



URM

THE MINISTRY
OF FOREIGN AFFAIRS
OF LITHUANIA



LITHUANIAN
DEVELOPMENT
COOPERATION



Memo

RECOMMENDATIONS FOR PROJECT IMPLEMENTATION ACCORDING TO DEVELOPMENT COOPERATION AND DEMOCRACY PROMOTION PROGRAM BY THE MINISTRY OF FOREIGN AFFAIRS

Requirements ♦ Mistakes ♦ Tips

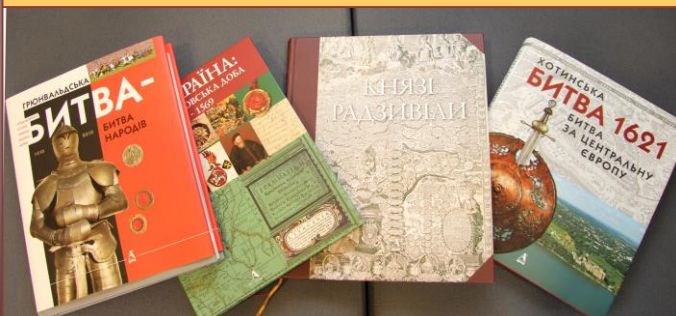


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INTRODUCTION

This Memo is for project developers who implement projects funded by the Development Cooperation and Democracy Promotion Program (hereinafter referred to as Program) which is administered by the Ministry of Foreign Affairs.

In the Memo we present common information and main criteria that help to implement the project properly. We share our practical recommendations and highlight most common mistakes while implementing the project.

Pay attention to:

- memo is recommendatory;
- project developer's obligations and rights are determined in the project implementation agreement (hereinafter referred to as 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. 278 of 26 March 2014 of the Government of the Republic of Lithuania and Development Cooperation and Democracy Promotion Program Approved by Order No V-62 of 17 April 2014 Of the Minister of Foreign Affairs of the Republic of Lithuania.

We sincerely hope that all given information will be beneficial, will ease project 's management and ensure smooth cooperation as well as 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, "General information/Implementation of Lithuanian Development Cooperation Policy".

Useful information:

- always follow mentioned procedure descriptions, other legislation of the Republic of Lithuania;
- thoroughly examine Agreement and its annexes: all the terms and conditions of it, adjust them while discussing Agreement with the Ministry;
- follow terms and conditions of 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 with the project implementation with the contact person supervising your project at the Ministry;

- 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 commitments are met and the Certificate of Approval of the Implemented Activities is signed.

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

During implementation the project implementer may contact the Ministry with a **motivated written request** concerning changes to the Agreement. Decision regarding changes is made by the Development Cooperation and Humanitarian Aid Commission of the Ministry. Changes cannot be done after the deadline for project implementation.

Project implementer may apply changes to activities and/or plan that have no crucial effect to the project volume, aim and objectives that need to be reached. Without the approval of the Ministry any changes to the Agreement are forbidden.

Additional agreement may be signed when:

- it is necessary to change the duration of the project;
- project's activities, critical to its implementation, require adjustment;
- additional activity, not listed in the Agreement, is offered to be implemented;
- activities' funding deviate from planned amount more than 15 percent;
- other unforeseen factors appear and it is necessary to change the terms of the Agreement.

Tips / recommendations:

- realistically assess and justify the need to change terms of the Agreement;
- inform contact person supervising your project at the Ministry about any changes to the implementation, budget execution, personnel and/or other conditions;
- inform about changes in advance, leave enough time for necessary changes to be approved and do not wait until the end of the project;
- cover letter and other project documents can be submitted to the Ministry via e-mail, registered mail or delivered personally to the Ministry. In the cover letter you have to indicate the name of the project implementer, project title and documents you attach, specifying the number of pages of all accompanying documents.

Main mistakes:

Ministry is not being informed about:

- deviations from the original project's action plan or the necessity to change the Agreement, or it is done too late;
- changes in contact information;
- 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 no 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 Ministry 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 set form and its filling instructions (The Development Cooperation and Democracy Promotion Program implementation description of the procedure Annex, approved by Order No V-62 of 17 April 2014 Of the Minister of Foreign Affairs of the Republic of Lithuania). It is necessary to answer all indicated questions in detail, attach result illustrations, clearly point out how many and what annexes are being attached.

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

The original Interim/Final Report submitted to the Ministry has to be signed by the head of the Institution or other authorized person. All the pages of the Report have to be numbered. Documents justifying costs have to be numbered in the same order they are being attached to the project Report.

If you are running late to submit Interim/Final Report you have to inform and explain the cause of the delay as well as submit justifying documents. The decision whether to accept the Report after the deadline, validate expenditure and approve compensation is made by the Development Cooperation and Humanitarian Aid Commission of the Ministry.

If the Agreement is signed for more than one year, the Interim Report has to be submitted to the Ministry on the date specified in the Agreement. Interim Report has to describe current year's activities, specify expenditure and amount received from the Ministry for the current year.

Tips / recommendations:

- while preparing the Report, consult beforehand with the contact person at the Ministry, supervising your project.;
- answer to all questions in the Report in detail, describe implemented activities, achieved results, publicity activities, etc.;
- describe all changes made to the Agreement terms and/or non-essential action plan in the Report (if any), explain motives for the changes;
- make sure you filled in all the questions, attached all mandatory and other annexes;
- we recommend to include reviews from beneficiaries (project partner(s) and participants) their opinion on the project, its impact and the need for continuity, etc.

Main mistakes:

- Report is signed not by the head of the Institution or his authorized person;
- Report is nonspecific, does not correspond to filling instructions, not all questions are answered;
- annexes of the Report are not submitted;
- information about project financial implementation aspects are not submitted.

FINANCIAL REQUIREMENTS

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

Funds allocated by the Ministry for Project implementation, can be used only to implement the project as described in the Agreement and cover the expenditure foreseen in the estimate.

Costs can be covered by project developer and/or partner(s) only during the period of project 's implementation (unless the Agreement provides otherwise).

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

Project implementer should make all purchases, money transactions and other financial operations related to project implementation by the last day of the project's implementation term and include receipts into the Report in order to be compensated by the Ministry after the Act of Implementation Activities is approved.

Without prior Ministry 's consents it's forbidden to:

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

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

If during the business trip employee covers the expenses with his own funds, cash expense report needs to be filled and submitted to the Ministry.

Business trip 's expenses in foreign currency are calculated by the exchange rate of euro and foreign currency set by the Bank of Lithuania on the first day business trip. It is mandatory to specify the currency exchange rate, date and amount on the document justifying costs.

Document, justifying expenses, has to be submitted in Lithuanian language. In case the financial operation was performed in other currency than euro or by foreign implementer, explanatory entries have to be added in English language. The amount of expenses in other currencies than euro has to be indicated in euros according the official exchange rate of the Bank of Lithuania on that day or if the currency exchange was done at the bank, a document justifying currency rate needs to be attached. If needed, additional explanatory entries are added.

Value-added tax (VAT), which is refundable to the project implementer, is not considered eligible project cost and will not be compensated by the Ministry's assigned funds. Project implementer, who is a VAT taxpayer, has to submit attesting document.

Main mistakes:

- project costs are incurred not during the period of project implementation, or are paid after the deadline of the project;
- per diem allowances and other costs related to the travel during business trip are paid to the employees who do not work in the institution implementing the project;
- expenses made in a foreign currency do not specify currency exchange rate, date and amount in euros;
- business trip and/or travel per diem rate exceed statutory rates established by relevant laws of the Republic of Lithuania;
- both per diem allowances and meals are covered for experts, course and training leaders, other participants of the project on their business trip (only one way of compensation can be chosen);
- when returning from a business trip in a foreign country, wrong amount of per diem allowance is paid for the last day (as approved by the minister of Finance *only 50 % per diem allowance has to be paid for the last day of the trip*);
- documents that justify payments are not submitted with the ones justifying expenses;
- there are no explanations on the copies of documents justifying expenses, money transactions and bank transfer statements;

- document copies justifying expenses are not signed by the head of the Institution, project manager or its financier, they are not stamped “true copy”;
- different types of costs exceed 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. 278 of 26 March 2014 of the Government of the Republic of Lithuania. Other project implementation expenses may not exceed 10% of the Ministry’s financed share of the project value; administration costs may not exceed 10% of the Ministry’s financed share of the project value; Contingency costs may not exceed 5 % of the Ministry’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 to the Ministry’s employee responsible for your project supervision in advance;
- if just some part of the cost is covered by the Ministry funds, clearly mark, which part it is (for example, submitting rent, communication or other similar payment documents, mark the part that is directly related with project implementation and show how it was calculated);
- if the implementer is paying taxes to the State social insurance fund board and State Tax Inspectorate with one transaction for all institution employees and/or experts, costs have to be designated for each individual with according amount on the copy of the transaction.

To remind what are eligible project costs and documents justifying them *:

Expenses to finance planned activities		
1.	Royalties for experts and speakers, their social insurance contributions and other payroll related costs	<ul style="list-style-type: none"> - documents justifying payroll, taxes to the State social insurance fund board and State Tax Inspectorate; - copyright, services and/or other contract copies; - delivery and acceptance certificate copies of VAT bills / bills/ receipts; - copies of documents that justify payments; - samples and/or copies of: Training/educational material, brochures, videos etc.
2.	Purchase of goods/services	<ul style="list-style-type: none"> - copies of contracts; - delivery and acceptance certificate; - copies of VAT bills / bills/ receipts; - copies of public procurement documents; - cash expense report (if employee paid by his own funds); - copies of documents that justify payments; - samples 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 business trips, per diem allowances and other payments; - cash expense report (if employee paid by his own funds); - travel tickets, boarding pass copies; - car rent contract copies; - delivery and acceptance certificate; - copy of travel insurance policy - copies of VAT bills / bills/ receipts; - copies of documents that justify payments; - business trip/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; - cash expense report (if employee paid by his own funds); - copies of documents that justify payments;

		<i>Remark: bills/receipts must contain exact date of the stay, number of booked rooms, last names of clients and other relevant information.</i>
5.	Catering costs	<ul style="list-style-type: none"> - copies of VAT bills / bills/ receipts; - cash expense report (if employee paid by his own funds); - copies of documents that justify payments; <i>Remark: bills/receipts must contain exact date, number of guests and other information of the event. A copy of receipt has to be added.</i>
6.	Publicity costs	<ul style="list-style-type: none"> - copies of press releases; - samples of publicity mean: 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"> - copy of Order by the Head of Institution regarding partial or full rent, utilities and communication costs related to the project; - invoice copy for utilities and communications (assigned to the project); - copy of Order by the Head of Institution regarding telephone numbers assigned to the project implementers; - rental lease contract copy (if premises are rented); - copies of VAT invoice bills / bills/ receipts; - copies of documents that justify payments.
9.	Transport costs	<ul style="list-style-type: none"> - copy of Order by the Head of Institution regarding car assigned for the project implementation; - car rent contract copy; - certificate regarding fuel consumption; - copies of travel sheets; - copies of VAT invoice bills / bills/ receipts; - cash expense report (if employee paid by his own funds); - copies of documents that justify payments.
10.	Purchase of goods/services	<ul style="list-style-type: none"> - copies of contracts; - delivery and acceptance certificate; - cash expense report (if employee paid by his own funds); - 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"> - copy of contract with the bank; - copies of bank statements.
12.	Other:	<ul style="list-style-type: none"> - documents justifying respective costs.
Administration costs		
13.	Payroll related costs	<ul style="list-style-type: none"> - copy of employment contract; - copy of Order by the Head of Institution confirming assignment to the project (order must contain: project name, project implementation agreement number, tasks, time served and hourly rate); - copies of payroll records (taxes must be specified); - time sheets.
14.	Purchase of services	<ul style="list-style-type: none"> - copy of contract; - copy of individual activity certificate; - delivery and acceptance certificate; - copies of VAT invoices/bills/receipts; - copies of documents that justify payments.

15.	Other:	- documents justifying respective costs.
Contingency costs		
16.	Costs related to project activities, but not defined in the Agreement:	- documents justifying respective costs.

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

PUBLICITY

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

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

The right to choose the way 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 Ministry's employee responsible for your project supervision.

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

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

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

Tips / recommendations:

- prepare at least two press releases, informing about the beginning of the project, goals, implementer and partners (if any), activities and achieved results;
- if there is a 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 by [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 have changed, how it was useful and is their need for continuity etc.;
- capture interesting moments showing activities and results of the project implementation and submit visual material to the Ministry (photographs, video interviews). Visual material and success stories can be used by the Ministry to publicize information about specific project, development cooperation in partner countries and other purposes (at the 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 logotypes are not used or used unduly;
- source of funds is not specified in printed or digital material;
- publicity examples are not submitted with Reports;
- small publicity means/events are not marked by the Ministry's and Program's logotypes;
- funds used for publicity means/events 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 named.

IMPORTANT DOCUMENTS

- Project implementation Agreement and annexes, additional agreement and its annexes (if any).
- Description of procedure for the implementation of the development cooperation and democracy promotion program of the Ministry of Foreign Affairs approved by order No V-62 of 17 April 2014 of the Minister of Foreign Affairs of the Republic of Lithuania;
- Description of Procedure for the Implementation of Development Cooperation Activities by State and Municipal Institutions and Agencies, approved by Resolution No 278 of the 26 March 2014 of the Government of the Republic of Lithuania
- Law on development cooperation and humanitarian aid 16 May 2013 No. XII-311, Vilnius;
- Development Cooperation Policy Guidelines of the Republic of Lithuania for 2014-2016 approved by the Government of the Republic of Lithuania by the Resolution No. 41 on 15th January 2014;
- Other legislation of the Republic of Lithuania.