Project Summary

Project Background
In 2003 the PHARE '99 programme opened a special Micro Credit Line for SME Development Initiatives in the FYR Macedonia. The management of this EUR 5.6 million fund was entrusted to the Macedonian Bank for Development Promotion. The facility became operational end of 2003.

Mission Objective
The specific objective of the mission was to develop terms of Reference (ToR) for an external audit on the management of the Micro Credit Line by the implementing bank.

Mission Activities
The scope of work of the mission included:
• Assessment of the magnitude of work necessary for execution of an audit on the utilization of the Micro Credit Fund
• Development of a detailed plan of the activities necessary to undertake an audit covering the overall historical information on the utilization of funds from the revolving fund
• Development of financial projections on the funding required for this exercise
• Proposal of specific expert profiles for auditing
• Detailed ToR for the audit

Implementation Features
The projected audit focused on the proper dissemination of funds as regards the loan portfolio, the required level of loan loss provisioning, the repayment profile of the loans and enforceability of collateral, the fair net present value of assets, etc. The expert had to develop the ToR independently, without recourse to assistance by the bank or other beneficiaries so as to guarantee maximum independence and objectivity.

Services Provided
• Identification of focal areas of the audit
• Assessment of scope of work for the audit
• Specification of audit features
• Elaboration of the ToR

FYR Macedonia

Terms of Reference for an Audit of the Micro Credit Line

Client
European Commission / EC

Duration
01/2004

Personnel
• 1 int. expert in SME development with special experience in the banking sector (1 PM)