization has responded in a manner that reflects the communities qualities and experience ensuring we remain on course with our goals.

We have substantially strengthened our foundations and we remain confident in fulfilling our mission in thriving Internet development in the AFRINIC region.

We are also committed to ensuring that AFRINIC adheres to best practices in terms of corporate governance. The Board and working committees met throughout the year to discuss governance matters. The minutes and resolution of all Board meetings are published on our website.

Finally, I wish to thank our members and stakeholders for their continued support and call for further community members collaboration and cohesion to foster unity.

Christian Domilongo BOPE, PhD

Chairman



Message from the CEO

I am pleased to present this report on AFRINIC's activities in 2018.

AFRINIC has welcomed 158 new members during the year, as we ended 2018 with a total of 1,666 members. Our Membership Services team dealt with over 35,000 request tickets, and we aim to respond to every request within two business days; we reached that target on 95% of the responses.

We have been allocating IPv4 resources according to Phase 1 of the soft landing policy. During this phase, each member can request a maximum of a /13 (about half a million IP addresses) upon justification that they have used 90% of their previous IPv4 resources. When only a /11 of un-reserved IPv4 space is available (about 2 million addresses, or 0.125 /8s), then soft landing phase 2 will begin. At that time, our members will be able to request no more than a /22, or 1024 IPv4 addresses at a time. We expect to reach soft landing phase 2 during the second half of 2019.

We allocated about 6.1 million IPv4 addresses, 72 IPv6 /32 prefixes and 170 ASNs during 2018, and at the end of the year, we had the equivalent of 0.40 /8s remaining in our IPv4 address pool.

Five policy proposals were implemented in 2018, three of those relating to IPv6 allocation and assignment mechanisms. A very significant new policy is for IPv4 resource transfers within the

AFRINIC region; This policy makes it possible for transfers of address space within the AFRINIC region, but inter-regional transfers are not allowed.

Now that the IPv4 transfer policy has been approved, AFRINIC has started processing requests for transfers under the new policy. We have completed 12 transfer requests in 2018.

We continue to call for v6 adoption throughout the African region. Around 46% of AFRINIC member organisations have been allocated IPv6 space, but many of them are still not using the allocated space.

Our technical training team has embarked on a new strategy focusing on activities to support IPv6 deployment support strategies and on enforcing our e-learning capability. As we focus on e-learning and direct support for IPv6 deployment, the number of face-to-face IPv6 training events has been reduced.

On the technical operations side, we suffered an unusually high number of outages during 2018. We plan to improve the reliability and redundancy of our infrastructure during 2019.

Our efforts to contain costs and increase membership resulted in a healthy surplus of more than \$ 1,300,000. This surplus takes us significantly closer to the goal set by the Board in 2008 of having sufficient reserve funds to cover two years of operations.

Finally, we organised two successful AIS and AFRINIC Meetings in 2018, with over 700 participants between the two meetings. Our Annual General

Members Meeting was held in Dakar, Senegal, as part of the larger AIS meeting which AFRINIC co-organises. Our AFRINIC-29 meeting was held in November 2019 in Hammamet, Tunisia. I take this opportunity to thank everyone including our meeting sponsors and our community who provided us with constructive feedback and insights on ways we could improve our services.

I invite you to go through the pages of this report to see our achievements for this year. None of this would have been possible without the dedication and hard work from all AFRINIC staff.

Alan Barrett
Chief Executive Officer

2018 in Numbers

MEMBERS

158

New Members in 2018.

1,666

Total Members.

ASNS

170

ASNs assigned in 2018.

1,752

ASNs assigned since 2004.

OUTREACH

33

events attended by staff to represent the interests of the AFRINIC membership.

12

Member outreach meetings held in 11 economies

IPV4

6,137,856

/32s of IPv4 address space distributed in 2018.

112,524,288

/32s of IPv4 address space distributed since 2004.

TRAINING AND CAPACITY BUILDING

77

people trained on IPv6 and INRM in countries throughout Africa. IPv6 Deployathon held in 4 countries A new strategy focusing on IPv6 deployment support strategies and e-learning capability

FIRE AFRICA

US\$ 63,000

of funding allocated to 5 projects through the FIRE Africa Grants and Award Program.

FELLOWSHIP

24

AFRINIC Fellows provided with assistance to attend AFRINIC Meetings

IPV6

77

/32s of IPv6 address space distributed in 2018.

9,259

/32s of IPv6 address space distributed since 2004.

BLOG AND SOCIAL MEDIA

47

blog posts published.

6537

[Facebook Page](#) Likes,

+660

more than at the start of 2017.

7,482

[Twitter](#) Followers,

+900

more than at the start of 2018.

Highlights

January

- [NomCom call for volunteers](#)
- [Call for Fellowships AFRINIC-28 Opens](#)

February

- [NomCom Appointment](#)
- [Call for Presentations AIS'18 is Now Open](#)
- [Call for Nominations - AFRINIC Policy Development Appeal Committee](#)
- [Call for Nominations for Co-Chair of the Policy Development Working Group](#)
- [Call for Nominations - AFRINIC Governance Committee \(GC\) Members](#)
- [Call for Nominations into AFRINIC Board](#)
- [Governance Committee Letter to the Community](#)
- [Implementation of the IPv4](#)

[Resources Transfer within the AFRINIC service region policy](#)

- [The AFRINIC Board issues a statement on keeping the Internet open to everyone](#)
- [AFRINIC Board ratifies Policy Proposal AFPUB-2016-V4-003-DRAFT03: IPv4 Resources transfer within the AFRINIC Region](#)

March

- [Call for Applications for the 2018 FIRE Africa Innovation Grants Opens](#)
- [Notice of resignation of Mr. Sunday Folyan from AFRINIC Board](#)
- [Board Changes](#)
- [Announcement of AFRINIC-28 Fellows](#)
- [AFRINIC Board Ratifies Policy Proposal Lane delegations in AFRINIC reverse DNS](#)
- [Application for the Hackathon@ AIS is now open](#)
- [Registration now Open for AFRINIC INRM & IPv6 Training Course at AIS'18 in Senegal](#)

April

- [Call for volunteers - ad hoc NomCom for Board Seat 2](#)
- [Appointment of ad hoc NomCom for Board seat 2 election in May 2018](#)
- [Announcement for Final Candidate Slate for Open Seats AFRINIC Elections](#)
- [Announcement for Call for Nominations for Seat 2 on the AFRINIC Board](#)
- [Participation of AFRINIC at OSIANE 2018](#)
- [Announcement for Internet Measurements Workshop at AIS'18 in Dakar](#)
- [Publication of Annual Financial Statements 2017](#)
- [Announcement on AFRINIC's Member Services Activities at AIS'18](#)
- [Call for Applications for the 2018 FIRE Africa Innovation Award Opens](#)
- [Announcement for AFRINIC Annual General Members' Meeting \(AGMM\) 2018](#)
- [Announcement for Final Candidate Slate for Seat 2 AFRINIC Board Elections](#)
- [2017 IANA Numbering Services Review Committee Report Published](#)
- [Announcement for day care services for delegates](#)
- [Electronic voting & proxy appointment now open for the AFRINIC Board and Governance Committee elections - 2018](#)

May

- [Results of AFRINIC AGMM 2018 Elections](#)
- [Appointment of AFRINIC Chair and Vice Chair](#)
- [Filling of the casual vacancies](#)
- [Call for comments on proposed changes to AFRINIC fees](#)
- [Clean Up Exercise on Quarantined Resources](#)

July

- [Consultation on the future structure of the ASO](#)
- [RIPE NCC Making Changes to Out-of-region Objects in the RIPE Database](#)
- [Board appointments to fill casual vacancies](#)
- [Call for Fellowships for AFRINIC-29 Now Open](#)

October

- [Implementation of the policy “Lame delegations in AFRINIC reverse DNS”](#)
- [New version of AFRINIC Internet Routing Registry Released](#)
- [Announcement of AFRINIC-29 Fellows](#)
- [Take the 2018 AFRINIC Stakeholders Survey](#)
- [FIRE Awards Winner 2018 Announced](#)
- [Call for Volunteers on the NRO NC and Governance Committee](#)
- [Call for Comments on AFRINIC Bylaws](#)

June

- [Publication of Strategic Plan 2016-2020](#)
- [AFRINIC Annual Report 2017 Published](#)

August

- [Publication of AFRINIC Internet Routing Registry Guide](#)

November

- [AFRINIC launches a New Website](#)
- [The resignation of a Director](#)
- [Implementation of Policies in the AFRINIC Service Region](#)

September

- [AGMM Quorum Issue](#)

December

- [AFRINIC Board approves new election process and guidelines](#)
- [Call for volunteers: AFRINIC Nomination Committee \(NomCom\) 2019](#)

Core Functions

AFRINIC's core function is to assign and allocate Internet number resources (IPv4, IPv6 and ASNs) to its members and to provide related services, including RPKI and the management of the Reverse DNS (rDNS) zones for the Internet number resources it allocates and assigns.

In addition to its core function, AFRINIC

- Supports the community-based process for developing number resource policies.
- Provides training and education services to its members, governments and the wider community to support capacity building and infrastructure development throughout the region.
- Collaborates with regional and international organisations on Internet-related matters to ensure the needs of the region are taken into account.
- Promotes and supports an open, stable, secure and resilient Internet through technologies and projects including RPKI, DNSSEC, local Internet Exchange Point (IXP) set up and deployment of root server copies throughout Africa.
- Manages the small Grants and Awards programme, FIRE Africa, to fund and mentor entrepreneurial Internet related projects in Africa.

About AFRINIC

The African Network Information Centre (AFRINIC) is the Regional Internet Registry (RIR) for Africa. It is responsible for the distribution and management of Internet number resources (IPv4 and IPv6 addresses and Autonomous System Numbers – ASNs) for the African and Indian Ocean region. It was founded in 2004 and is a non-governmental, not-for-profit, membership-based organisation headquartered in Mauritius. The policies governing the distribution of Internet number resources by AFRINIC are defined by the AFRINIC community using a bottom-up, community-driven policy development process (PDP). The Board of Directors then ratifies these policies. AFRINIC also plays a leading role in education and capacity building as well as in IP infrastructure development and reinforcement throughout the region.

Members

AFRINIC is a membership organisation and provides services to its members, mostly Internet Service Providers (ISPs), governments, educational institutions and end-users, within its geographical service region. At year-end 2018, AFRINIC had 1,666 active members. More details about membership can be found in the Membership section.

Vision: Be the leading force in growing the Internet for Africa's sustainable development.

Mission: Serve the African community by providing professional and efficient management of Internet number resources, supporting Internet technology usage and development, and promoting a participatory and multi-stakeholder approach to Internet self governance.

Core Values

Community Driven
Operational Excellence
Innovation & Creativity
Passion

Service Region

There are 55 economies in AFRINIC's service region, which includes several island nations located in the Atlantic Ocean and in the Indian Ocean.



Corporate Governance

AFRINIC's activities are overseen by a Board of Directors (BoD) and managed by an appointed Chief Executive Officer, who oversees the staff and daily operations. The BoD is supported by the Council of Elders, which performs an advisory function. AFRINIC is governed by a set of Bylaws developed and approved by the community.

Compliance Statement

In accordance with its mission statement, AFRINIC is committed to applying the principles of good corporate governance in its day-to-day operations.

Bylaws

AFRINIC is governed by a set of Bylaws that are developed and adopted by the AFRINIC membership.

Company Secretary

Executive Services Ltd acts as the Company Secretary.

Board of Directors

The Board of Directors (BoD) is elected by AFRINIC members on a regional and non-regional representation basis as defined by Article 13 of the Bylaws. Once appointed to the BoD, each director represents and works for the entire region and not just for the sub-region seat they were elected into. The BoD responsibilities as outlined in Article 15 of the Bylaws are to:

- Determine the guidelines for the allocation of address space for Members.
- Consider broad Internet policy issues in order to ensure that the policies and strategies of the company fully respond to the changing Internet environment.
- Determine a financial budget for the activities of the Company for a given period.
- Establish a ceiling for expenditures for a given period and from time to time to vary such ceiling as they deem fit.
- Fill any casual vacancy in the office of the auditor of the Company.
- Provide any general directives to the Chief Executive Officer regarding the staffing of the Company.
- Determine the conditions of employment of the employees of the Company who are employed at an Executive level
- Reduce or waive fees payable by any person to the Company, or to amend in any manner whatsoever the conditions relating to the payment thereof
- Appoint or remove the secretary of the Company and to determine the remuneration payable to such secretary; and
- Appoint such committees for such reasons and with such terms of reference as they shall consider necessary or desirable.

2018 Board Resolutions

During 2018, 79 resolutions were discussed and resolved. A detailed overview of these resolutions can be found here: www.afrinic.net/board/meeting

Board Composition

Board Composition: January 2018 to December 2018

Seat Number	Name	Country	Rehion	From	To
Seat 1	Haitham El Nakhal (Vice-Chairman until 23 March)	Egypt	Northern Africa	1 July 2016	9 May 2018
Seat 1	Habib Youssef	Tunisia	Northern Africa	18th July 2018	June 2019
Seat 2	Sunday A Folayan (Chairman until 23 March)	Nigeria	Western Africa	1 July 2016	25 March 2018
Seat 3	Subramanian Moonesamy	Mauritius	Indian Ocean	1st July 2017	30th June 2020
Seat 4	Christian D. Bope (Vice Chairman from 22 March, Chairman as from 10 May)	DRC Congo	Central Africa	1st July 2017	30th June 2020
Seat 5	Lucky Masilela	South Africa	Southern Africa	1st July 2015	10 May 2018
Seat 5	Vika William Mpisane	South Africa	Southern Africa	18th July 2018	June 2019
Seat 6	Abibu Ntagiye (Chairman: 22 March until 10 May)	Tanzania	Eastern Africa	1 July 2015	10 May 2018
Seat 6	Doraca Muthoni Gachari	Kenya	Eastern Africa	18 July 2018	26 Nov18
Seat 7	Seun Ojedeji (Vice-Chairman as from 10 May)	Nigeria	Non-Regional Africa	1st July 2016	30th June 2019
Seat 8	Serge Illunga	DRC Congo	Non-Regional Africa	1st July 2017	30th June 2020
Seat 9	Alan Barrett - Appointed CEO of AFRINIC				

Board Meetings and Composition

The AFRINIC Board meets regularly. A Calendar of Board meetings for the upcoming year is approved at the end of each preceding year. The Board met 30 times during the period under review.

BOARD ATTENDANCE

Dates	Abibu Ntagihiye	Lucky Masilela	Sunday Folayan	Christian Bope	Haitham El-Nakhal	Subramanian Moonesamy	Serge Ilunga	Seun Ojedeji	Dorcas Muthoni	Vika Mpisane	Habib Yussef	Alan Barrett
05-Jan	√	√	√	√	√	√	√	√	-	-	-	√
14-Mar	√	√	√	√	√	√	√	√	-	-	-	√
21-Mar	√	√	×	√	×	√	√	√	-	-	-	√
22-Mar	√	√	√	√	√	√	√	√	-	-	-	√
28-Mar	√	√	-	√	√	√	√	√	-	-	-	√
18-Apr	√	√	-	√	√	√	√	√	-	-	-	√
19-Apr	√	√	-	√	√	√	√	√	-	-	-	√
04-May	√	√	-	√	√	√	√	√	-	-	-	√
06-May	√	√	-	√	√	√	√	√	-	-	-	√
07-May	√	√	-	√	√	√	√	√	-	-	-	√
09-May	√	√	-	√	√	√	√	√	-	-	-	√
10-May	-	-	-	√	-	√	√	√	-	-	-	√
10-May	-	-	-	√	-	√	√	√	-	-	-	√
11-May	-	-	-	√	-	√	√	√	-	-	-	√
23-May	-	-	-	√	-	√	√	√	-	-	-	√
24-May	-	-	-	√	-	√	√	√	-	-	-	√
28-May	-	-	-	√	-	√	√	√	-	-	-	√
01-Jun	-	-	-	√	-	√	√	√	-	-	-	√
20-Jun	-	-	-	√	-	√	√	√	-	-	-	√
27-Jun	-	-	-	√	-	√	√	√	-	-	-	√
18-Jul	-	-	-	√	-	√	√	√	-	-	-	√
7-8 Aug	-	-	-	√	-	√	√	√	Δ	√	√	√
12-Sep	-	-	-	√	-	√	√	√	×	Δ	-	√
24-25 Nov	-	-	-	√	-	√	√	√	Δ	√	√	√
28-Nov	-	-	-	√	-	√	√	√	-	√	√	√

Present	√
Absent	×
Apology	Δ
Not applicable	-

Board Elections Appointments

The Board Seat 5 – South Africa and Seat 6– Eastern Africa and Seat 2- Western Africa were subject for election under the Annual General Members Meetings in June 2018 in Dakar, Senegal

Seat 2 – Western Africa was subject to election following the resignation of the Director Sunday Folayan on 25 March 2018.

During the AGMM in June 2018, the option ‘None of the above’ received the most votes for all seats (Seat 5, 6 and 2). These seats thus became vacant after the election

Board Seat 1 – Northern Africa was also declared vacant in June 2018 pursuant to the resignation of Mr Haitham El Nakhal. on 9 May 2018

In June 2018, the Board opened a call for volunteers to Members to fill the vacant Board Seats.

The following were appointed to the Board in July 2018 until the next AGMM 2019 in June 2019.

- Mr Vika William Mpisane was appointed for Seat 5 – South Africa in replacement of Lucky Masilela
- Prof Habib Youssef was appointed for Seat 1 – Northern Africa in replacement of Mr Haitham El Nakhal
- Mrs Dorcas Muthoni Gachari was appointed for Seat 6 – Eastern Africa in replacement of Abibu Ntahigiye
- Board Seat 2 – Western Africa remained vacant. No successful candidates received.

In the course of the year, Mrs Dorcas Muthoni Gachari resigned on 26 November 2018. The Seat 6 remained vacant from that date until the end of 2018.

Conflicts of Interest

All members of the Board of Directors are expected to be enlightened individuals from the region served by AFRINIC, who, by their wisdom and knowledge of Internet Technology and business, endeavour to advance the interests of the community and the Internet Infrastructure in the region. A Board Director should bring to the knowledge of the Board any degree of conflict that may arise in the course of his or her functions and must resolve such conflict according to their own judgment, always acting in the best interest of the organisation. Each individual Director is expected to declare any possible conflict at the beginning of their term on the Board of Directors. The Director is encouraged to give details of the nature and extent of the conflict of interest, and how its nature relates to the decision-making capacity of the Board of Directors, in writing to the Chief Executive Officer (CEO). The CEO shall inform the Chairman of the Board, and an appropriate decision will be taken as per the majority decision of the Board.

Board Committees

Committees are set up by the Board and assist the Board of Directors in the course of its work as per Article 15.3 of the Bylaws. The Board Committees facilitate the discharge of the Board's responsibilities and provide an in-depth focus on specific areas. The Committee's report to the Board through their respective chairman and each committee has Terms of Reference (ToR) which the Board reviews at least once a year. The committees are re-formed as and when a new Board is elected and are also constituted with a defined lifetime. Ad-hoc committees are created as and when necessary to support short-term projects or activities.

The following committees were active in 2018:

The Audit Committee

The Audit Committee assists the BoD in discharging its oversight responsibilities and oversees the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Audit Committee also reviews the effectiveness of AFRINIC's internal financial control and risk management system, internal auditing and control, informational systems and IT governance.

Audit committee Charter:

www.afrinic.net/board/committees#audit

Audit Committee members:

- Abibu Ntagihiye (June 2017 – July 2018)
- Christian Bope (December 2017 – August 2018)
- Seun Ojedeji
- Serge Ilunga
- Vika Mpisane
- Dorcas Muthoni Gachari (August 2018 – November 2018)

Finance Committee

The AFRINIC Finance Committee (FinCo) is responsible for advising the AFRINIC Board on the company's Financial Policy and on investment matters related to the company's Investment Policy.

<https://afrinic.net/board/committees#finance>

Finance Committee members:

- Haitham El-Nakhal (July 2017 – August 2018)
- Christian Bope
- Habib Youssef (August 2018 – December 2018)
- Subramanian Moonesamy
- Alan Barrett (CEO)

Remuneration Committee

The Remuneration Committee work on behalf of the Board and is responsible for recommendations with regard to determining, agreeing and developing the company's general policy on executive and senior management remuneration, performance related elements, including short term bonuses and long term incentives.

www.afrinic.net/board/committees#remuneration

Remuneration Committee members:

- Lucky Masilela (July 2017 – July 2018)
- Sunday Folayan (July 2017 – March 2018)
- Serge Ilunga
- Seun Ojedeji (July – December 2018)
- Alan Barrett (CEO)
- Vika Mpisane (July – December 2018)
- Habib Youssef (July – December 2018)

Fees Review Committee

The Board constituted the Fees Review Committee in February 2017 to conduct a consultation process with the community for recommendations and inputs to the AFRINIC current fees structure. The Committee reports to the Finance Committee. The ToR is published at: <https://afrinic.net/board/committees/dissolved-committees>

The Fees Review Committee provided a report in May.

The report is published at: <https://afrinic.net/board/committees/dissolved-committees#finance-com-report>

The committee was subsequently dissolved.

The Composition of the Committee was as follows:

- Duncan Greaves (TENET, Academia)
- Adesiyun Omololu (MainOne, Medium LIR)
- Mohamed Hamdy (TEDATA, Extra Large LIR)
- Viv Padayatchy (Council of Elders)
- Subramanian Moonesamy
- Alan Barrett (CEO)
- Patrisse Deesse (Finance Director)

Nomination Committee

According to Section 9 of the AFRINIC Bylaws, a Nomination Committee is appointed by the Board and works to ensure that appropriate candidates are nominated for open Board seats and that all elections are conducted according to current procedures. The four members of this committee are appointed by the Board, one member is from the Board and three others selected from the community.

NomCom 2018

- Kaleem Usmani,
- Komi Elitcha,
- Wale Adedokun
- Haitham El Nakhal (Board)

AdHoc NomCom 2018

With the resignation of Sunday Folayan of Seat 2 – West Africa, an adhoc nomination committee to search for candidates to the Board position since Bylaws Articles 9.1 prevents NomCom members from residing in the same region as an open seat to participate in the search.

- Mustapha Ben Jemaa
- Douglas Onyango
- Didier Kasole
- S. Moonesamy (Board)

The Council of Elders

Article 16 of the bylaws enables the BoD to appoint up to six former AFRINIC BoD chairpersons to the AFRINIC Council of Elders. Those who are eligible for membership to the Council of Elders should have served for at least one full term as the Chair of the AFRINIC BoD. The Council of Elders performs an advisory role. The 2017 Council of Elders are:

- Dr. Viv Padayatchy
- Mr Pierre Dandjinou
- Mrs Maimouna Diop
- Dr Nii Quaynor

AFRINIC Governance Committee

The Governance Committee's role is to advise the AFRINIC Board, AFRINIC Membership, and the community, on matters of governance.

The Composition of the Governance Committee for the year 2018 was as follows:

Isatou Jah	Elected by AFRINIC Membership	January 2017 - December 2019
Wafa Dahmani	Elected by AFRINIC Membership	January 2017 - December 2018
Abdalla Omari*	Elected by AFRINIC Membership	January 2018 - December 2020
Mike Silber	Appointed by the AFRINIC Board	January 2017 - December 2018
Zeimm Auladin-Suhootoorah	Appointed by the AFRINIC Board	January 2018 - December 2019
Seun Ojedeji	Appointed by the AFRINIC Board as a Liaison	January 2018 - December 2018
Ashok Radhakisson	Appointed by the AFRINIC Board as Legal Adviser	
Guylaine Laiyra	Appointed by the AFRINIC Board as Secretary	

During the election in June 2018, Dr Alioune B Traore was elected by the AFRINIC Membership to the Governance Committee for a three-year term, starting January 2019 to December 2021.

The Governance Committee published its Guidelines in November 2017 (<https://afrinic.net/en/about/governance-committee/governance-committee-documents/2245-governance-committe-guidelines>)

Find out more about the Governance Committee, the Governance Committee members and the ToR at : www.afrinic.net/about/governance-committee

PDWG Appeal Committee

AFRINIC constituted an Interim Policy Development Appeal Committee in December 2017 as per Section 3.5 of the AFRINIC Policy Development Policy.

The AFRINIC Policy Development Appeal Committee, or the Appeal Committee, is a committee appointed by the AFRINIC Board, intended to adjudicate on appeals in terms of the Conflict Resolution section of the AFRINIC Policy Development Process (PDP). Any such appeal will involve a disagreement regarding the actions taken by the Chair(s) of the Policy Development Working Group (PDWG).

Further information on the Appeal Committee and its charter is available here (https://www.afrinic.net/images/AFRINIC_Policy_Development_Appeal_Committee.v2.20171126.pdf)

The Composition of the Appeal Committee

Adam Nelson	October 2018 - Until further notice
Dr Paulos Nyirenda	October 2018 - Until further notice
Luc Missidimbazi	June 2018 - Until further notice
Jean-Robert Hountomey	June 2018 - Until further notice
Wafa Dahmani Zaafouri	June 2018 - Until further notice

Annual General Members Meeting (AGMM)

The AGMM is held once a year, usually during an AFRINIC Open Policy Meeting. The AGMMs enable the membership to meet with the BoD, Council of Elders and CEO to discuss operational, financial and corporate governance issues. Elections for BoD seats and voting on proposed special resolutions may also take place during the AGMMs. In 2018, the AGMM took place on the June 2018 at during the AFRINIC-28 meeting at the Radisson Blu, in Dakar, Senegal.

The minutes, video recording and presentation materials from this meeting are available on the AFRINIC website.

AGMM Quorum

The results of the vote at the May/June 2018 AGMM led to a situation where AFRINIC could not call and hold the June 2019 AGMM as the Company did not satisfy the provisions regarding quorum as provided for in Art 12.10 of its Constitution.

One of the AFRINIC Directors applied to the Supreme Court of Mauritius under section 118 of the Companies Act 2001 for an Order to be able to call the June 2019 AGMM.

2018 Board Retreat

A Board Retreat was held in Mauritius from 04 – 09 August 2018. During the Board Retreat, the Board conducted an induction programme for the newly appointed Board directors. The Board also attended a Training on Board Best Practices by the Mauritius Institute of Directors and held face-to-face meetings.

Membership Overview

AFRINIC members are mostly Internet Service Providers (ISPs), governments, educational institutions and end-users located within its service region. At year-end 2018, AFRINIC had 1,666 active members. Most members receive Internet number resources (IPv4, IPv6 and ASNs) from AFRINIC and then distribute them to their customers or use their allocations and assignments within their own networks.

Members

There are two types of membership available:

- **Resource Members:** Local Internet Registries (LIRs) or End Users (EUs)
Organisations that allocate the Internet number resources they receive to their own customers or those who use the resources in their own infrastructure.
- **Associate Members:**
Organisations or individuals who do not use Internet Number Resources but have a substantial interest in the management of Internet Number resources in Africa.

Fees

Yearly membership fees are calculated based on the amount of Internet number resources an organisation holds.

Benefits of Membership

- Obtain IPv4 and IPv6 address space and Autonomous System Numbers (ASNs).
- Get reverse DNS and RPKI for their resources,
- Take advantage of priority places on AFRINIC's FREE hands-on IPv6 and Internet Number Resource Management (INRM) Training Courses.
- Use an IPv6 test-bed to test their IPv6 deployments.
- Attend the Annual General Members' Meetings (AGMM) either in person or remotely and take part in elections for Board and Governance Committee positions.
- Get preferential access to various AFRINIC initiatives and activities.

Find out more about how you can become a member at: afrinic.net/membership-resource

Member Services (MS)

Aside from their core duties, the MS team's objectives in 2018 were to improve customer satisfaction and quality management as well as increasing outreach activities. The team was also instrumental in the implementation of several key AFRINIC projects throughout the year, member helpdesk, procedure updating, services documentation, policy implementation, Internet Routing Registry (IRR) maintenance, member contacts updates and billing automation.

Requests, Queries and Tickets

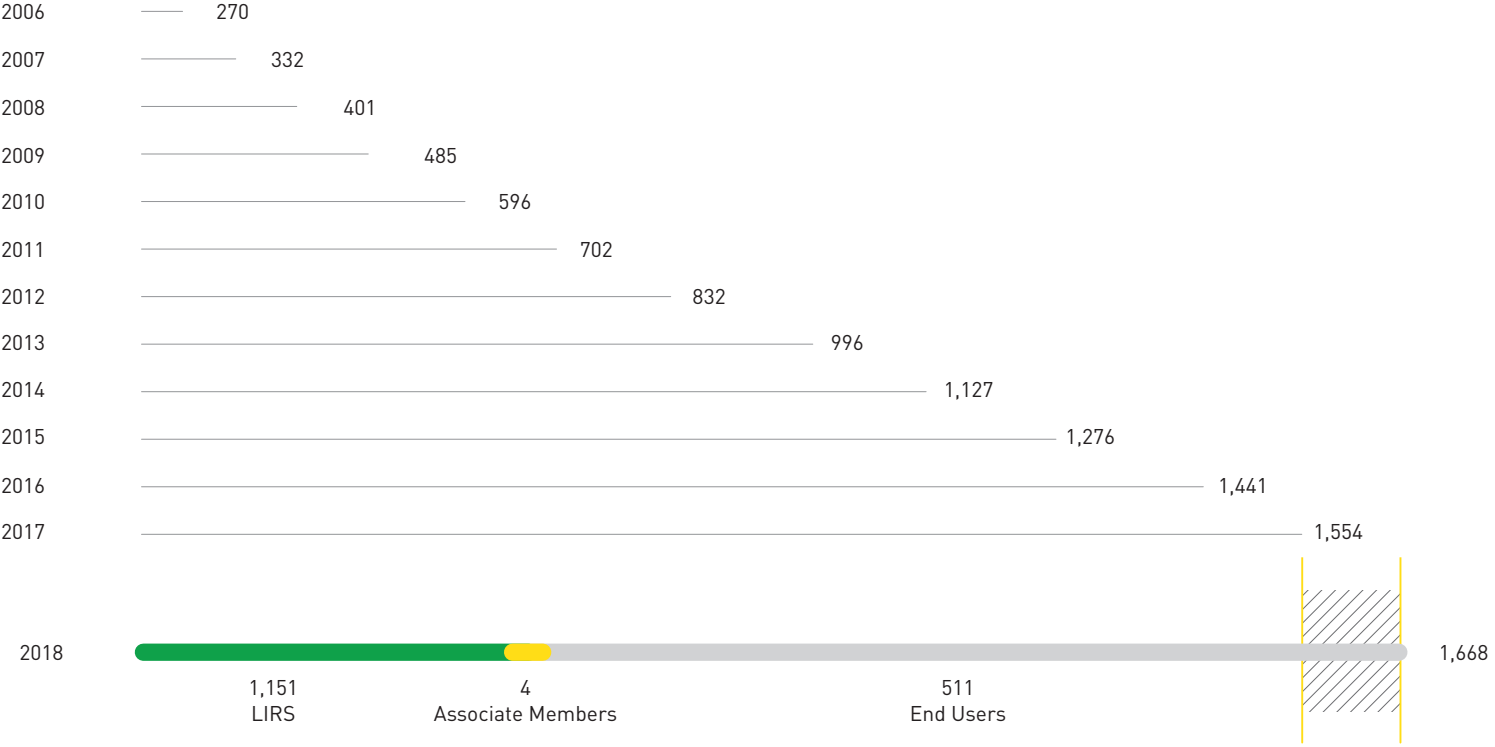
Over 35,000 tickets were dealt with by the team in 2018. Member Services responded to at least 95% of tickets logged within 48 working hours.

Real-time ticket statistics can be found at: afrinic.net/rt-stats

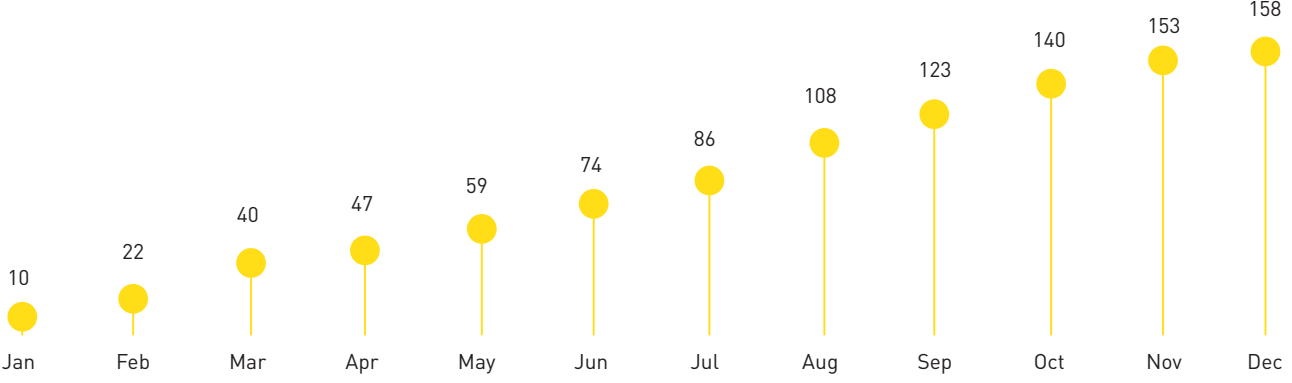
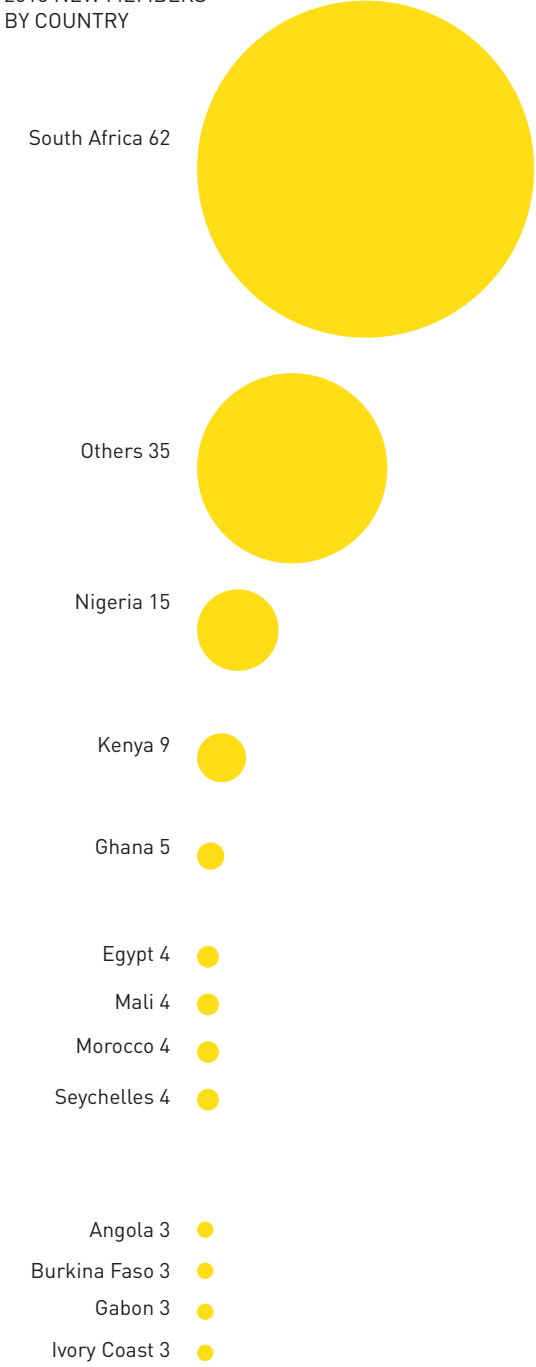
Outreach

The staff has been attending events, meetings and Network Operators' Groups (NOGs) throughout the service region to talk directly with local members and recruit new members. Staff members conducted outreach activities in 11 economies reaching to over 250 members and prospects.

NEW MEMBERS



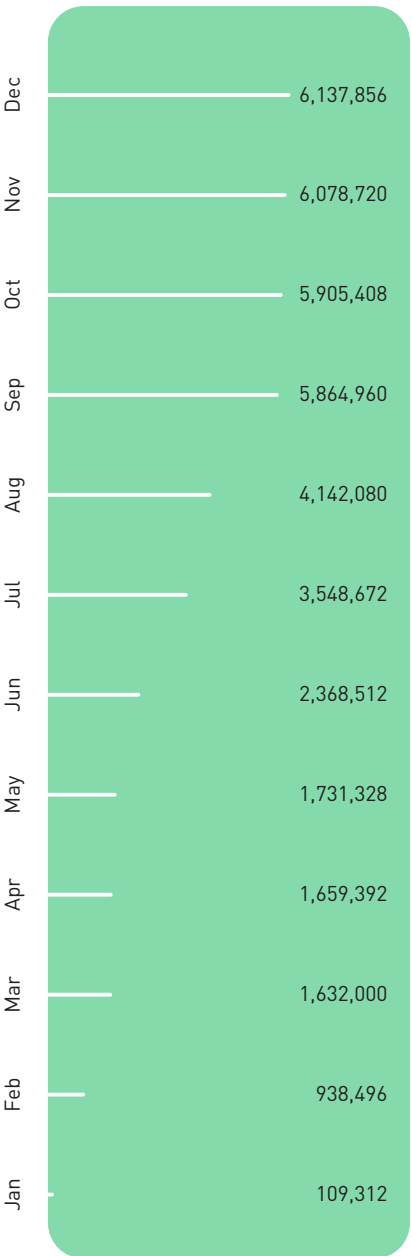
2018 NEW MEMBERS BY COUNTRY



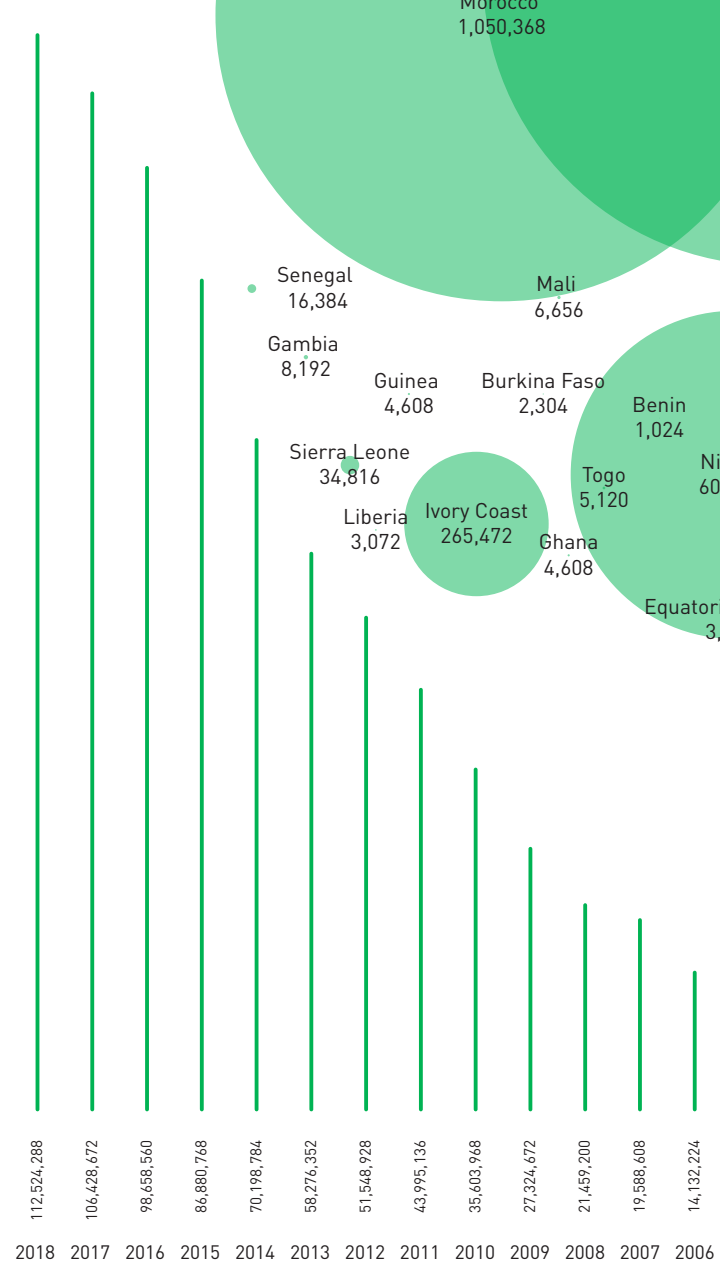
2018 MEMBERSHIP TREND

IPv4 Distribution

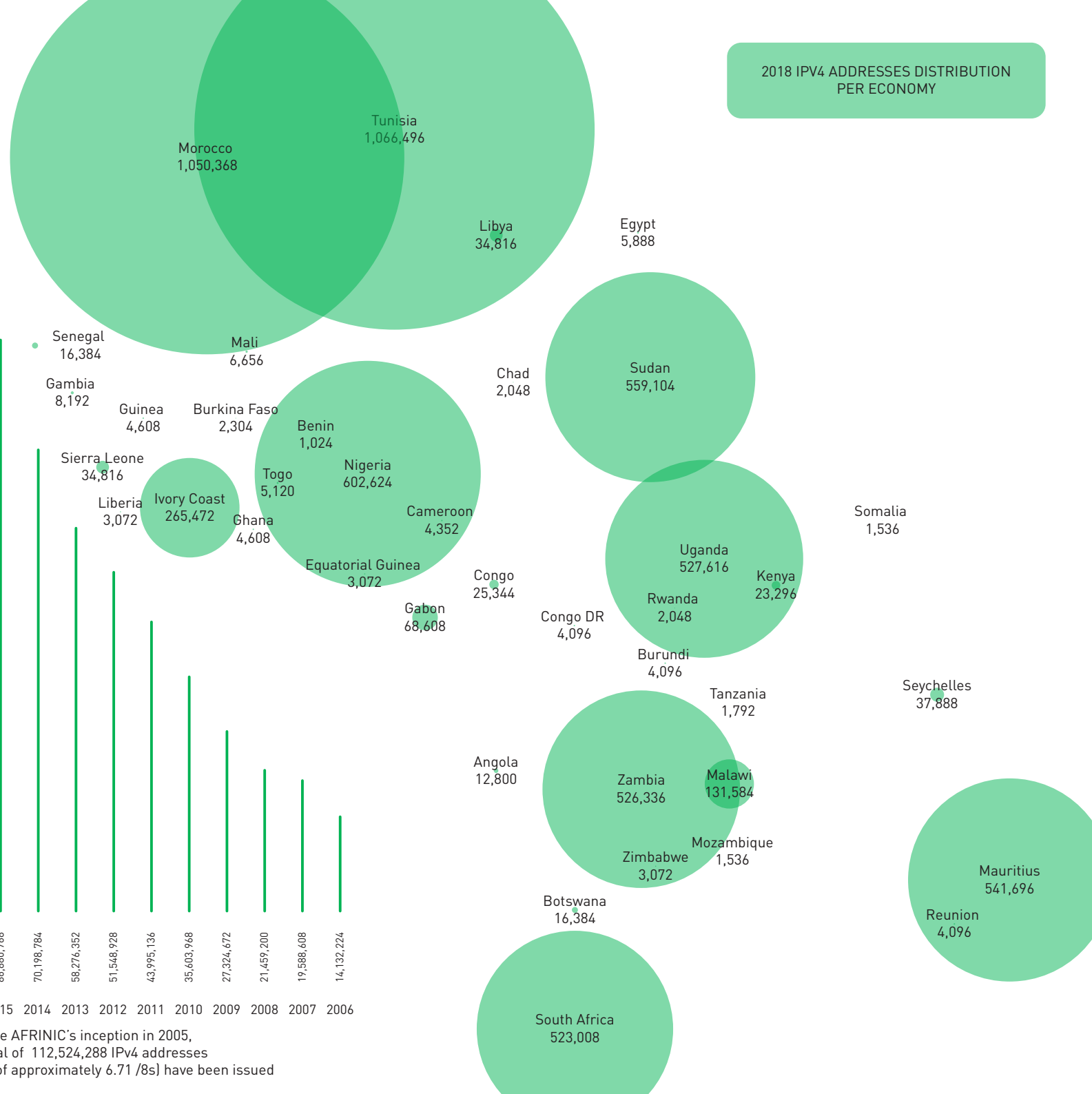
2018 IPv4 ADDRESSES DISTRIBUTION PER ECONOMY



A total of 6,137,856 /32 (the equivalent of 0.37 /8s) IPv4 were issued.



Since AFRINIC's inception in 2005, a total of 112,524,288 IPv4 addresses (an equivalent of approximately 6.71 /8s) have been issued



IPv4 Pool Availability as of December 2018

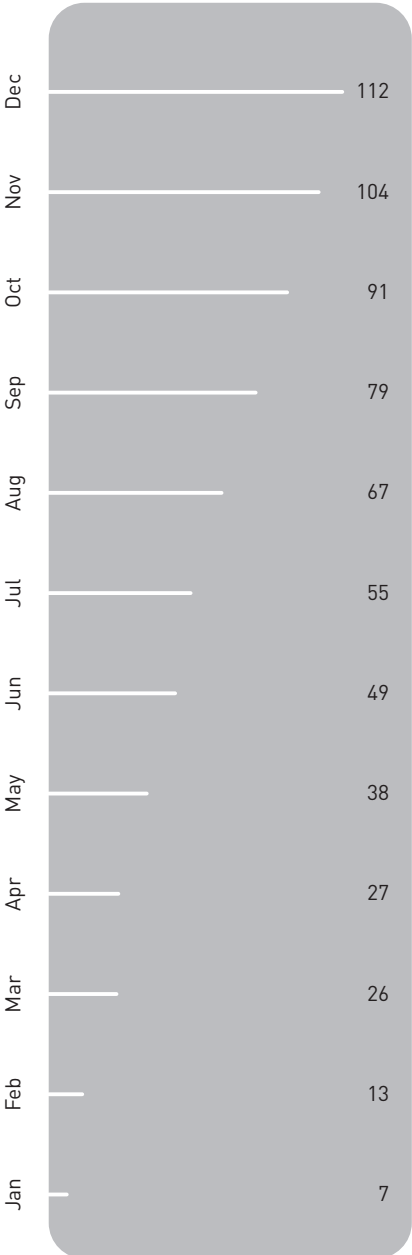
Prefix Size	Total Free
/11	2
/12	1
/13	1
/14	1
/16	4
/17	2
/18	4
/19	16
/20	19
/21	11
/22	44
/23	1
/24	26

Legacy resources

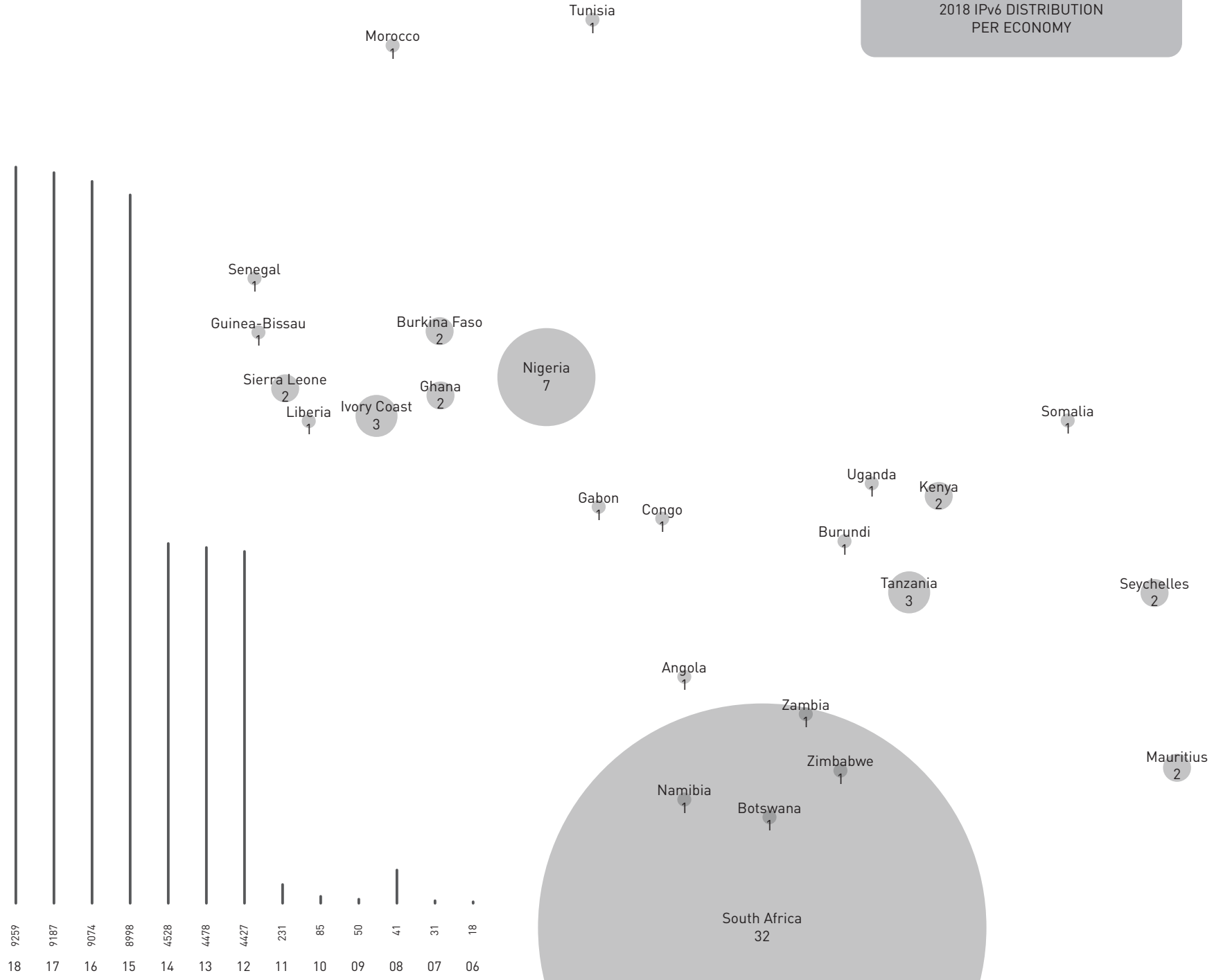
AFRINIC has recorded a total of 8,393,216 /32 IPv4 legacy resources in its Database. However, AFRINIC doesn't maintain these resources information since there is no legal agreement between these Legacy Resources Holders and AFRINIC.

IPv6 Distribution

2018 IPv6 DISTRIBUTION PER ECONOMY



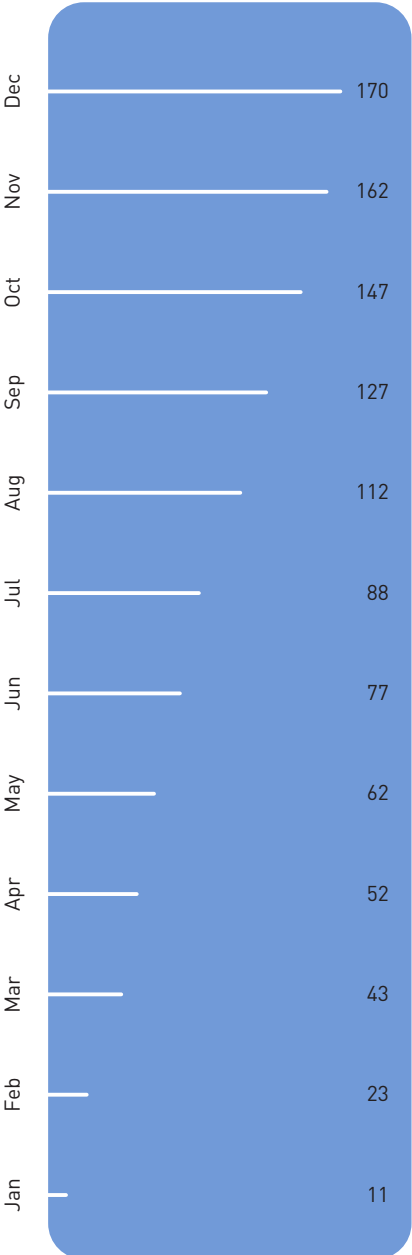
Over 2018, we issued a total of 112 prefixes equivalent to 72 /32s IPv6 addresses.



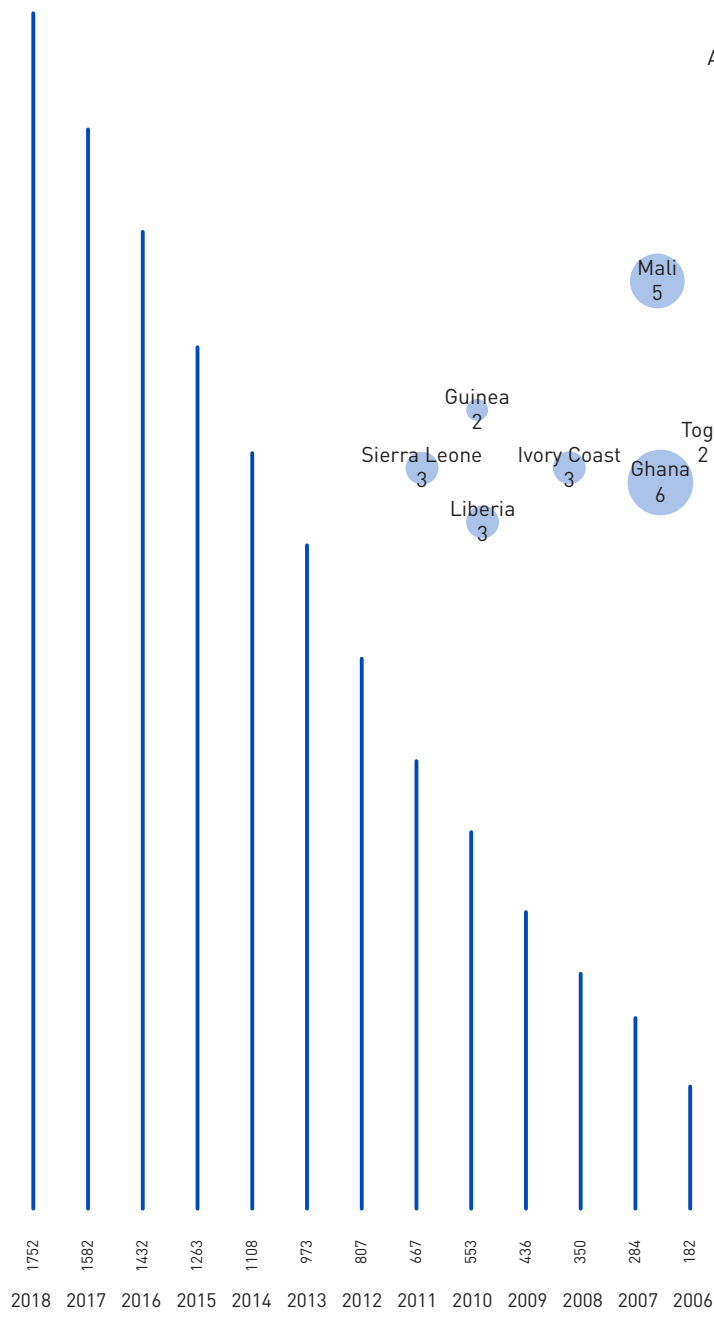
Since AFRINIC's inception in 2005, we issued a total of 9,259 /32s IPv6 prefixes

ASN Distribution

2018 ASN DISTRIBUTION PER ECONOMY



By end of December 2018, we issued a total of 170 ASNs.



Since AFRINIC's inception in 2005, we issued a total of 1,752ASNs



Internet Routing Registry

There has been a steady increase in the number of route objects on the AFRINIC IRR during 2018 and Member Services encourages members to use the AFRINIC IRR. In 2018 the AFRINIC IRR had 19,649 route objects which also include 324 Route6 objects. 42% of AFRINIC Resources Members were using the AFRINIC IRR in 2018.

IP Resource Transfer

26 transfer requests for Internet number resources were received and 12 transfers were completed during 2018.



Community and Policy Development

AFRINIC provides several platforms for discussions on Internet number resource management policies and relevant Internet-related topics. Such activities are conducted through workshops, conferences and business events that include the AFRINIC public policy meetings. As part of its secretariat role, AFRINIC facilitates the Policy Development Process for the AFRINIC community - the African and Indian Ocean nations Internet technical community - to ensure that the unique needs of the region are taken into account.

The AFRINIC Community

AFRINIC Meetings

AFRINIC holds two open public policy meetings every year in various locations throughout its service region. The meetings provide a unique opportunity for local, regional and global Internet-related individuals and organisations to gather to discuss and develop the policies governing Internet number resource distribution in the African region and beyond, to share technical knowledge and best practices, and to attend relevant courses, workshops and tutorials.

Thank you to our sponsors: DOT AFRICA, FDSUT, TIGO, SONATEL, FABS, ICANN, ISOC, Google, NSRC, LONASE, EXPRESSO, GAINDE 2000, O'Reilly, Network the World, SEACOM, GHANA DOT COM and WACREN, ATI, ICANN, Internet Society, and ZACR.

AFRINIC-29



AFRINIC-29 was held in Tunisia from 25 November - 30 November 2018. Over 250 people from 43 countries attended. The meeting report can be found here:

<https://meeting.afrinic.net/afrinic-29/images/022019-af29-meeting-report.pdf>



Africa Internet Summit 2018 (AIS'18) and AFRINIC-28



The Africa Internet Summit (AIS) is an annual, regional, multi-stakeholder ICT conference co-organised by AFRINIC and the African Network Operators' Group. It is the pinnacle educational and business ICT event in Africa enabling key players in the Internet industry to come together to interact with the global Internet community.

The AIS'18 and the AFRINIC-28 Meeting took place from 29 April to 11 May with around 500 people from 60 countries attended.

The Meeting Report can be read here:

<https://2018.internetsummit.africa/images/ais18-meeting-report.pdf>

Meeting Fellowship Programme

The AFRINIC Fellowship Programme enables individuals from African countries who have an interest in Internet operations and governance to participate in AFRINIC Meetings. The fellowship provides financial assistance to the selected applicants who fulfil the eligibility criteria and who are subsequently selected by the Fellowship Committee. In 2018, 24 people were assisted with meeting attendance:

Find out more about the Fellowship Programme at afrinic.net/fellowship

AFRINIC-28 Fellows

- Evelyn Bisona Fonkem - Cameroon
- Keolebogile Rantsetse -Botswana
- Frieda Lukas - Namibia
- Uffa Gloria Modey - Nigeria
- Aisha Saho - Gambia
- Soma Horossi Rita Berthe - Burkina Faso
- Manga Willy Ted Gregory Marcel- Cameroon
- Joshua Musasizi - Uganda
- Alaeddine Oueslati -Tunisia
- Aboubabacar Ben Aboubacar -Comoros
- Amessinou Kossi - Benin
- Yusif Amadu - Ghana

AFRINIC-29 Fellows

- Andrianisa Pascal Heriliva – Madagascar
- Ngassa Monkam Epse Fon Nsoh Sophie – Cameroon
- Mamothokoane Tlali – Lesotho
- Caleb Olumuyiwa Ogundele – Nigeria
- Yasmine Bilkis Ibrahim - Sierra Leone
- Eric Kimathi Mwobobia – Kenya
- Musafiri Fabrice – Rwanda
- Noha Ashraf Abdelbaky Salama – Egypt
- Leghis Cherkaoui – Morocco
- Cheikh Boubey - Mauritania
- Abidi Souad - Algeria
- Serge Parfait Goma - Republic of Congo



Keeping the Community Informed

AFRINIC Blog

The AFRINIC Blog shares interesting articles, news, research and statistics that are relevant to the community as well as to facilitate community discussion on Internet related topics in Africa and beyond. Throughout 2018, 47 blog posts were published, invited guest bloggers to write about their expertise and encouraged discussion.

Outages and Incidents

AFRINIC ensures that the community is kept up to date on any incidents and outages through its dedicated webpage. The community can also make sure they are informed by following the @AFRINIC_IT twitter feed, which updates the community in real time of any planned or unscheduled maintenance.

Ten incident outages were reported among which eight directly impacted our public services.

Mailing Lists

AFRINIC facilitates several mailing lists. Throughout 2018, the mailing lists informed the community on AFRINIC related issues on relevant topics. Find out more about AFRINIC's mailing lists, most of which are open to all, at afrinic.net/mail

Social Media

AFRINIC also actively engages in social media to further its information dissemination efforts. In 2017, the Communications Team significantly ramped up its social media activities:

6537 Facebook Page Likes, over 660 more than at the start of 2018.

7482 Twitter Followers, over 900 more than at the start of 2018.



New AFRINIC website

AFRINIC launched its new interactive and bilingual website using the latest CMS in October.

Policy Development

Policies that govern how AFRINIC manages the distribution of IPv4, IPv6, ASNs and related resources are developed by the community of interested individuals (the Policy Development Working Group - PDWG) through a transparent, open and bottom-up policy development process. Most policy development activity happens through the rdp@afnic.net mailing list and at the bi-annual AFRINIC public policy meetings where open policy proposals pass through consensus-building. Policy proposals under discussion are listed on the policy web page <https://www.afnic.net/policy/proposals>

The PDWG has two co-chairs. Adewole Ajao from Nigeria and Sami Salih from Sudan have diligently served and steered the PDWG community through the year 2018.

There was a lot of policy development activity in 2018 with strong participation from members of the community both within the AFRINIC region of service and beyond.

Two public policy meetings were held in 2018: AFRINIC28 in Dakar – Senegal, and AFRINIC29 in Hammamet Tunisia. At these meetings, the following policy proposals were discussed, with the current status of each respective proposal as indicated:

Proposal AFRINIC Policy Development Process – bis - AFPUB-2017-GEN-002 *Proposed: 28 April 2017*

This proposal is a major revision of the current Policy Development Process. major highlights include:

- A clearer mechanism for appeals and disputes.
- Introduction of distinct phases in the policy proposal life cycle.
- More transparency around consensus-gauging.

Presented at:

- AFRINIC-26 (May 2017)
- AFRINIC-27 (November 2017)
- AFRINIC-28 (May 2018)
- AFRINIC-29 (November 2018)

Status as of December 2018:

Under Discussion
(Version 4)

Proposal IPv6 Policy & References Update - AFPUB-2018-V6-001 *Proposed: 11 March 2018*

Given the evolution of IPv6 deployment, a few inconsistencies became apparent in the current IPv6 policy, which this proposal addresses. It also updates other important sections regarding how members can assign IPv6 address space to customers. The proposed changes were simple clarifications and involve correcting errors and updating references to avoid misinterpretations.

Presented at:

- AFRINIC-28 (May 2018)

Status as of December 2018:

Implemented

Proposal

Internet Number Resources Review by AFRINIC - AFPUB-2016-GEN-001

Proposed: 18 May 2016

This proposal puts in place a policy provision for AFRINIC to conduct routine (or whistle-blower triggered) number resource audits on members. It also provides for revocation of resources (and closure of members) that fail such audits (reviews).

Presented at:

- AFRINIC-25 (November 2016)
- AFRINIC-26 (May 2017)
- AFRINIC-27 (November 2017)
- AFRINIC-28 (May 2018)
- AFRINIC-29 (November 2018)

Status as of December 2018:

Under Discussion
(Version 7)

Proposal

IPv4 Soft Landing – BIS - AFPUB-2016-V4-001

Proposed: 04 February 2016

The proposal is a complete replacement of the current IPv4 Soft Landing Policy (CPM article 5.4), highlights from which are:

- Establishes new maximum allocation sizes (/18 for phase 1 of exhaustion, /22 for phase 2 of exhaustion) Phase 2 starts when remaining free pool hits /11).
- Sets a 2-year wait period for subsequent allocation if a member has already been allocated maximum space in either phase.
- Reserves a /12 to ‘facilitate IPv6 deployment’.

There was community consensus on this proposal at AFRINIC27 (Lagos) and the consequent announcement of a “Last Call” period in accordance with the PDP. The final consensus decision after last-call was appealed and was eventually overturned by the Appeals Committee.

Presented at:

- AFRINIC-26 (May 2017)
- AFRINIC-27 (November 2017)
- AFRINIC-28 (May 2018)
- AFRINIC-29 (November 2018)

Status as of December 2018:

Withdrawn by authors

Proposal

Clarification on IPv6 sub-assignments - AFPUB-2018-V6-002

Proposed: 14 March 2018

The proposal clarifies the issue around the usage of IPv6 PI space by third parties (other than the AFRINIC registered holder) of the PI space, setting out the following conditions:

- It is allowed to use the assigned addresses for:
 - the assignment holder network
 - third-party devices operating within that infrastructure
 - interconnections
- It is not allowed to use the assigned addresses for providing services to customers (such an ISP), data-centre or similar cases.

Presented at:

- AFRINIC-28 (May 2018)
- AFRINIC-29 (November 2018)

Status as of December 2018:

Pending ratification by AFRINIC Board.

Proposal

IPv6 PI Update - AFPUB-2018-V6-004

Proposed: 28 March 2018

Adds some changes to current requirements for IPv6 PI space, among which are the need to announce the entire prefix as assigned in a single aggregate and having the prefix advertised within 12 months of getting it.

Presented at:

- AFRINIC-28 (May 2018)

Status as of December 2018:

Implemented

Proposal

IPv6 initial allocation update - AFPUB-2018-V6-003

Proposed: 28 March 2018

The proposal amends the current IPv6 allocation policy. A few highlights:

- Making sure that policy text is aligned with a wider set of possible IPv6 deployment cases to facilitate justification of a larger allocation size.
- Ensuring that the subsequent IPv6 allocation policy is synchronized with the initial allocation one.

Presented at:

- AFRINIC-26 (May 2017)
- AFRINIC-27 (November 2017)

Status as of December 2018:

Implemented

Proposal

Simple Update of the PDP - AFPUB-2018-GEN-002

Proposed: 23 October 2018

Introduces updates to the current PDP by adjusting several timelines around the mailing list discussion, submission of proposal before public policy meetings and last call periods.

Presented at:

- AFRINIC-29 (November 2018)

Status as of December 2018:

Withdrawn by author

Proposal

Abuse Contact Policy Update - AFPUB-2018-GEN-001

Proposed: 12 August 2018

Introduces a mandatory “abuse-c” attribute for specifying abuse email address(es) for a given directly issued resource. Also introduces a mechanism for AFRINIC to validate the given abuse email address, and punitive measures (such as blocking of my.afrinic.net access, including access to voting) if contacts remain invalid.

Presented at:

- AFRINIC-29 (November 2018)

Current status:

Under Discussion
(Version 2)

Proposal

Inter-RIR Resources Transfer - AFPUB-2018-GEN-003

Proposed: 26 October 2018

Introduces Inter-RIR transfers to the AFRINIC region. Specifies that only legacy IPv4 and ASN resources can be transferred out of AFRINIC, with no restrictions on resource types for incoming transfers.

Presented at:

- AFRINIC-29 (November 2018)

Current status:

Under Discussion
(Version 2)

Proposal

SL Update - AFPUB-2018-v4-001

Proposed: 28 October 2018

Section 5.4.7.1 of the soft landing policy reserves a /12 from the last /8 for some unforeseen future uses. At the same time, section 5.4.7.2 gives the AFRINIC board sole authority to decide on how to use this reserved block to eventually replenish the exhaustion pool and determine the allocation/assignment rules.

If no community-driven policy is adopted to determine how to use the reserved space before the exhaustion of the pool, board may act at its discretion with or without community involvement and consent – yet the community is in a better position to determine what is in its best interest and this should be discussed through PDP.

This proposal therefore revokes this prerogative given the board and sets that the /12 reserve will be returned to the AFRINIC pool for distribution under the conditions of phase 2 of the soft landing policy.

Presented at:

- AFRINIC-29 (November 2018)

Current status:

Under Discussion
(Version 1)

Implemented Policies

All policies appear in the Consolidated Policy Manual:
<https://www.afrinic.net/policy/manual>

Five policy proposals were implemented in 2018, three of those introducing policy changes to the current IPv6 allocation and assignment mechanisms. Also not available before was a means to transfer IPv4 addresses between AFRINIC member organizations as a result of mergers or other related actions. The policy for internal IPv4 transfers was approved and implemented into the CPM as sec 10.7.

A list of all policies implemented within 2018 follows:

Policy Proposal	Policy Manual Section(s)
Lame Delegations in the AFRINIC reverse DNS - AFPUB-2017-DNS-001	Ratified in March 2018 CPM 10.7
IPv4 Resource Transfer within the AFRINIC region - AFPUB-2016-V4-003	Ratified in April 2017 CPM 5.7
IPv6 Policy & References Update - AFPUB-2018-V6-001	Ratified in August 2018 CPM 6.0, 6.1 and 6.6.4.1. Deleted the previous 6.5.4.2 - which is now replaced by the previous 6.5.4.3
IPv6 Initial Allocation Update - AFPUB-2018-V6-003	Ratified in August 2018 CPM 6.5.1.1, 6.5.1.2, 6.5.1.3 and 6.5.2.3
IPv6 PI Update - AFPUB-2018-V6-004	Ratified in August 2018 CPM 6.8, 6.8.1, 6.8.2, 6.8.3 and new section 6.8.4

Public Policy Meeting Reports from the two meetings held during 2018 can be found at the following URLs:

AFRINIC-28

<https://www.afrinic.net/policy/development-working-group/ppm-afrinic-28>

AFRINIC-29

<https://www.afrinic.net/policy/development-working-group/ppm-afrinic-29>

Global Policy Development / NRO-NC Update

A global policy is an identical proposal submitted through the respective policy development process of each RIR, or directly to the ASO AC also known as the NRO-NC, which ensures that the proposal has evolved successfully through each region before the NRO-NC submits the proposal to the ICANN Board for ratification and implementation.

Representatives from the AFRINIC region to the NRO-NC are:

- Noah Maina (Tanzania) – January 2018 to December 2020
- Omo Oaiya (Nigeria) – January 2017 to December 2019
- Wafah Dahmani (Tunisia) - Board appointed.

No global policy proposals were received or approved during 2018. However, the following notable activity was conducted by the NRO-NC within the year 2018:

- The appointment process for ICANN Board Seat 10 (leading to the current appointment of Akinori Maemura)
- Appointment of Ron da Silva to ICANN Board Seat 9
- Driving community consultations on the recommendations in the ASO Review Report.

Training and Capacity Building

Training

AFRINIC plays a leading role in education and capacity building and offers a comprehensive training programme and provides free training throughout Africa and the Indian Ocean in French and English on Internet Number Resources Management (INRM), and IPv6 Planning and Deployment.

Follow the Training Team's travels and news on Twitter: @afrinictraining

The AFRINIC training courses are highly rated, achieving an average Net Promoter Score of 74 and with over 6000 network engineers trained.

In 2018, the training team embarked on a new strategy focusing on IPv6 deployment support strategies and increasing its e-learning capability.

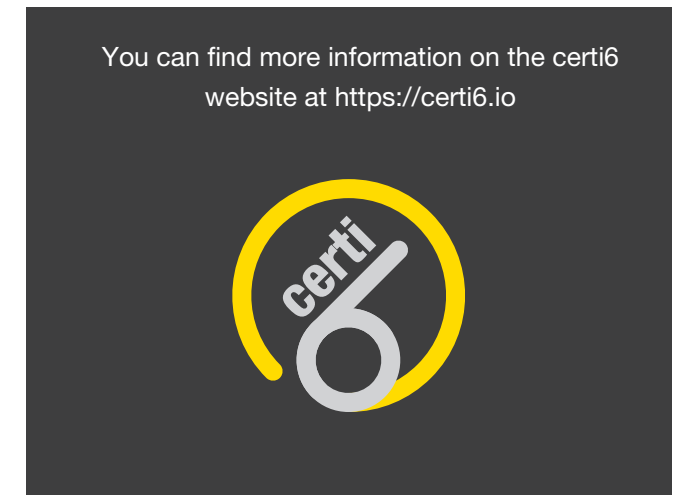
The training team conducted 2 workshops in Burkina Faso and Senegal on IPv6 and INRM recording 77 participants in addition to 4 IPv6 Deployathons that were conducted in Nigeria, Senegal, Tanzania and Tunisia.

As part of its IPv6 programme, the Capacity Building team has deployed IPv6 helpdesk that received more than 50 requests in its first year of operation.

A reboot of the IPv6 Training for Managers has been carried out by adapting the coursework to meet the corporate strategies of organisations.

AFRINIC runs certi:6, a multi-tiered program of written exams under the IPv6 Forum certification program. The program validates the knowledge and skills required to plan, design, configure, manage and troubleshoot multi-vendor IPv6 networks. Thirty-two candidates took part in the examinations in 2018.

MoUs have been signed with local partners to conduct the examinations in Cameroon, Tunisia, Morocco, Egypt, Nigeria, Sudan, Kenya, Senegal, and Mali



Technical Services

Throughout 2018, the AFRINIC IT and Engineering department continued to improve internal and external systems and services.

Lame delegation policy implementation

A tool has been implemented to detect lame delegations, send email messages, and remove database objects corresponding to lame delegations.

In addition to the policy implementation, a web-based tool for members to test their own domains was added on the AFRINIC corporate website and statistics (figures and charts) of the evolution of lame delegations over time posted on the corporate website as well.

SLC Monitoring tool

A comprehensive reporting tool to show statistics such as response time, turnaround time and service level commitment (SLC) violations have been developed. The reporting framework also allows a drill down to individual RT tickets which are responsible for violations to the SLC.

WHOIS, Internet Routing Registry and RDAP

The following maintenance was performed:

A data cleanup of the IRR in collaboration with the Registration Services unit

Added APIs for the implementation of the “lame delegation” policy

Added a comprehensive “batch update” feature

MyAFRINIC v1

New features have been added for members contacts update, resetting passwords and Customer Services rights.

PRISC

The Participants Registration Intelligence, Screening & Communication System (PRISC), an in-house system, was developed and allows evaluators to collect registrations for attending an AFRINIC training and performing a screening.

New fees structure

A new fees calculator has been developed for prospective and current members who request Internet number resources at AFRINIC.

Revamp of “whois web update”

A revamp of the code was carried out, as a result, the service operates faster with a responsive design and has improved the user experience: It also works without Javascript.

RDAP

The following improvements have been completed for this service:

Encoding of all RDAP responses to UTF-8.

Use of tel URI for Telephone Numbers (RFC 3966).

Addition of role information (administrative/technical/zone/...) to the entities' contacts in order to align with what other RIRs have done for RDAP.

Alignment of our implementation with the other four RIRs.

Projects and Research

As part of the work of the Research and Innovation Department, AFRINIC offers or contributes to several initiatives for the benefit of the African and global Internet community.

Publications

The following publications were made:

- IEEE Infocom 2018, Deep Diving into Africa's Inter-country latencies, won the best presentation award
- EAI AFRICOMM 2018, Studying performance barriers to cloud services in Africa's public sector
- EAI AFRICOMM 2018, Internet development in Africa: a content use, hosting and distribution perspective

Participation in workshops and panels on Internet measurement:

- Internet Measurement Workshop at AIS 2018, Full-day workshop with RIPE Atlas and PerfSONAR hands-on
- RIPE Atlas Tutorial at SAFNOG-4
- Internet Measurement Research in Africa Workshop at AFRICOMM 2018.
- Panel discussion on Content hosting, throughput trends, and latency in Africa at AIS'18.

Internet Data Portal

A proof-of-concept of an Internet Data portal called WIDER (World Internet Data ExplorER) with the collaboration of ISOC South Africa Chapter and Vanilla was produced. It provides a platform to explore and visualise selected Internet open datasets in a useful format, to better understand the complexities of the multi-stakeholder nature of the Internet. WIDER is an open data platform that will serve as a public service to learn more about the Internet in a specific country or region.



RIPE Atlas Anchor distribution

RIPE Atlas is the RIPE NCC's main Internet data collection system. It is a global network of devices, called probes and anchors, that actively measure Internet connectivity. RIPE Atlas anchors are RIPE Atlas probes with enhanced measurement capacity that serve as reliable measurement targets within the greater RIPE Atlas network.

AFRINIC sponsored the deployment of 4 anchors:

GHANA-IX
UGANDA-IX
WACREN
RICTA



Corporation and Development



A crucial part of AFRINIC's capacity building and education efforts, the Fund for Internet Research and Education (FIRE Africa) Programme was set up to provide financial support to innovative ICT projects that contribute to social and technical development throughout Africa.

FIRE Africa received funds from external donors - Internet Society (ISOC) and the International Development Research Center (IDRC) for \$33, 313 and \$76,602 respectively.

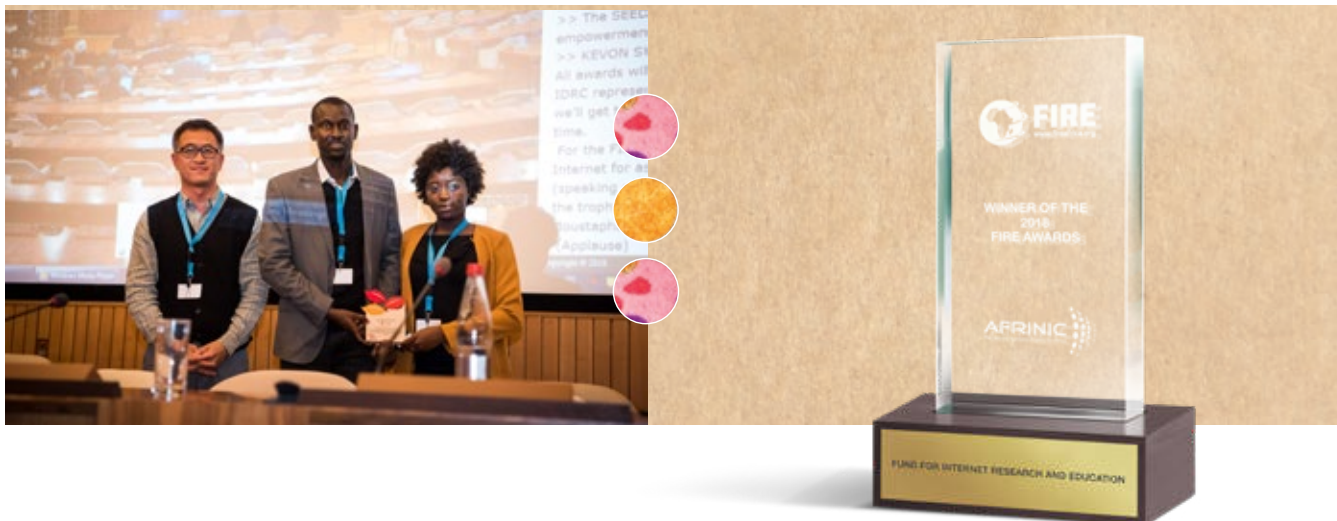
In 2018, FIRE Africa allocated three grants of 11,000 USD each under the category Women Empowerment in ICT.

FIRE Africa also gave 2 grants of 15,000 USD each from Internet Society donations to 2 initiatives themed around community networks. All grant recipients were also sponsored to the AFRINIC 29 meeting in Hammamet Tunisia as follows where they attended a two-day FIRE Africa capacity building workshop on Project Management.

Find out more about the FIRE Africa Program:
www.fireafrica.org

Seed Alliance

AFRINIC is part of the Seed Alliance, a multi-stakeholder partnership supporting the allocation of small grants and awards across the global south. Support is channeled through three regional programmes: FIRE Africa (AFRINIC/Africa), FRIDA (LACNIC/Latin America and the Caribbean) and ISIF Asia (APNIC/Asia Pacific).



Outreach and Internet Governance

AFRINIC sends its staff to local, regional and global events to facilitate partnerships and outreach efforts. In 2018, staff represented the interests of the AFRINIC membership, from regional and global Internet Governance Forums (IGF), ICANN Meetings, sister RIR Meetings, IETF Meetings, and other ICT events.

List of events AFRINIC attended or supported in 2018:

- APNIC 45 - 23 - 28 February
- ICANN 61 - 10 - 15 March
- IETF101 - 17 - 23 March
- WACREN 2018 - 15 - 16 March
- Global Peering Forum - 10 - 13 April
- IEEE Infocom - 15 - 19 April
- ARIN41 - 15 - 19 April
- OSIANE 2018 - 16 - 20 April
- East Africacom - 15 - 16 May
- RIPE76 - 14 - 18 May
- Cisco live - 10 - 14 June
- Africa DNS Forum - 4 - 6 July
- IETF102 - 14 - 18 July
- West Africa IGF 2018 - 23 - 27 July
- IWeek / AFPIF 2018* - 21 - 23 August
- ITU Annual Regional Workshop - 27 - 29 August
- Capacity Africa - 5 - 6 September
- LACNIC 30 - 24 - 28 September
- SdNOG* - 30 September - 04 October
- SAFNOG* - 24 - 26 September
- AITEX 2018 - 04 - 05 October
- Africa Union Forum - 16 - 18 October
- RIPE 77 - 15 - 19 October
- ICANN 63 - 20 - 26 October
- NGNOG 2018 - 29 October - 03 November
- Africa IGF - 4 - 6 November
- IGF 2018 - 12 - 14 November
- Ubuntu NET 2018 - 21 - 23 November
- Africomm 2018 - 28 - 30 November
- Central Africa IGF - 12 - 14 December

*Events AFRINIC sponsored in 2018

Internet Governance

ASO Review

The independent ASO Review 2017 report outlined 18 recommendations which the NRO resolved to accept.

The report recommended community consultations in each of the five Regional Internet Registry (RIR) regions to determine the future structure of the ASO.

AFRINIC ASO representatives subsequently lead a community process in 2018 for a response from the region and published a report (<https://www.afrinic.net/2019-02-13-report-of-the-afrinic-consultation-on-the-future-of-the-aso>).

IGF 2018, France

AFRINIC and the other four RIRs organise an information booth at the global IGF events each year. The 2018 Seed Alliance Award Ceremony took place during the IGF 2018 event from 12 - 14 November, with FIRE Africa Awardees attending to collect their prize.



AfGWG

The African Government Working Group (AfGWG) is an initiative that aims to strengthen the collaboration between AFRINIC and African Governments and Regulators to create a dynamic framework to address the general Internet governance challenges faced within the region and specifically those related to Internet number resources. The invite-only AfGWG meetings are held twice a year, usually during AFRINIC's Public Policy Meetings. In 2018, AfGWG Meetings were held in Senegal in June with 37 delegates from 15 countries attending and in Tunisia in November with 27 delegates from 14 countries in attendance.



**AFRINIC Government
Working Group**

Find out more about the AfGWG at:
<https://afrinic.net/committees/afgwg>

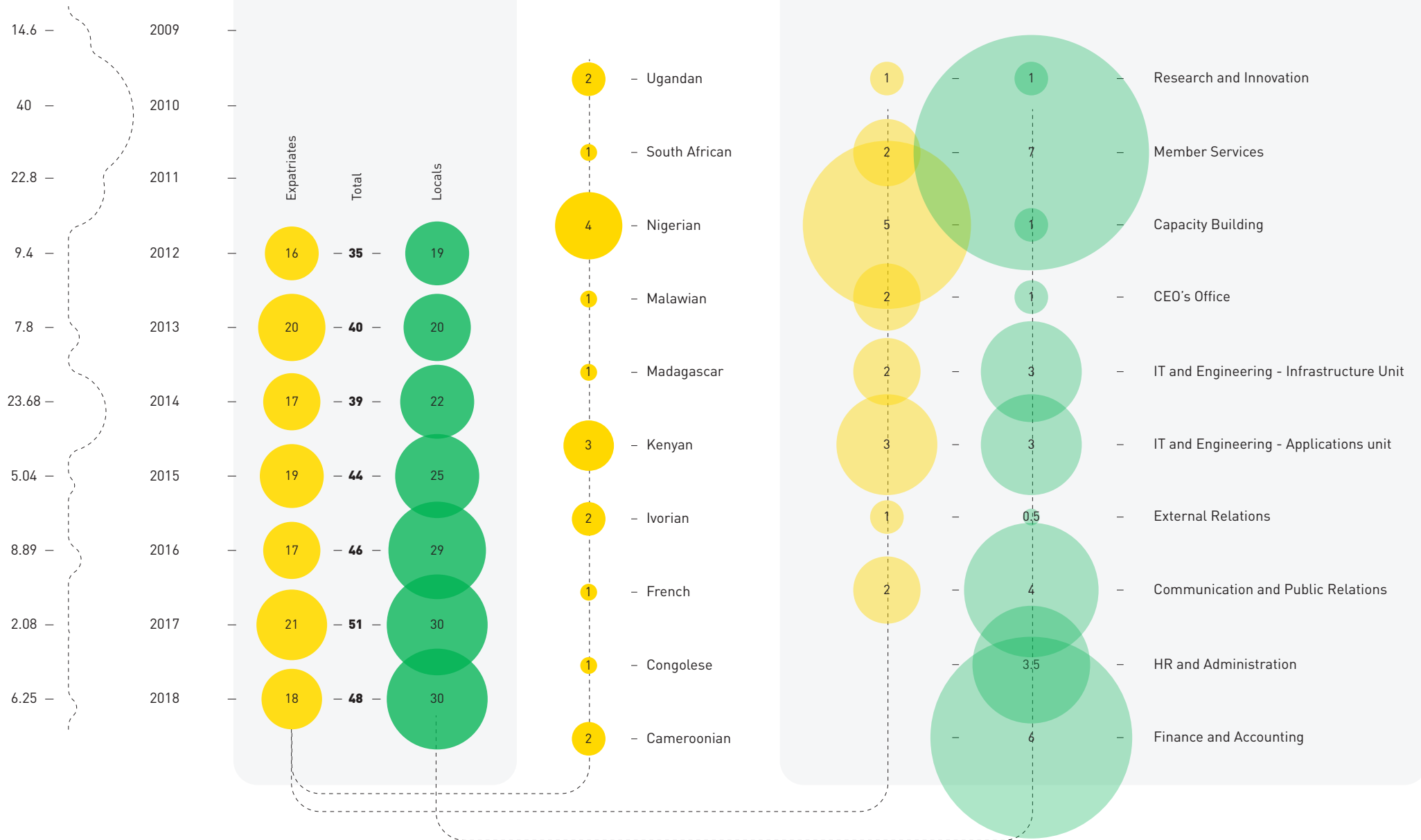
HR Overview

AFRINIC Staff operates to serve its Members and the African Internet community AFRINIC has 48 staff in employment from 11 countries.

Percentage Turnover
(Voluntary) as at
31 December 2018

Evolution Of Staff
(As At 31 December 2018)

Distribution
by Department



Projects

ISO 9001: 2015 Certification

AFRINIC successfully passed the transition to the new version of ISO 9001: 2015.



Staff Welfare

Several team bonding exercises were conducted throughout the year.

Every month there is also a staff gathering to celebrate staff birthdays.



Staff Exchange

In line with employees' professional development, four AFRINIC staff members went on exchange to the other RIRs at ARIN and APNIC.

These exchanges contributed to knowledge and experience sharing among the RIRs staff.



Training

All AFRINIC Team members went on training in 2018. AFRINIC staff were trained in Project Management, Seven Habits of Highly Effective People (Franklin Covey), Inspiring Trust (Franklin Covey), Building a Competency Framework, Lean Six Sigma among others.



Performance Management

Performance Management system (PMS)

The review of the current AFRINIC Performance Management system was completed. The exercise adopted an inclusive approach involving the whole AFRINIC team to establish the main features of the design of the PMS.

Financial Report

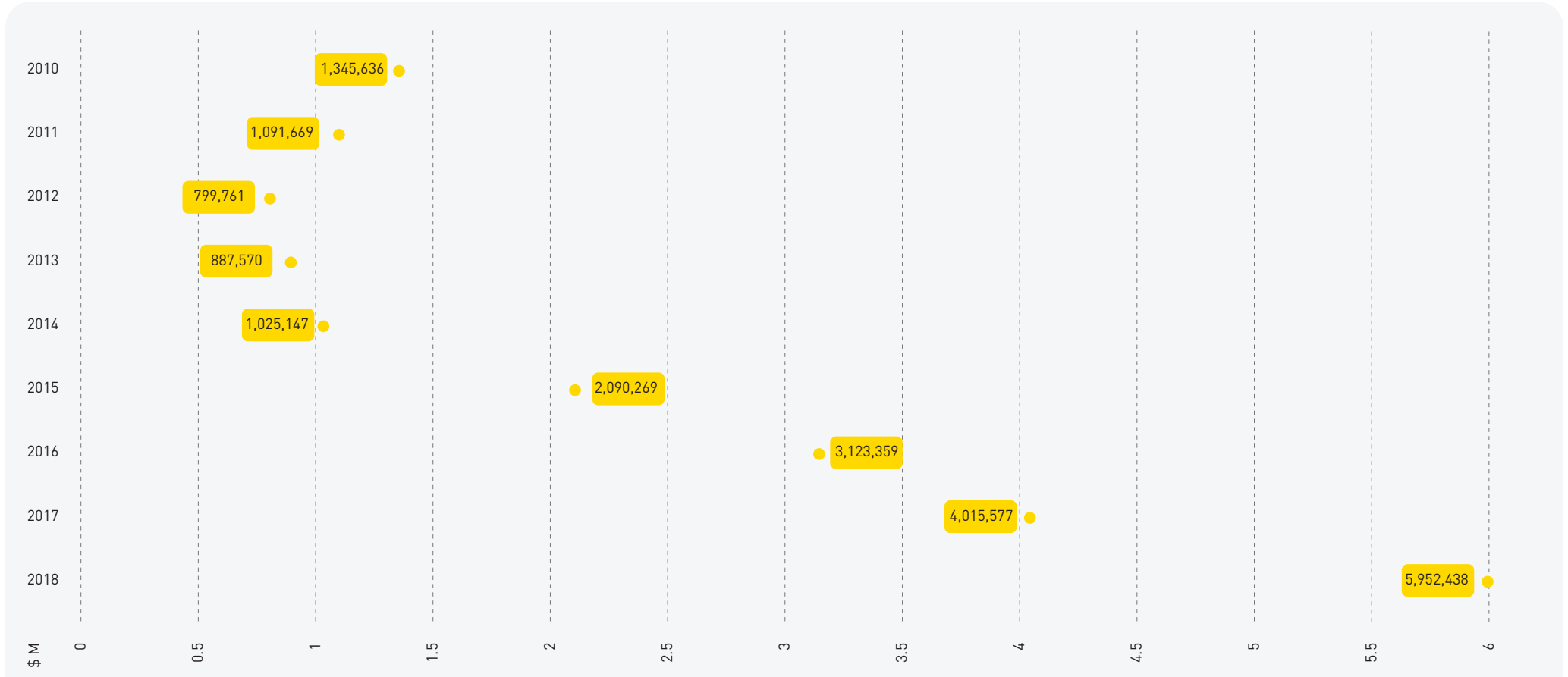
2018 FINANCIAL RESULTS

2018 recorded yet another good operational financial performance closing on a net surplus of \$ 1,302K (2017: \$839K). Total Revenue continues to record positive growth of 5.65% over the previous year standing at \$ 5,379K. Closing total cash position reflected an improvement, with an increase of 48.2% over last period.

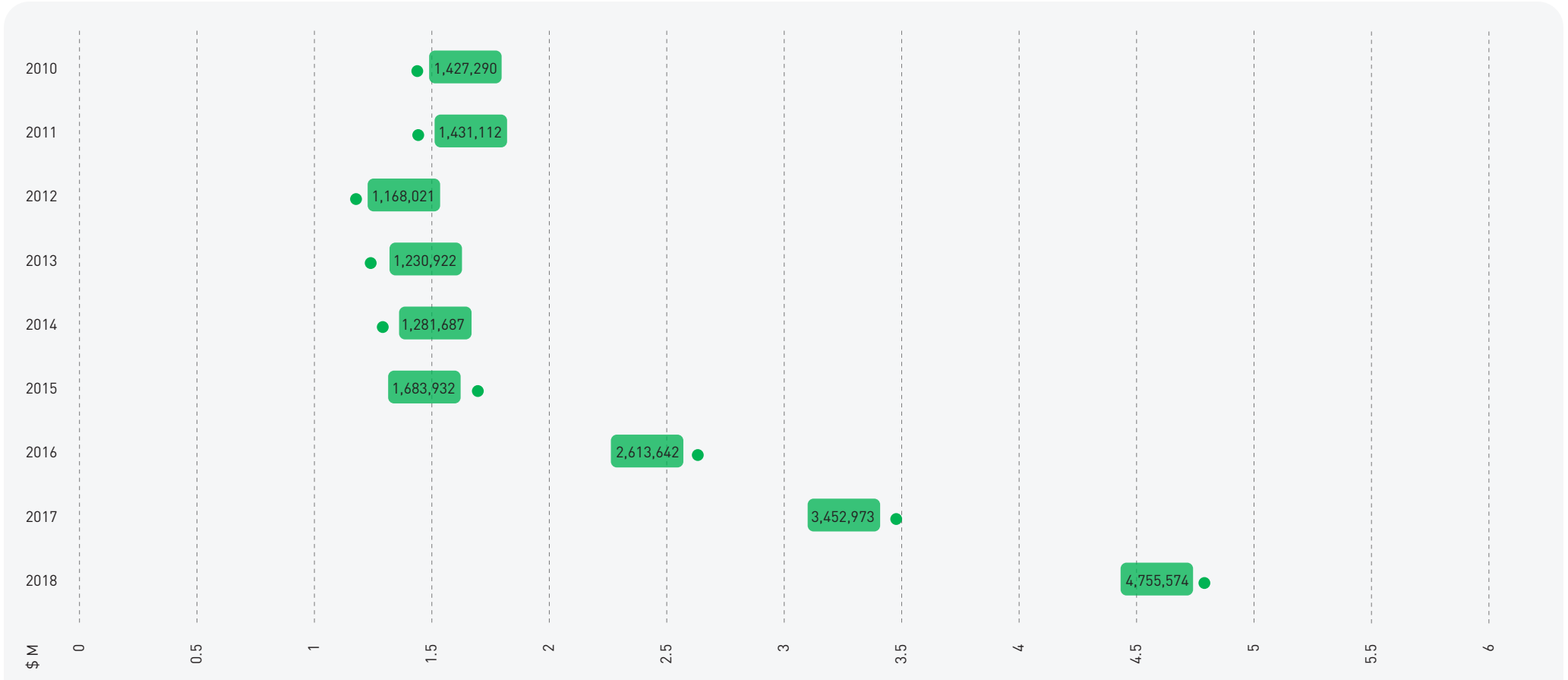
OVERVIEW

2018 financial results in a nutshell; record net surplus; record cash holdings; increased total reserves and improved liquidity ratio. A very healthy Balance Sheet.

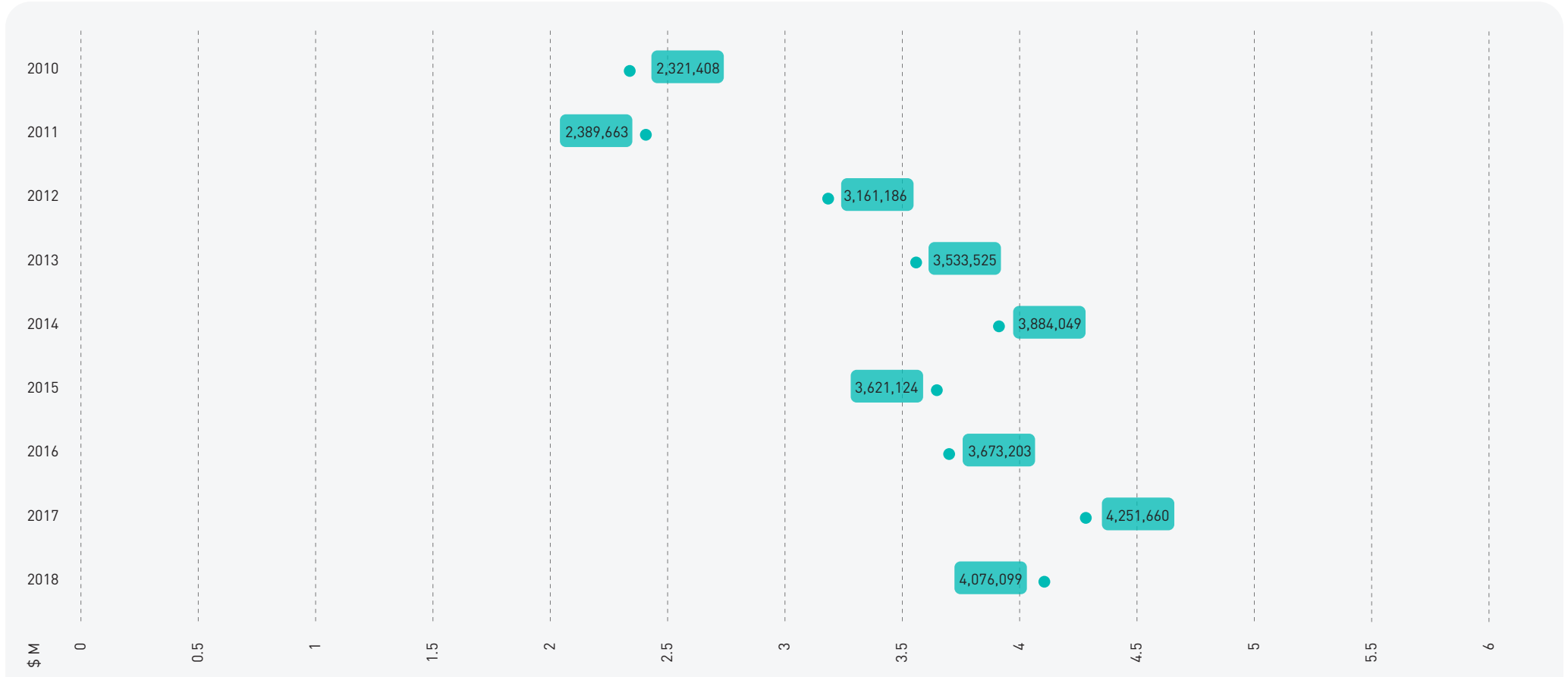
HISTORICAL CASH HOLDINGS



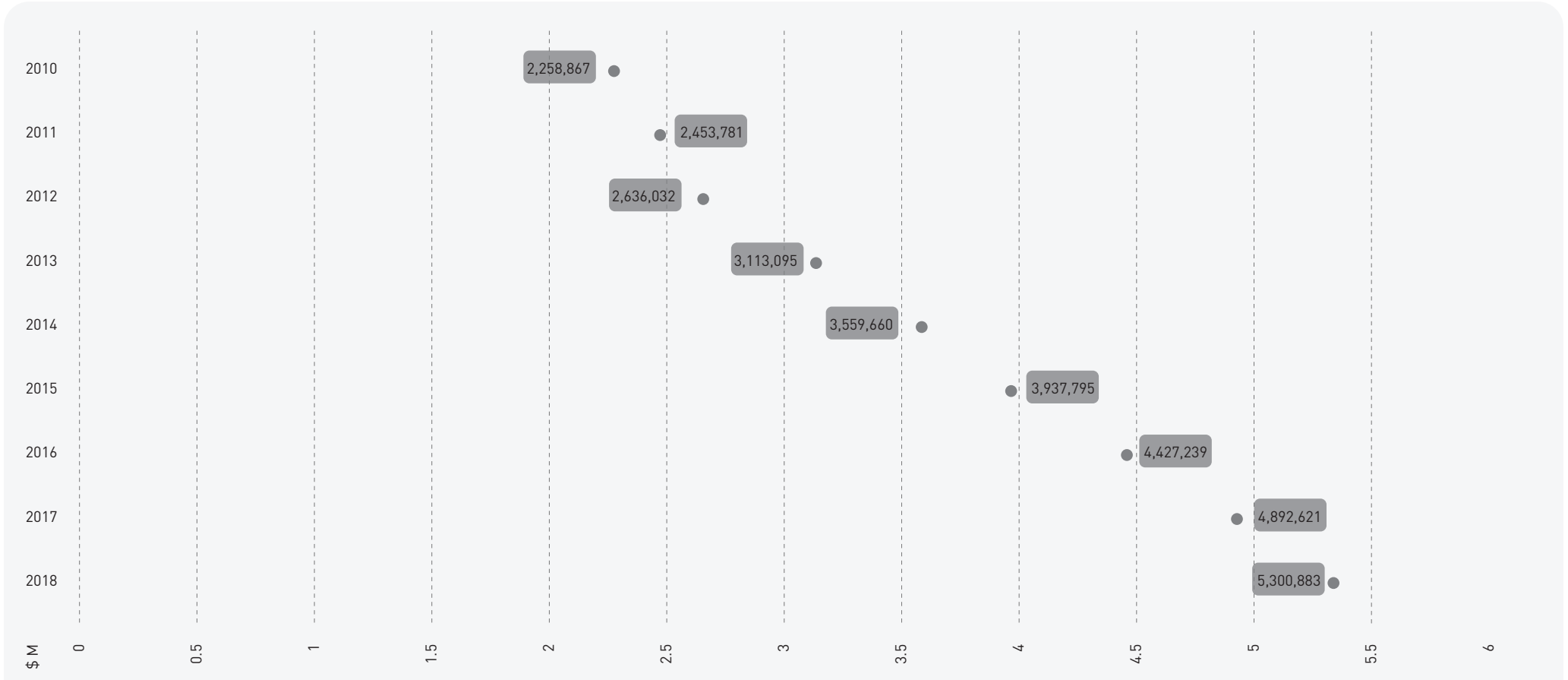
HISTORICAL RESERVE



OPERATING COSTS



FEE REVENUE LEVELS



REVENUE - Membership fee income

Membership Fees and services related fees from members remain the primary source of revenue. The Soft landing Phase I has had no impact on the financial results for the year to December 2018.

Total Membership fee income grew by 8.4% (2017: 10.5%) from \$ 4,892,621 in 2017 to \$ 5,300,883 in 2018. Revenue from Allocation and Assignment fees continues to increase as a direct result of new members' intake and additional resources requests approved during the period under review. It is anticipated that requests for additional resources will continue to increase as we approach the imminent exhaustion of IPv4. Late Payment Penalties amounted to \$ 181K (2017:\$169K) whilst AFRINIC support to Research & Educational Institutions and Critical Infrastructures in the region, via discounted fees, amounted to \$222K (2017:\$160K). However, sponsorships from regional and international partners for AFRINIC events, recorded a drop from \$191K in 2017 to \$64K in 2018.

COSTS – Operating Costs

Total operating costs for 2018 closed lower than 2017; from \$ 4,252K for the financial year to December 2017 to \$4,076K for the same period in 2018. The reduction is the result of costs control discipline and reduced Human Resources Costs. HR costs continue to dominate total operating costs, accounting for 56.9% (2017: 54%) of Total operating costs; however, net increase from last period was less than 1%; moving from \$2,299K to \$2,319K. Bank charges saw a higher than anticipated increase due to an increasing number of fee settlements via Credit Card; and increased overall Fee Revenue, but the ratio against Income remained consistent at 1.5%. The 2018 approved operating costs budgets included a contingency amount of USD 70K which was not utilised. The large saving under Meeting expenses is the result of conferences hosts taking care of the bulk of onsite meeting expenses. Unlike in the previous period, the USDollar/Mauritian Rupee has been stable for most of the year under review.

AFRINIC operating costs evolution over the years:

The above chart shows the Fee Revenue steady growth over the years; the Fee Revenue has doubled since 2012.

The Bottom line

A net Surplus of \$ 1,302K (2017: US\$ 839K) was recorded for the financial year to 31 December 2018. Consequently, total Reserves reflected a growth of 37.7% (2017: 32.1%), increasing to \$ 4,756K from \$ 3 453K in 2017. The good results have made it possible to further increase the Strategic Cash Reserves to \$ 1,878K in Fixed Deposit. The Liquidity Ratio continues to improve in the light of the increased closing total cash holdings of \$ 5,952 from \$ 4,016K in 2017. The Liquidity Ratio stood at 3.7:1 (2017: 3.1:1).

AFRICAN NETWORK INFORMATION CENTRE (AfrINIC) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2018

AFRICAN NETWORK INFORMATION CENTRE (AfrINIC) LTD
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**AFRICAN NETWORK INFORMATION CENTRE (AfrINIC) LTD
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**

The directors are pleased to present the annual report and audited financial statements of AFRICAN NETWORK INFORMATION CENTRE (AfrINIC) Limited (the "Company") for the year ended 31 December 2018.

Principal activity

The Company is the Regional Registry for Internet Number Resources for Africa and the Indian Ocean. The Company is a not for profit organisation.

Results

The results for the year are shown on pages 8 to 31.

Office bearers and resignations

Directors holding office at 31 December 2018 are listed below:

- Christian Domilongo BOPE
- Subramanian MOONESAMY
- Serge Kabwika ILUNGA
- Ojedeji OLUWASEUN
- Alan Peter BARRETT
- Vika William MPSISANE (appointed on 23rd August 2018)
- Habib YOUSSEF (appointed on 23rd August 2018)
- Dorcas Muthoni GACHARI (appointed on 18th July 2018 and resigned on 26th November 2018)
- Sunday FOLAYAN (resigned on 25th March 2018)
- Haitham Z EI NAKHAL (resigned on 9th May 2018)
- Lucky MASILELA (resigned on 10th May 2018)
- Abibu NTAHIGIYE (resigned on 10th May 2018)

Statement of directors' responsibility in respect of the financial statements

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare the Financial Statements in accordance with International Financial reporting Standards ('IFRS') for each financial year, which present fairly the financial position, financial performance and cash flows of the Group and the Company.

The Directors confirm that, in preparing the Financial Statements, they have to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent

**AFRICAN NETWORK INFORMATION CENTRE (AfrINIC) LTD
ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

- State that IFRS have been adhered to, subject to any material departures being disclosed and explained in the Financial Statements
- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the Financial Statements comply with the Mauritius Companies Act 2001, IFRS and the Financial Reporting Act 2004.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Remuneration and benefits

Total emoluments and other benefits given to directors by the Company during the year were as follows:

	2018	2017
	USD	USD
▪ Executive Directors	161,174	160,827

Community Support and Engagement

During 2018, AFRINIC provided support to related regional and global organisations and community members amounting to USD 165,367 (2017: USD 247,130).

Auditors

Messrs PricewaterhouseCoopers were appointed as the auditors of the Company for the year. The directors approved the following as payable for services rendered during the year:

	2018	2017
	USD	USD
Audit	10,500	10,300

By order of the Board

Director

Date: 28 APR 2019

Director

Date: 28 APR 2019

I certify that, to the best of any knowledge and belief, African Network Information Centre (AfriNIC) Ltd (the "Company") has lodged with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 for the year ended December 31, 2018.



EXECUTIVE SERVICES LIMITED
Per Christian ANGSEESING
Company Secretary

Date: 28 APR 2019



Independent Auditor's Report

To the Registered Members of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD (the "Company") as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD set out on pages 8 to 31 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes comprising significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, PwC Centre, Avenue de Telfair, Telfair 80829, Moka, Republic of Mauritius
T: +230 404 5000, F: +230 404 5088, www.pwc.com/mu
Business Registration Number : F07000530



Independent Auditor's Report

To the Registered Members of
**AFRICAN NETWORK INFORMATION CENTRE
 (AfrINIC) LTD (Continued)**

Report on the Audit of the Financial Statements (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the annual report and the certificate from the company secretary but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritius Companies Act 2001, and for such internal control as the directors determine 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, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.



Independent Auditor's Report

To the Registered Members of
**AFRICAN NETWORK INFORMATION CENTRE
 (AfrINIC) LTD (Continued)**

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent Auditor's Report

To the Registered Members of AFRICAN NETWORK INFORMATION CENTRE (AfrINIC) LTD (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- we have no relationship with or interests in the Company other than in our capacity as auditor;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's registered members, as a body, in accordance with Section 209 of the Mauritian Companies Act 2001 and for no other purposes. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Priscilla de Coopers

Priscilla de Coopers

23 May 2019

Joanne How Cho Hwe

Joanne How Cho Hwe, licensed by FRC

AFRICAN NETWORK INFORMATION CENTRE (AfrINIC) LTD STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

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	Notes	2018 USD	2017 USD
ASSETS			
Non-current assets			
Plant and equipment	4	118,435	163,883
Intangible assets	5	57,517	64,769
		175,952	228,652
Current assets			
Trade and other receivables	6	300,192	714,980
Fixed deposit	7	1,878,291	1,056,860
Cash and cash equivalents	7	4,074,147	2,958,717
		6,252,630	4,730,557
Total assets		6,428,582	4,959,209
RESERVES AND LIABILITIES			
Reserves			
Revenue reserve	8	4,755,574	3,452,973
Net assets attributable to members		4,755,574	3,452,973
Non current liabilities			
Deferred income	11	1,200	1,600
		1,200	1,600
Current liabilities			
Trade and other payables	9	1,671,408	1,503,886
Deferred income	11	400	750
		1,671,808	1,504,636
Total liabilities		1,673,008	1,506,236
Total reserves and liabilities		6,428,582	4,959,209

These financial statements have been approved by the board of directors on **28 APR 2019**

Name of directors

CECILIAH BOUTCHER BSC

(2) *ALAN PETER BARRETT*

Signature

The notes on pages 12 to 31 form an integral part of these financial statements.

AFRICAN NETWORK INFORMATION CENTRE (AfrINIC) LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

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	Notes	2018	2017
		USD	USD
Income	10	5,378,700	5,090,991
Distribution expenses		(1,035,173)	(1,190,543)
Administrative expenses		(3,003,385)	(2,966,063)
Surplus of income over expenditure	12	1,340,142	934,385
Finance income	13	126,332	6,319
Finance costs	13	(163,873)	(101,373)
Finance Cost - Net		(37,541)	(95,054)
Surplus before taxation		1,302,601	839,331
Taxation	14		
Surplus for the year		1,302,601	839,331
Other comprehensive income			
Total comprehensive income for the year		1,302,601	839,331

The notes on pages 12 to 31 form an integral part of these financial statements.

AFRICAN NETWORK INFORMATION CENTRE (AfrINIC) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

10

	Revenue reserve	Total
	USD	USD
At January 1, 2017	2,613,642	2,613,642
Surplus for the year	839,331	839,331
At December 31, 2017	3,452,973	3,452,973
At January 1, 2018	3,452,973	3,452,973
Surplus for the year	1,302,601	1,302,601
At December 31, 2018	4,755,574	4,755,574

The notes on pages 12 to 31 form an integral part of these financial statements.

**AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

11

	Notes	2018 USD	2017 USD
Cash flows from operating activities			
Surplus for the year		1,302,601	839,331
Adjustments for:			
Depreciation	4	86,125	146,290
Amortisation	5	7,252	13,605
Impairment loss and write-off on trade receivables	6	69,645	38,424
Interest payable		-	416
Unrealised foreign exchange gain / loss	14	61,305	95,382
Profit on disposal of fixed assets		(2,438)	(1,611)
Interest income		(22,674)	(6,319)
		<u>1,501,816</u>	<u>1,125,518</u>
Changes in:			
Decrease / (Increase) in trade and other receivables		345,143	(335,313)
Increase / Decrease in trade and other payables		137,005	219,675
Change in fixed deposit		(821,431)	(505,589)
Decrease in deferred income		(750)	(950)
		<u>1,161,783</u>	<u>503,341</u>
Interest received		22,674	6,319
Interest paid		-	(416)
Net cash from operating activities		<u>1,184,457</u>	<u>509,244</u>
Cash flows from investing activities			
Purchase of plant and equipment	4	(40,677)	(57,456)
Proceeds from disposal of fixed assets	4	2,438	3,456
Net cash used in investing activities		<u>(38,239)</u>	<u>(54,000)</u>
Cash flows from financing activities			
Payment of finance lease liabilities	9	-	(7,997)
Net cash used in financing activities		<u>-</u>	<u>(7,997)</u>
Net movement in cash and cash equivalents		<u>1,146,218</u>	<u>447,247</u>
Effects of exchange rate changes		(30,788)	(60,618)
Cash and cash equivalent as at January 01,		2,958,717	2,572,088
Cash and cash equivalent as at December 31,	7	<u>4,074,147</u>	<u>2,958,717</u>

The notes on pages 12 to 31 form an integral part of these financial statements.

**AFRICAN NETWORK INFORMATION CENTRE (AfriNIC) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

12.

I. CORPORATE INFORMATION

African Network Information Centre (AfriNIC) Ltd. (the "Company") is a private company limited by guarantee incorporated in the Republic of Mauritius. Its registered address and place of business is situated at 11th Floor, Standard Chartred Tower, Cybercity, Ebène, Republic of Mauritius. The principal activity has remained unchanged during the year and consists of being the Regional Registry for Internet Number Resources for Africa and the Indian Ocean. The Company is a not-for-profit organisation.

In January 2008, the AfriNIC Board passed the following Resolution Reference 200801.60 " AfriNIC should endeavour to build a reserve fund sufficient to cover two years of operational expenses."

The financial statements of the Company for the year ended December 31, 2018 were authorised for issue in accordance with a resolution of the directors on 28 APR 2019

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") and comply with the Mauritian Companies Act 2001.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention.

(c) Functional and presentational currency

The financial statements are presented in United States dollars ("USD"), which is the Company's functional currency. All financial information presented in United States dollars has been rounded to the nearest USD, unless otherwise stated. The average exchange rate for USD to MUR as at December, 31 2018 as provided by the State Bank of Mauritius is MUR 34.40 (2017: MUR 33.765).

(d) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Estimation and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. BASIS OF PREPARATION (CONTINUED)

(d) Critical accounting estimates and judgements (continued)

Estimation and assumptions (continued)

(i) Estimated useful lives and residual values of plant and equipment

Determining the carrying amounts of plant and equipment requires the estimation of the useful lives and residual values of these assets. Certain plant and equipment of the Company are separated into their significant parts and estimates of the useful lives and residual values thereof are made for the purposes of calculating depreciation. The estimates of useful lives and residual values carry a degree of uncertainty. The Directors have used historical information relating to the Company and the relevant industry in which the Company operates in order to best determine the useful lives and residual values of plant and equipment.

(ii) Impairment of trade and other receivables

In preparing those financial statements, the Directors have made estimates of the recoverable amounts of trade and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. Those receivables that are impaired are immediately written off. The estimation of recoverable amounts involves an assessment of the financial condition of the receivable concerned and an estimate of the timing and the extent of cash flows likely to be received by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue

Revenue consists principally of membership fees charged for the use of Internet Number Resources. The Company recognises revenue over the time of the contract through which these resources are provided to the client. As at 31 December 2018, the Company did not have any contracts with multiple obligations or which would have resulted in the recognition of any contract assets or liabilities.

(b) Finance income and finance costs

The Company's finance income and finance costs include:

- interest payment on leases. Interest expense is recognised using the effective interest method;
- interest income on deposits. Interest income is recognised using the effective interest method; and
- the foreign currency gain or loss on financial assets and financial liabilities reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(c) Foreign currency transactions

Transactions in foreign currencies are translated to the USD at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate prevailing when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Foreign currency differences are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution plans are expensed to profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

State pension plan

Contributions to the National Pension Fund are expensed in profit or loss.

(e) Income tax

The Company is exempted from income tax by the Mauritian tax authority.

(f) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the item, and are recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life. Residual value is the estimated amount that the Company would currently obtain from disposal of the asset after deducting the estimated cost of disposal and if the asset was already of the age and in the condition expected at the end of its useful life.

The principal annual rates of depreciation are:

	%
Computer equipment	20
Motor vehicles	20
Office equipment	20
Fixtures & fittings	10
Building Improvements	10

Items of plant and equipment are depreciated for the full year in the year of purchase and ready for use and no depreciation is charged in the year of disposal. All plant and equipment have a nil residual value. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets

(i) Recognition and measurement

Intangible assets acquired by the Company have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the profit or loss.

The estimated useful lives for the current and comparative years are as follows:

Computer software: 3 - 5 Years

(h) Financial assets and liabilities

(i) Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

(ii) Initial recognition and measurement

The Company initially recognises loans and advances on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are incremental and directly attributable to its acquisition or issue. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income ('FVOCI'), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets and liabilities (continued)

(ii) Initial recognition and measurement (continued)

advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(iii) Classification and subsequent measurement of financial assets

Policy applicable from 1 January 2018

From 1 January 2018, the Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss ('FVPL');
- Fair value through other comprehensive income ('FVOCI'); or
- Amortised cost

The Company classifies its trade and other payables and trade and other receivables at amortised cost. Prior to 01 January 2018, trade and other receivables were classified under loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Classification and subsequent measurement of financial assets (continued)

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

(v) Derecognition

Financial assets or a portion thereof, are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition) or the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(i) Impairment

(i) Financial assets

Policy applicable from 1 January 2018

Under IFRS 9, the Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company recognises a loss allowance for such losses at the end of each reporting period. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (Continued)

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Leased asset

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) New standards, amendments and interpretations adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018. None of these is expected to have a significant effect on the Company's financial statements, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

Impact

The Company has reviewed its financial assets and liabilities and the following impact has been identified:

The majority of the Company's financial assets and liabilities were already classified at amortised cost and hence there was no change to the accounting for these assets.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken, the Company deems no significant increase in the loss allowance for trade debtors.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

Impact

Management has assessed the effects of applying the new standard on the company's financial statements. Revenue from services is recognised upon provision of services and customer acceptance, net of Value Added Taxes. Some services span over more than one year. The consideration received is then deferred over the duration of the contract. As such, there is no change in the way the company recognises revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) New standards, amendments and interpretations not yet effective

In January 2016, the International Accounting Standards Board (IASB) issued IFRS 16, 'Leases'. IFRS 16 will replace the current IAS 17 standard on leases. The effective date is 01 January 2019. The new standard requires that for lessees all leases, regardless of whether they are operating or financial in nature, will be on the statement of financial position and accounted for as "financial leases". There are some exemptions which could be applied and these relate to leases of 12 months or less (short-term leases), and leases of low-value assets. For such leases, the lease costs will be accounted for in the same way as operating leases are accounted for today. IFRS 16 will significantly change the way lessees account for leases, however lessor accounting remains largely the same and the classification as a finance lease or operating lease is still a consideration. This means that straight-lining of operating leases will remain for lessors. The Company has not yet assessed the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. PLANT AND EQUIPMENT

	Computer Equipment	Motor Vehicles	Office Equipment	Fixtures & Fittings	Building Improvements	Total
	USD	USD	USD	USD	USD	USD
COST						
At January 1, 2017	730,435	63,882	81,555	57,944	274,482	1,208,298
Additions	44,534	-	9,046	3,876	-	57,456
Disposals	(24,708)	-	-	(2,573)	-	(27,281)
At December 31, 2017	750,261	63,882	90,601	59,247	274,482	1,238,473
Additions	30,829	8,106	1,742	-	-	40,677
Disposals	(3,907)	-	-	-	-	(3,907)
At December 31, 2018	777,183	71,988	92,343	59,247	274,482	1,275,243
DEPRECIATION						
At January 1, 2017	595,682	55,364	75,250	39,580	187,860	953,736
Charge for the year	101,545	8,518	3,815	5,091	27,321	146,290
Disposal adjustment	(22,999)	-	-	(2,437)	-	(25,436)
At December 31, 2017	674,228	63,882	79,065	42,234	215,181	1,074,590
Charge for the year	42,868	8,106	3,239	4,591	27,321	86,125
Disposal adjustment	(3,907)	-	-	-	-	(3,907)
At December 31, 2018	713,189	71,988	82,304	46,825	242,502	1,156,808
CARRYING AMOUNTS						
At December 31, 2018	63,994	-	10,039	12,422	31,980	118,435
At December 31, 2017	76,033	-	11,536	17,013	59,301	163,883

5. INTANGIBLE ASSETS

	Computer Software
	USD
COST	
At January 1, 2017	167,404
Additions	-
At December 31, 2017	167,404
Additions	-
At December 31, 2018	167,404
AMORTISATION	
At January 1, 2017	89,030
Charge for the year	13,605
At December 31, 2017	102,635
Charge for the year	7,252
At December 31, 2018	109,887
CARRYING AMOUNTS	
At December 31, 2018	57,517
At December 31, 2017	64,769

6. TRADE AND OTHER RECEIVABLES

	2018	2017
	USD	USD
Trade receivables	217,688	325,920
Other receivables		
- Vat	3,929	28,762
- Prepayments and deposits	39,094	68,663
- Receivable from other Regional Internet Registry		204,787
- Others	39,481	86,848
	<u>300,192</u>	<u>714,980</u>

Trade receivables are non-interest bearing and are generally on 30-90 days' terms.

Other receivables are non-interest bearing and are generally on 30-60 days' terms and are neither past due nor impaired.

The ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			> 90 days
			< 30 days	30 - 60 days	61 - 90 days	
	USD	USD	USD	USD	USD	USD
2018	217,688	15,000	90	7,720	4,700	190,178
2017	325,920	30	310	3,100	-	322,480

At 31 December 2018, trade receivables amounting to USD 59,980 (2017 : USD 38,424), were impaired and written off during the year.

7. CASH AND CASH EQUIVALENTS

	2018	2017
	USD	USD
Cash at bank	4,073,607	2,951,285
Cash in hand	540	7,432
Cash and cash equivalents	<u>4,074,147</u>	<u>2,958,717</u>

7. CASH AND CASH EQUIVALENTS (CONTINUE)

The Company maintains a number of bank accounts to manage its daily operations. The balance of USD 5,952,438 consists of the following balances:

	2018	2017
Own Cash Holdings	2,896,724	1,814,177
Fees received in advance	1,165,267	1,108,155
Cash Held - Project/Other		
FIRE	12,156	36,220
AFTLD	-	165
	<u>4,074,147</u>	<u>2,958,717</u>
Fixed deposits	<u>1,878,291</u>	<u>1,056,860</u>

A Board Resolution dated 27 November 2015, authorised the creation of a strategic Cash Reserve from AFRINIC's own cash holdings with the following rules:

- that a suitable interest-bearing bank account be created for the Strategic Cash Reserve;
- that any expenditure or transfers out of the Strategic Cash Reserve bank account shall require three signatories, comprising the CEO, the Financial Director and either the Chairman or the Vice-chairman of the Board; and
- that any expenditure or transfers out of the Strategic Cash Reserves shall be authorised by the Board.

As at 31 December 2018, the Strategic Cash Reserves consists of a total of USD 1,878,291 (2017: USD 1,056,860)

which is held in fixed deposits accounts bearing an interest rate of 3% per annum with a maturity of twelve months from December 2018, except for one which is from September 2018. The fixed deposits balances are included in Own Cash Holdings.

Cash for FIRE represent funding received from IDRC, ISOC and Google earmarked for FIRE initiatives.

8. REVENUE RESERVE

The Company does not have a share capital.

Funding for the running of the Company shall be realised from the following:

- membership fees from members;
- setup fees for bulk registration services;
- assignment/allocation fees for individual address space assignments / allocation;
- maintenance fees for non-contiguous, non ISP address space;
- registration fees for individual address space transfers;
- setup fees for autonomous system number ("ASN") assignments;
- grants and/or voluntary donations; and
- such other sources as may be deemed appropriate from time to time by the Board.

The fees mentioned above shall be subject to review from time to time by the Board.

Revenue reserve

Revenue reserve refers to the undistributed and accumulated surpluses over the years the Company has been in existence.

In January 2008, the AFRINIC Board passed the following Resolution Reference 200801.60 " AfrINIC should endeavour to build a reserve fund sufficient to cover two years of operational expenses."

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9. TRADE AND OTHER PAYABLES

	2018	2017
	USD	USD
Trade payables	100,040	47,859
Other payables	406,101	347,872
Advance receipts from members	1,165,267	1,108,155
	<u>1,671,408</u>	<u>1,503,886</u>

Trade Payables represent amount owed to trade creditors as well as supplier of goods & services.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- Advance receipts from members represent membership fees for 2019 received in 2018.

10. INCOME

	2018	2017
	USD	USD
<i>Membership fees</i>		
Membership renewal fees	4,683,083	4,311,021
Allocation or assignment fees	617,800	581,600
	<u>5,300,883</u>	<u>4,892,621</u>
Sponsorship for AfriNIC events	64,973	191,423
Other income	12,844	6,947
	<u>5,378,700</u>	<u>5,090,991</u>
<i>Note on discounts</i>		
	2018	2017
	USD	USD
Early settlement	46,425	33,502
Educational & critical Infrastructure	175,687	126,701
	<u>222,112</u>	<u>160,203</u>

11. DEFERRED INCOME

	2018	2017
	USD	USD
Members fees in advance	1,600	2,350
Analysed as follows:		
Current liabilities	400	750
Non-current liabilities	1,200	1,600
	<u>1,600</u>	<u>2,350</u>

Deferred Income represents fees received in one period relative to future membership years. These are mostly for End Sites members

12. SURPLUS OF INCOME OVER EXPENDITURE

	2018	2017
	USD	USD
The surplus is arrived at after charging:		
Depreciation on property, plant and equipment	86,125	146,290
Amortisation of intangible assets	7,252	13,605
Meeting expenses	147,802	216,735
Office expenses	241,867	225,988
Travelling expenses	450,475	525,446
Staff cost	2,328,604	2,093,317
Staff cost is analysed as follows:		
Salaries	1,639,914	1,569,750
Social security costs and other benefits	688,690	523,567

Meeting expenses covers the cost of the AfriNIC meetings.

Office Expenses include rent for office premises amounting to USD 161,472 (2017: USD 149,666).

Social Security Costs & other benefits exclude staff Training, Recruitment Expenses & Staff Welfare.

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13. FINANCE INCOME AND COST

	2018	2017
	USD	USD
Finance income		
Bank interest receivable	22,674	6,319
Realised gain on exchange	5,325	-
Unrealised gain on exchange	98,333	-
	<u>126,332</u>	<u>6,319</u>
Finance cost		
Unrealised loss on exchange	(159,638)	(95,382)
Realised loss on exchange	(4,235)	(5,575)
Finance charges payable under finance lease	-	(416)
	<u>(163,873)</u>	<u>(101,373)</u>
Net finance costs	<u>(37,541)</u>	<u>(95,054)</u>

14. TAXATION

The Company has been granted exemption from payment of tax by the Ministry of Finance of the Republic of Mauritius on 16 November 2005.

15. RELATED PARTY DISCLOSURES

(a) Transaction with members.

	2018	2017
	USD	USD
Membership fees	5,300,883	4,892,621

(b) Transactions of key management personnel (CEO) of the Company:

	2018	2017
	USD	USD
Short term employee benefit	161,174	160,827

16. FINANCIAL INSTRUMENTS

Fair value of instruments

Fair value is defined as the amount for which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arms-length transaction, other than in a forced or liquidation sale. The fair values of the Company's financial instruments, which principally comprise cash and cash equivalents, trade receivables and other receivables, and trade and other payables approximate their carrying values as stated in the statement of financial position.

	Carrying value		Fair value	
	2018	2017	2018	2017
	USD	USD	USD	USD
Financial assets:-				
Fixed deposit	1,878,291	1,056,860	1,878,291	1,056,860
Cash and cash equivalents	4,074,147	2,958,717	4,074,147	2,958,717
Trade and other receivables	257,169	617,555	257,169	617,555
	<u>6,209,607</u>	<u>4,633,132</u>	<u>6,209,607</u>	<u>4,633,132</u>
	Carrying value		Fair value	
	2018	2017	2018	2017
	USD	USD	USD	USD
Financial liabilities:-				
Trade and other payables	506,141	395,731	506,141	395,731
	<u>506,141</u>	<u>395,731</u>	<u>506,141</u>	<u>395,731</u>

Advance receipts from members are excluded from Trade and other payables as not considered financial liabilities.

Vat and prepayments have been excluded from trade and other receivables

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management

The Company's principal financial liabilities comprise trade and other payables and finance lease obligation. The Company has various financial assets such as trade receivables and cash and cash equivalents which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, market risk (including foreign exchange risk and interest rate risk) and credit risk. The Board of directors reviews and agrees policies for managing each of these risks which are summarised below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Company's financial liabilities at year end based on contractual undiscounted cash flows.

	Contractual cash flows			Total
	Less than 3 months	3 to 12 months	More than 1 year	
	USD	USD	USD	USD
December 31, 2018				
Non-derivative financial liabilities				
Trade and other payables	498,509	1,697	-	500,206
	<u>498,509</u>	<u>1,697</u>	<u>0</u>	<u>500,206</u>
December 31, 2017				
Non-derivative financial liabilities				
Trade and other payables	387,995	7,736	-	395,731
	<u>387,995</u>	<u>7,736</u>	<u>-</u>	<u>395,731</u>

Fair value of instruments

At 31 December 2018, if the USD had strengthened/weakened by 1% against the MUR with all other variables held constant, surplus for the year would have been higher/lower by USD 3,640 (2017 : surplus will be higher/lower by USD 3,704 mainly as a result of foreign exchange differences on translation of MUR denominated bank balances, net of MUR denominated trade and other payables and net of MUR denominated trade and other receivables.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Financial assets and liabilities by category

	2018	2017
	USD	USD
Financial assets at amortised cost (2017 - Loans and receivables)	6,209,607	4,633,132
Financial liabilities at amortised cost	506,141	395,731

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally but is exposed to foreign exchange risks arising primarily with respect to Mauritian ruppes ("MUR").

Financial assets	Trade and other receivables	Cash and cash equivalent	Fixed deposits	Total
	2018	2018	2018	2018
	USD	USD	USD	USD
MUR	-	142,191	-	142,191
USD	257,169	3,931,956	1,878,291	6,067,416
	257,169	4,074,147	1,878,291	6,209,607

Financial assets	Trade and other receivables	Cash and cash equivalent	Fixed deposits	Total
	2017	2017	2017	2017
	USD	USD	USD	USD
MUR	-	25,328	-	25,328
USD	617,555	2,933,390	1,056,860	4,607,805
	617,555	2,958,718	1,056,860	4,633,133

Financial liabilities	Trade and other payables	Total
	2018	2018
	USD	USD
MUR	506,141	506,141

Financial liabilities	Trade and other payables	Total
	2017	2017
	USD	USD
MUR	395,731	395,731

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Management (Continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade receivables and from its financing activities, including foreign exchange transactions, and other financial instruments.

The Company trades with recognised, creditworthy third parties only. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Cash and cash equivalents

The Company only deposits cash surpluses with major banks of high quality credit standing (MCB : BBB and SBM : Baa1-Baa3)

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise net assets attributable to its members.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended December 31, 2018. The Company manages the following as its capital:

	2018	2017
	USD	USD
Reserve revenue	4,755,574	3,452,973
Gearing ratio	0%	0%

18. CONTINGENT LIABILITIES

(a) As at 31 December 2018, there were contingent liabilities in respect of guarantees for which no provisions have been made in the financial statements. The guarantees are denominated in Mauritian rupees ("MUR"), and are follows:

	2018		2017	
	USD	MUR	USD	MUR
Bank guarantee	<u>291</u>	<u>10,000</u>	<u>296</u>	<u>10,000</u>

(b) In 2015, Afrinic Board agreed to participate in The Joint Regional Internet Registry Stability Fund. This is a fund which will be established through voluntary pledges of funds, publicly documented, from individual RIRs. The Fund is to be used in case of need, to guarantee the continuity of registry operations and related support activities, the latter prominently including regional and global policy development processes. Any use of funds will be contingent upon having public reporting of audited financial statements. Afrinic has pledged USD 50,000 towards the Funds.

(b) Operating lease commitments

The Company has entered in a rental agreement for office space which is renewable every 3 years. The amount still to be paid under the current contract is USD 96,937 till 30 June 2019.

196.6.0.0/24
196.216.168.0/24
196.2.3.0/24
196.216.254.0/24
196.216.2.0/23
196.1.0.0/24
196.216.169.0/24
2001:42d0::/32
196.216.168.0/24
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2001:43f8:120::/48
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2001:43f8:90::/48
196.216.168.0/24
196.216.254.0/24
196.6.0.0/24
2001:43f8:110::/48
196.216.168.0/24
196.216.254.0/24
196.216.168.0/24