



Memo

PROJECT IMPLEMENTATION ACCORDING TO DEVELOPMENT COOPERATION AND DEMOCRACY PROMOTION PROGRAMME BY THE MINISTRY OF FOREIGN AFFAIRS

Requirements ♦ Mistakes ♦ Tips



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INTRODUCTION

Memo is for project implementers who are carrying out projects funded by the Development Cooperation and Democracy promotion Programme (hereinafter referred to as the Programme) which is administered by the Ministry of Foreign Affairs.

In this memo we present common information and main criteria by which the project can be implemented properly. We share our practical recommendations and highlight most common mistakes while implementing the project.

Pay attention that:

- memo is recommendable nature;
- project implementer's obligations and rights are determined in the project implementation agreement (hereinafter referred to as the Agreement);
- comprehensive information is presented in the Description of Procedure for the Implementation of Development Cooperation Activities by State and Municipal Institutions and Agencies approved by resolution No. 129 of 22 February 2017 of the Government of the Republic of Lithuania and Development Cooperation and Democracy Promotion Programme implementation description of the procedure, Approved By Order No V-63 of 21 March 2017 Of the Minister of Foreign Affairs of the Republic of Lithuania.

We sincerely hope all given information will be beneficial, will ease project's management and ensure smooth cooperation and help to implement project the way it is stated in the agreement.

All the necessary document forms, relevant information and previously mentioned descriptions of procedures can be found on the website www.orangeprojects.lt column "Legal information".

Tips:

- always follow the mentioned descriptions of procedure, other legislation of the Republic of Lithuania;
- thoroughly examine the Agreement and its annexes: all the terms and conditions of it, and adjust them while discussing the Agreement with the project administering institution (further Institution);
- follow terms and conditions of the Agreement;
- deal with emerged problems as soon as possible and do not forget to inform us about the changes during the project implementation;
- coordinate all questions related to the project implementation with the Institution's employee responsible for your project supervision;
- **ask and consult ... we are ready to help!**

GENERAL INFORMATION

Project must be implemented the way it is described in the Agreement and its annexes, also in additional agreement and its annexes (if any). Project is considered finished when all the Agreement's commitments are met, and an act of implementation activities approval is signed.

Project activities must be carried out, payments done and results achieved during the period stated in the Agreement.

While the project is being carried out, the project implementer may contact the Institution concerning changes to the Agreement with a motivated written request. Decision to of the Agreement change is made by the Ministry's Development Cooperation and Humanitarian Aid Commission. Agreement cannot be changed after time for project implementation has ran out.

Additional agreement may be formed, when: it is necessary to change the period in which the project has to be implemented; project's activities change, which are crucial to its implementation; it is offered to carry out and activity not listed in the Agreement; predicted activities funding deviate from the planned amount more than 15 percent; other unforeseen factors appear and it is necessary to change the conditions of the Agreement.

Project implementer may apply changes to activities and/or plan that have no crucial effect to the project volume, aim and objectives that needs to be reached, only when approved by the Institution (motivated implementer's application is obligatory).

Without the approval of the Institution any changes to the Agreement is forbidden.

Tips / recommendations:

- realistically assess and justify the need to change terms of the Agreement;
- inform Institution's employee responsible for your project supervision about any change to the following: project's implementation, budget execution, personnel and/or other conditions change;
- begin changes in time, leave enough time for necessary change and do not wait for the project implementation time to end;
- letters and other project documents with the cover letter can be submitted to the Institution in any way you prefer: via e-mail or registered mail, or delivered personally to the Institution. In the cover letter you have to indicate: the name of the project implementer, project title and documents you attach, with the exact number of pages of all those documents.

Main mistakes:

- does not inform about deviations from project's action plan or the need to change the Agreement, or does it too late;
- does not inform about change in project implementer's information and contact details or does it too late;
- does not inform about the execution process of the project.

REPORT PREPARATION AND SUBMISSION

Project interim/final report (hereinafter referred to as the Report) must be submitted on time and not later than the date stated in the Agreement. We remind you that the opportunity to extend the term can only be done if the implementer contacts the Institution with a motivated application in advance, at least two weeks till the end of the project's implementation term.

Report must be prepared according to the determined form and its filling requirements (The Development Cooperation and Democracy Promotion Programme implementation description of the procedure Annex No. 7, approved By Order No V-63 of 21 March 2017 Of the Minister of Foreign Affairs of the Republic of Lithuania). It is necessary to comprehensively discuss all indicated questions, attach project activities and annexes illustrating results, also clearly point out how much and what annexes are being attached.

Report must be prepared according to all regulations, in formal Lithuanian language or in English, if the implementer is a foreign legal entity or a natural person.

The original document of interim/final report submitted to the Institution needs to be signed by the head of the Institution or his authorized person. All the pages of the Report must be numbered. Documents justifying costs must be numbered the same way they are being attached to the project's implementation Report.

If you are running late to submit interim/final report you have to explain the cause of the delay and submit justifying documents. The decision to accept the Report submitted after the deadline, validate if expenditure is eligible and its compensation is decided by the Ministry's Development Cooperation and Humanitarian Aid Commission.

If the Agreement is concluded about a project that is going to be implemented for more than a year, at the end of the current year, before the date specified in the Agreement, project implementer submits interim report to the Institution. Interim report has to contain current year's activities, also the expenditure and what amount of it was paid for, during current year.

Tips / recommendations:

- while preparing project implementation Report, consult with the Institution's employee responsible for your project's supervision beforehand;
- answer to all questions of the Report comprehensively, describe implemented activities, achieved results, activities for visibility etc.;
- describe all Agreement's terms and/or non-essential action plan changes in the Report, submit motives for such changes;
- make sure you filled in all Report's parts, attached all mandatory and other annexes;
- we recommend to submit beneficiary review (project partner(s) and participants evaluation of the project's activities, impact, the need for continuity etc.) with the Report.

Main mistakes:

- report is signed not by the head of the Institution or his authorized person;
- report is prepared disorderly, not according to all filling regulations, answers to questions are not submitted;
- annexes from the Report are not submitted;
- information about project financial implementation aspects are not submitted.

FINANCIAL REQUIREMENTS

Project implementation Report's financial part is compiled in accordance with the requirements of the Republic of Lithuania Law on Accounting.

Funds allocated by the Ministry to implement the Project, can be used only to implement the project described in the Agreement and only to pay the expenditure foreseen in the Agreement's estimate.

Costs can be experienced by project implementer and/or partner(s) and only during the period of project's implementation (unless the agreement provides otherwise).

Project implementer can open up an account and use a separate one to administer project's funds, but it is not mandatory.

Project implementer must do all purchases, money transactions and other financial operations related to project implementation until the end of the project's implementation term (the last day of project implementation). It means that costs have to be covered and included into the project implementation Report, that Institution shall compensate and transfer to project implementer when he signs the act of implementation activities approval.

Without prior Institution's consent it is forbidden to:

- make changes to the Agreement's estimate;
- use of „Contingency costs“ stated in the Agreement's annex;
- transfer funds from one estimate line to another, but not exceeding 15 per cent of the line value (estimate line meets one project's activity);
- use saved/unused funds for a new activity not listed in the Agreement (implementer's motivated application shall be given to the Ministry's Development Cooperation and Humanitarian Aid Commission to consider).

All incurred costs must be justified by payment documents: bank statements, E-bank account statements, copies of payment orders, cash register orders, receipts etc.

If during a mission an employee covers incurred costs on his own expense, an advance copy of accountancy needs to be filled and submitted to the Institution.

Mission's costs in foreign currency are calculated by the exchange rate of euro and foreign currency set by the Bank of Lithuania on the day of the service mission beginning. It is mandatory to specify the currency exchange rate, date and amount on the document justifying costs.

If the document justifying costs is not in Lithuanian language, or financial operation was made in other currency than euro, the type(s) of costs has to be stated in Lithuanian (in foreign implementer's case – English) on the justifying document. In addition, the amount of expenses in euros, the official exchange rate of the currency by the Bank of Lithuania on that day, or if the currency was changed in bank's institution, a document justifying the currency change needs to be attached. If needed, additional explanatory entries are written.

Value-added tax, which is refundable to the project implementer, is not considered eligible as project costs and cannot be compensated by the Institution's assigned funds. Project implementer, who is a VAT taxpayer, has to submit explanatory letter regarding VAT refunding or not refunding.

Main mistakes:

- project costs are incurred not during the period of project implementation, or are paid after the end of the project implementation period;
- per diem allowances and other costs related to the travel during an official mission are not paid to the employees who work in institution which implement the project;
- the currency exchange rate, date and amount in euros is not specified on the documents justifying incurred costs, where costs are in foreign currency;
- official missions and/or travel expenses limited to the statutory rates exceeds the ones set for a partner country as established by relevant laws of the Republic of Lithuania;
- per diem allowances and meals are covered for experts, leaders of courses and trainings, and other participants of the project during their official mission (only one way of compensation can be chosen);
- when returning from a mission in a foreign country, a wrong amount of per diem allowance is paid a day, when border of the Republic of Lithuania was crossed (*on the last day of a mission only 50 per cent per diem allowance is paid, which is approved by the minister of Finance*);
- documents that justify payments are not submitted with the ones justifying costs;
- there are no explanations on the copies of documents justifying costs, money transactions and bank transfer statements;

- document copies justifying costs are not signed by the head of the Institution, project manager or its financier, there is no stamp “true copy”;
- different types of costs exceeds the set limit defined in the Description of Procedure for the Implementation of Development Cooperation Activities by State and Municipal Institutions and Agencies approved by resolution No. 129 of 22 of February 2017 of the Government of the Republic of Lithuania. Other project implementation costs may not exceed 10 per cent of the Institution’s financed share of the project value; administration costs may not exceed 10 per cent of the Institution’s financed share of the project value; Contingency costs may not exceed 5 per cent of the Institution’s financed share of the project value.

Tips / recommendations:

- if you want to use contingency costs, saved funds and/or make any other changes to the Agreement estimate - submit a motivated application in advance, to the Institution’s employee responsible for your project supervision;
- if costs are covered partly by the Institution funds, specified in submitted account or other document justifying costs, you have to clearly mark, what part is paid from Institution’s funds (i.e. submitting rent, communications or other similar services justification and (or) costs payment documents. Only some part of costs specified in them are directly related with project implementation. Therefore, it has to be clearly justified and reasonably stated what part of costs are assigned to the project and how they were calculated);
- if the implementer is paying taxes for all institution’s employees and/or experts to the State social insurance fund board and State Tax Inspectorate with one transaction, costs have to be designated for each individual with according amount on the copy of the transaction.

We remind you that eligible project costs and documents justifying them are*:

Costs for planned activities to finance		
1.	Royalties for experts and speakers, their social insurance contributions and other wage-related costs:	<ul style="list-style-type: none"> - documents justifying wage costs, including tax pay to the State social insurance fund board and State Tax Inspectorate; - copyright, services and/or other contract copies; - transmission-reception act copies; - copies of: VAT bills / bills/ receipts; - copies of documents that justify payments; - examples and/or copies of: Training/educational materials, recommendations, brochures, videos etc.
2.	Goods/services purchase costs:	<ul style="list-style-type: none"> - copies of contracts; - transmission-reception act copies; - copies of: VAT bills / bills/ receipts; - copies of public procurement documents; - an advance copy of accountancy (if it was paid on employee’s own expense); - copies of documents that justify payments; - examples and/or copies of: Training/educational materials, recommendations, brochures, videos etc.
3.	Travel costs:	<ul style="list-style-type: none"> - copy of Order by the head of Institution regarding employee missions, per diem allowances designations and other costs payments; - an advance copy of accountancy (if it was paid on employee’s own expense); - travel tickets (when traveling by plane, copies of boarding pass stubs are submitted); - a copy of transportation rent contract; - transmission-reception act copies; - a copy of travel insurance policy; - copies of: VAT bills / bills/ receipts; - copies of documents that justify payments;

		<ul style="list-style-type: none"> - mission/travel report; - other documents (if any) e. g. program of the event, list of participants, training certificate etc.
4.	Accommodation costs:	<ul style="list-style-type: none"> - copies of: VAT bills / bills/ receipts; - an advance copy of accountancy (if it was paid on employee's own expense); - copies of documents that justify payments; <p><i>Remark: Bills/receipts must contain exact date of the stay, number of booked rooms, last names of clients and other relevant information.</i></p>
5.	Catering costs:	<ul style="list-style-type: none"> - copies of: VAT bills / bills/ receipts; - an advance copy of accountancy (if it was paid on employee's own expense); - copies of documents that justify payments; <p><i>Remark: Bills/receipts must contain exact date, number of guests and other information of the event. A copy of receipt is added.</i></p>
6.	Publicity costs:	<ul style="list-style-type: none"> - copies of press releases; - examples of publicity means: photographs, videos and/or other material; - copies of: VAT bills / bills/ receipts; - copies of documents that justify payments.
7.	Other:	<ul style="list-style-type: none"> - documents justifying respective costs.
Other project implementation costs		
8.	Office rental, utilities and communication expenses:	<ul style="list-style-type: none"> - a copy of Order by the Head of Institution regarding partial or all rent, utilities and communications costs assignation to the project; - accounting statement calculation on utilities and communications costs part, assigned to the project; - a copy of order by the Head regarding assignation of telephone numbers to the project; - a copy of rent / utilization (if premises are not own) contract; - copies of: VAT invoice bills / bills/ receipts; - copies of documents that justify payments.
9.	Transport costs:	<ul style="list-style-type: none"> - a copy of Order by the Head of Institution regarding car assignation to the project; - a copy of vehicle utilization / rent contract; - certificate about car fuel consumption norm; - copies of travel sheets; - copies of: VAT invoice bills / bills/ receipts; - an advance copy of accountancy (if it was paid on employee's own expense); - copies of documents that justify payments.
10.	Goods/services purchase costs:	<ul style="list-style-type: none"> - copies of contracts; - transmission-reception act copies; - an advance copy of accountancy (if it was paid on employee's own expense); - copies of: VAT bills / bills/ receipts; - copies of public procurement documents; - copies of documents that justify payments.
11.	Account opening and maintenance costs:	<ul style="list-style-type: none"> - a copy of contract with the bank; - copies of extracts.
12.	Other:	<ul style="list-style-type: none"> - documents justifying respective costs.

Administration costs		
13.	Remuneration costs:	<ul style="list-style-type: none"> - copies of employment contracts; - a copy of Order by the Head of Institution regarding additional employee role with the project (order must contain: project name, project implementation agreement number, employee role, on which bonuses are payed, length of time served and labor charges; - copies of accounted wage records (all accounted taxes must be specified); - work time accounting records.
14.	Services purchase costs:	<ul style="list-style-type: none"> - a copy of services contract; - a copy of individual activity certificate; - transmission-reception act copies; - copies of: VAT invoice bills / bills/ receipts; - copies of documents that justify payments.
15.	Other:	<ul style="list-style-type: none"> - documents justifying respective costs.
Contingency costs		
16.	Costs related to project activities, but not defined in the Agreement:	<ul style="list-style-type: none"> - documents justifying respective costs.

* Project implementer can and/or by the request of the Ministry has to submit other documents justifying costs.

PUBLICITY

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Information about implemented project goals, activities and achieved results is an important part of project implementation. Note, that while publicizing a project you also form a positive image of represented institution or organization.

Measures must be used to ensure project visibility in Lithuania and in the partner country (ies) (if any). We recommend to follow guidelines of Development Cooperation communication.

The right to choose the way on how to publicize is left for project implementers, although we recommend to coordinate or additionally discuss publicizing activities and/or means during the project implementation period, with the Institution's employee responsible for your project supervision.

While implementing the project, Institution can contribute to its publicity and publish your submitted press releases with video material on the websites: www.urm.lt and www.orangeprojects.lt.

Institution's employee, responsible for your project's supervision, has to be informed in advance, about project's events and their programs. If Institution's employee gets invitation and is able to, he/she will gladly attend project implementer's events.

All material that was made using project funds, needs to be marked with the logotypes of the Ministry and the Programme. Moreover, it must be indicated that "Project is financed from the funds of Development Cooperation and Democracy Promotion Programme".

Tips / recommendations:

- prepare at least two press releases, which inform about the beginning of the project, goals, implementer and partners (if any), about implemented activity and achieved results;
- if there is reasonable need, small publicity means can be used: brochures, posters, calendars, pens, T-shirts etc.;

- we recommend setting up an information stand in the construction site while implementing infrastructure improvement/expansion projects;
- while submitting information about the project to interested institutions, individuals and/or media representatives, we recommend using this formulation: "Project [name of the project] is designed to [name aim]. Project is implemented by [the name of the organization, project partner(s) (if any)]. Project is funded from [Ministry of Foreign Affairs/Lithuania] Development and Cooperation and Democracy promotion program funds."
- gather and use *success stories* – scenic reviews, impressions, quotes and stories of beneficiaries about what impact the project implementation had on their life, what changed, how it was useful and what would be the need of continuity etc.;
- capture interesting moments of project implementation and submit visual material to the Institution, which shows activities and results – photographs, video interviews. Visual material and success stories submitted by the project implementer according to the need can be used by the Ministry of Foreign Affairs to publicize information about specific project, development cooperation in partner countries and other purposes (in exhibitions, publications, etc.). Please submit visual material during project implementation and with interim/final Report any way you prefer – attach CD/DVD to the Report, send it via E-mail, use transferring programs (e.g. WeTransfer). If possible, please submit high quality photographs, because printing requires good quality, high resolution photographs.

Main mistakes:

- program and Ministry's logotypes are not used or used unduly;
- source of funds is not specified in printed or digital material;
- examples of publicizing for Reports, submitted to the Ministry are not saved;
- small publicity means are not marked by the Ministry's and Program's logotypes;
- funds allocated by the Ministry are used for publicity means not specified in the estimate of the Application;
- visual material is not submitted with the project implementation Report;
- projects are publicized offhandedly, Ministry is not informed;
- publicizing activity is not described in interim/final project implementation Report;
- Project partners (if any) are not specified.

IMPORTANT DOCUMENTS

- Project implementation Agreement and annexes, additional agreement and its annexes (if any).
- Description of Procedure of the Implementation of the Development Cooperation and Democracy Promotion Programme, established by Order No. V-63 of the Minister of Foreign Affairs of the Republic of Lithuania on 21 March 2017;
- Description of Procedure for the Implementation of Development Cooperation Activities by State and Municipal Institutions and Agencies approved by resolution No. 129 of 22 of February 2017 of the Government of the Republic of Lithuania;
- Law on Development Cooperation and Humanitarian aid (3 November 2016, Law No. XII-2740);
- Law on Accounting of the Republic of Lithuania (6 November 2001, Law No IX-574);
- Rules for reimbursement of official business trip expenses in budgetary institutions approved under Resolution No. 1433 of 15 December 2014 of the Government of the Republic of Lithuania;
- Development Cooperation Guidelines for Communication;
- Other legislation of the Republic of Lithuania.