INTRODUCTION

The memo is intended for project implementers that are implementing projects funded by the Development Cooperation and Democracy Promotion Programme of the Ministry of Foreign Affairs of the Republic of Lithuania (hereinafter the Programme).

In the memo, we provide general information and main requirements for the appropriate implementation of projects. We also provide some practical recommendations and highlight the most common mistakes made during project implementation.

- The obligations and rights of the project implementer are determined in the project implementation agreement (hereinafter the Agreement);
We hope that the provided information will be helpful, will ease project management, ensure the smooth cooperation and help to implement the project in the manner envisaged in the Agreement.

The aforementioned procedure descriptions, the required document forms and other relevant information are available at [www.orangeprojects.lt](http://www.orangeprojects.lt), in the legal information section, and at [www.cpva.lt](http://www.cpva.lt), in the Lithuania's development cooperation project documents section.

**The following terms shall be used in the memo:**

**Report** – an interim/final project implementation report.

**Financial report** – an appendix to an interim/final project implementation report (a financial report based on documents substantiating the use of allocated funds and incurred costs).

**Project administrator** – an institution administering the project (the Central Project Management Agency (hereinafter the CPMA) or the Ministry of Foreign Affairs (hereinafter the Ministry)).

**Own contribution** – sources of funding, which the project implementer agrees to allocate to implement the project: the project implementer's own funds and/or a financial contribution made by a project partner (project partners) or other entities funding the project and intended to pay the eligible costs specified in the project estimate.

**Tips/recommendations:**

- Adhere to the aforementioned procedure descriptions and other legal acts of the Republic of Lithuania at all times;
- Read the Agreement and its annexes carefully: evaluate and discuss all the provisions of the Agreement and rights and obligations under the Agreement during the respective meetings with the project administrator;
- Adhere to the provisions of the Agreement and to the deadlines set in the Agreement;
- Promptly solve any problems and notify any changes that appear in the process of implementing the project;
- Discuss and examine all issues connected with project implementation with the project administrator’s employee responsible for the supervision of your project;
- *Ask, seek consultancy and advice... we are ready to help!*

**GENERAL INFORMATION**

The project must be implemented in the manner envisaged in the Agreement and its annexes as well as in the additional agreement and its annexes (if any). The project shall be deemed completed when all the obligations under the Agreement have been fulfilled and the statement of approval of implementation of activities has been signed.

Project implementer should notify the project administrator of any events taking place during implementation of the project in advance (at least one week prior to the start of the event). If project events take place outside Lithuania, information should be provided within a reasonable time sufficient for the project administrator to organise a trip. List of participants must be compiled during the event. For your convenience, event notification forms and event participants list forms are available.

The project activities must be implemented, payments must be made and results must be achieved over the time period and by the deadline specified in the Agreement.

During implementation of the project, the project implementer may send a substantiated written request to the project administrator to have the Agreement amended. On expiry of the project implementation deadline, the Agreement may not be amended.
An additional agreement may be concluded in the following cases: there is a need to change the project implementation time period; considerable changes occur in the project activities; a proposal to implement activities not envisaged in the Agreement is made; the funding of envisaged activities diverges from the planned amount by more than 15%; other unforeseen circumstances arise, due to which there is a need to introduce material amendments to the provisions of the Agreement.

The project implementer may only introduce project changes, which do not considerably affect the scope, objectives and tasks of the project after obtaining the project administrator’s prior consent (the implementer’s substantiated request is required).

No amendments to the provisions of the Agreement may be introduced without the project administrator’s consent.

Tips/recommendations:

- Inform the project administrator about the progress of project implementation;
- Appropriately evaluate and substantiate the need to amend the provisions of the Agreement;
- Immediately inform the project administrator about all and any changes in the project implementation plan, estimate implementation, personnel and/or other provisions of the Agreement;
- Promptly initiate the amendment of the Agreement, do not wait until the project implementation is completed and reserve sufficient time for the required procedures;
- Send letters and other project-related documents to the project administrator together with a cover letter in a manner convenient for you: by e-mail or registered mail, or deliver them to the project administrator in person. Specify the name of the project implementer, the project number and name and provide a list of the appended documents in the cover letter.

Main mistakes:

- Divergences from the project action plan and the need to amend the Agreement are not communicated or are communicated late;
- Divergences from the project estimate are not communicated or are communicated late and/or failure to timely apply to have the project estimate amended;
- Failure to fulfil obligations envisaged in the Agreement (e.g. failure to provide information about events, failure to timely submit reports and/or other documents, failure to include lists of event participants in reports);
- Changes in the implementer’s details (e.g. bank account details) or contact information are not communicated or are communicated late.

PUBLICITY

Provision of information about the objectives and activities of the project and about the achieved results is an important part of project implementation. By publicising your project, you form a positive image of the institution or organisation that you represent as well as of international development cooperation in general.

We recommend adhering to the Development Cooperation Guidelines for Communication.

The right to choose publicity measures is granted to project implementers, but any publicity measures envisaged in the project application and estimate must be implemented.

In the process of project implementation, project administrator may contribute to the project’s publicity and publish your press releases accompanied by visual materials on the websites www.urm.lt and www.orangeprojects.lt.

All the materials and measures developed using the project funds must be marked with the logo of the Ministry and with the Programme sign. The following must also be specified: "The project is
financed by the funds of the Development Cooperation and Democracy Promotion Programme of the Ministry of Foreign Affairs of the Republic of Lithuania.”

**Tips/recommendations:**

- Prepare at least two press releases to inform about the start, objectives, and implementer and partners (if any) of the project, about completed activities and achieved results;
- If an infrastructure improvement/development project is implemented, we recommend providing an informational board at the construction site;
- When providing information about the project to institutions, public and/or media, we recommend including the following statement: "The project [NAME] is intended to [specify purpose]. The project is implemented by [NAME of organisation and project partners, if any]. The project is financed by the funds of the Development Cooperation and Democracy Promotion Programme [of the Ministry of Foreign Affairs of the Republic of Lithuania];"
- Collect and use success stories, i.e. expressive feedback, impressions, quotes and stories from beneficiaries, descriptions of the purposes of the project, the effect of the project on beneficiaries, how lives of beneficiaries changed on completion of implementation of the project, what was useful, the need to expand the project, etc.;
- Record and provide to the project administrator interesting project implementation moments and use visual materials (photographs, video reports) to illustrate the activities and results. The Ministry of Foreign Affairs, if need be, will use the visual materials and success stories received from project implementers to publicise information about a specific project, development cooperation in partner countries and for other purposes (exhibitions, publications, etc.). Please provide your visual materials during the time period of implementation of your project and together with the respective report in a manner convenient for you: append a CD/DVD to your report, send by e-mail, use file transfer services (e.g. WeTransfer). Whenever possible, please provide high quality, high-resolution photographs;
- Information on project participants must be handled in accordance with the general rules on data protection. Participants must be warned in advance if they are to be filmed or photographed at events.

**Main mistakes:**

- The Programme and/or Ministry logos are not used or are used inappropriately;
- The source of funding is not specified in printed and/or digital materials;
- Project partners are not specified;
- Publicity measures/promotional materials are not marked with the Ministry and/or Programme logos;
- Funds allocated by the Ministry are used for publicity measures/promotional materials not envisaged in the application estimate;
- A report is not accompanied by any visual materials;
- Project publicity is incomprehensive and/or only formal in nature;
- Publicity activities are not described in the respective report and examples of publicity activities are not saved.

**FINANCIAL REQUIREMENTS**

Entities registered in Lithuania must handle their documents according to the requirements of the Law on Accounting of the Republic of Lithuania.

Funds allocated by the Ministry for implementing the project may only be used for implementing the project specified in the Agreement and only for paying the costs envisaged in the Agreement estimate.

The project implementer may open and use a separate bank account for administering the project funds, but this shall not be mandatory.
Costs eligibility term

Costs must be incurred and paid by the project implementer and/or partner(s) and only during the term of implementation of the project activity (unless the Agreement provides differently).

The project implementer and/or the project partner must perform all purchases, payment orders and other financial actions related to project implementation not earlier and not later than the respective project activities implementation terms envisaged in the Agreement. If the project is implemented for a term exceeding one year, then the project activities start and end dates of each respective year shall be specified in the Agreement. This means that all the respective project costs envisaged in the project estimate for the respective year must be incurred, paid and included in the project implementation financial report.

All the costs included in a financial report (both those funded from the funds of the Programme and those covered by own contribution) must be substantiated with costs incurring and payment documents.

Assurance of own contribution

The project implementer and/or partner must ensure his own contribution, if it is envisaged in the Agreement. The percentage of the own contribution envisaged in the project estimate must be retained during implementation of the project, i.e. the percentage of the own contribution may not be smaller than envisaged in the project Agreement and estimate. When determining the amount of eligible costs paid for the project from the funds of the Programme, it shall be evaluated whether the minimum percentage of the own contribution envisaged in the Agreement was ensured or not (if applicable).

In-kind contributions not provided for in the project implementation agreement instead of the foreseen funding are recognised as ineligible costs.

Currency exchange rate

Business trip costs in foreign currencies shall be calculated based on the euro and the respective currency exchange rate set by the Bank of Lithuania on the day when the person left for the business trip abroad. The currency exchange rate, date and amount in euros must be specified in the document substantiating the respective costs. If the employee pays any costs incurred while on a business trip using his own funds, a copy of advance reconciliation must be completed and provided to the project administrator.

If a document substantiating costs is in a language other than Lithuanian or a financial operation is performed in a currency other than the euro, the costs type(s), the costs amount in euros and the official currency exchange rate set by the Bank of Lithuania on the date of payment must be specified in the respective substantiating document in the Lithuanian language (in case of foreign implementers – in the English language); if currency was exchanged at a bank, a document proving currency exchange must also be appended. If need be, additional explanatory comments shall be made.

Value added tax

The value added tax, which the project implementer and/or partner may have refunded, shall not qualify as eligible project costs and it may not be included in a report or compensated for from the Programme funds. The project implementer and/or partner, which is a VAT payer, must provide the project administrator with an explanatory note regarding VAT (non-)refund.

The project implementer, which registers as a VAT payer or de-registers from the Register of VAT Payers, must immediately, but in any case by the deadline set in the Agreement, provide the project administrator with the respective document confirming such registration or de-registration.

Any of following may not be done without the project administrator’s prior consent:
- Make changes to the Agreement estimate;
- Use of the contingency costs envisaged in the annex to the Agreement;
- Transfer of more than 15% of an item's value funds from one item of the estimate to another item of the estimate;
- Use of saved/unused funds for a new activity that is not envisaged in the Agreement.

**Tips/recommendations:**

- If you want to use any contingency costs and/or saved funds and/or introduce any other amendments to the Agreement estimate, submit a substantiated request in advance to the project administrator's employee responsible for the supervision of your project;
- If only a share of costs specified in the respective submitted report or another document substantiating costs is covered by the Programme funds, specify in the document clearly what share is paid from the Programme funds and the own contribution (e.g. provide documents proving payment of rent, communications or similar services and/or costs substantiation documents, in which only a share of costs is directly related to the project implementation, for which reason it must be clearly substantiated and specified what share of these costs is allocated to the project and how it was calculated; if the project implementer implements several projects, it must be specified in the invoice what specific amount is allocated to a specific project;
- If the implementer pays premiums/taxes to the State Social Insurance Fund Board and the State Tax Inspectorate by means of a single payment order for all employees and/or experts of the entity, then costs by individual persons and the amounts allocated to them must be clearly specified in a copy of the order.

We would like to remind you that all eligible project costs must be substantiated with the following costs incurring and payment documents:

- Payment documents shall be as follows: bank account statement, internet-banking statement, payment order copy, cheque, receipt or another document that evidences payment of the respective costs.
- The eligible project costs and documents substantiating them shall be as follows*:

<table>
<thead>
<tr>
<th>Costs of funding of envisaged activities</th>
<th>Documents to be included in the report</th>
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<tbody>
<tr>
<td>1. Royalties to experts and speakers, their social insurance premiums and other taxes:</td>
<td>- documents substantiating salary costs, including payment of premiums/taxes to the State Social Insurance Fund Board and to the State Tax Inspectorate; - copies of copyright, service and/or other contracts; - copies of statements of transfer and acceptance; - copies of VAT invoices/invoices/receipts; - copies of payment documents; - examples and/or copies of created results (e.g. training materials, recommendations, booklets, video reports, etc.).</td>
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<tr>
<td>2. Costs of purchase of goods/services:</td>
<td>- copies of contracts; - copies of statements of transfer and acceptance; - copies of VAT invoices/invoices/receipts; - copies of public procurement documents; - copy of the advance reconciliation (if personal funds were used to pay); - copies of payment documents; - examples and/or copies of created results (e.g. training materials, recommendations, booklets, video reports, souvenirs, etc.).</td>
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<td>3. Travel costs:</td>
<td>- copy of the entity head’s order regarding the employee’s trip, allocation of daily allowance and payment of other costs;</td>
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<td>The indirect project expenses</td>
<td>Documents to be included in the report</td>
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<td>8. Costs of premises lease, utility and communications services:</td>
<td>- copy of the entity head's order regarding allocation of a share or all lease, utility and communications costs to the project;</td>
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<td>- accounting certificate regarding calculation of the share of costs of utilities and communications allocated to the project;</td>
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<td>- copy of the entity head's order regarding allocation of telephone numbers to the project;</td>
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<td>- copy of the lease/use contract (if other parties' premises are used);</td>
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<td>- copies of VAT invoices/invoices/receipts;</td>
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<td>- copies of payment documents.</td>
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<td>9. Transport costs:</td>
<td>- copy of the entity head's order regarding allocation of the respective vehicle to the project;</td>
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<td></td>
<td>- copy of the vehicle use/rental contract;</td>
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<td>- certificate about the vehicle fuel consumption rate;</td>
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<td>- copies of travel slips;</td>
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<td>- statements of writing-off of fuel;</td>
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   - copies of contracts;
   - copies of statements of transfer and acceptance;
   - copy of the advance reconciliation (if personal funds were used to pay);
   - copies of VAT invoices/invoices/receipts;
   - copies of public procurement documents;
   - copies of payment documents.

11. Account opening and servicing costs:
   - copy of the bank contract;
   - copies of account statements.

12. Salary costs:
   - copies of employees' employment contracts;
   - copy of the entity head’s order regarding additional functions assigned to the respective employee in connection to the project (the order must specify the project name, the project implementation agreement number, the employee’s functions for which an additional payment is to be made, the work duration and time and work rates);
   - copies of salary calculation logs (all the calculated taxes related to salary must be specified);
   - working hours accounting logs.

13. Costs of purchase of services:
   - copy of the services agreement;
   - copy of the individual activity certificate;
   - copies of statements of transfer and acceptance;
   - copies of VAT invoices/invoices/receipts;
   - copies of payment documents.

14. Costs related to project activities but not envisaged in the Agreement:
   - documents substantiating the respective costs.

15. Other:
   - documents substantiating the respective costs.

*The project implementer may and/or, at the project administrator’s request, must also provide other documents substantiating the respective costs.

**Main mistakes:**

**Related to the costs incurring and payment period:**

- Project costs are incurred outside of the period of implementation of project activities (or of the respective year’s activities, if the project lasts for more than one year) or are paid following expiry of the period of implementation of project activities (or of the respective year’s activities, if the project lasts for more than one year).

**Related to business trip costs:**

- Persons other than employees of the entity implementing the project are sent on a business trip and due to the business trip are paid daily allowances and other related travel costs;
- Business trip/travel expenses exceed the amounts set for the partner country by legal acts of the Republic of Lithuania;
- When declaring catering costs in invoices/receipts, the exact date of the respective event, the number of guests and/or other relevant information is not specified;
- When declaring accommodation costs in invoices/receipts, the exact accommodation date, the number of booked rooms, customer surnames and/or other relevant information is not specified.

**Related to substantiating documents:**

- The respective report is not accompanied by documents substantiating costs;
- The dates of issue of documents substantiating costs are later than document payment dates;
- Documents substantiating costs are issued earlier than the respective services were provided or the respective works were performed;
- Documents proving payment are not accompanied by documents substantiating costs;
- Explanations are not provided in copies of documents substantiating costs and/or extracts from bank payment orders;
- If not all the costs specified in a document substantiating costs are allocated to the project, the amount allocated to the project is not specified in the respective document and/or documents substantiating the allocation of the respective amount to the project (orders, methods, accounting certificates, etc.) are not presented.

**Related to the currency exchange rate:**

- When declaring incurred costs in a foreign currency, the exchange rate is used disregarding the euro and foreign currencies ratio recommended in this memo;
- If costs are incurred in a currency other than the euro, documents substantiating costs do not contain a description of the costs in the English language, the currency exchange rate, date and/or amount in euros.

**Related to declaration:**

- A declared amount of costs exceeds the actually paid amount according to documents substantiating costs;
- Costs not related to the project are declared (e.g. utility, communications, office maintenance, transport and other costs);
- Costs of different types exceed the limits set in the Description: the other project implementation costs may not exceed 10% of the value of the project part financed by the Programme funds; the administrative costs may not exceed 10% of the value of the project part financed by the Programme funds; the contingency costs may not exceed 5% of the value of the project part financed by the Programme funds.

**REPORT PREPARATION AND SUBMISSION**

The project implementation Report must be presented to the project administrator on time and not later than by the deadline set in the Agreement. The possibility to extend the set deadline may only be considered, if the implementer sends a substantiated request to the project administrator in advance, i.e. at least two weeks before expiry of the deadline for completing the project.

The Report must be prepared according to the recommended form approved by Order No. V-226 “Regarding approval of the recommended forms required for implementing development cooperation activities and providing information about provided humanitarian aid” of 11 November 2014 of the Minister of Foreign Affairs of the Republic of Lithuania as well as the requirements for filling out the form. The Report must discuss in detail all the specified questions, be accompanied by annexes illustrating the project activities and results and clearly specify the number and type of annexes which are appended to the Report.

The Report must be prepared in an appropriate manner, in proper Lithuanian or, if the implementer is a foreign legal entity or natural person, in proper English language.

The original copy of the project implementation Report submitted to the project administrator must be signed by the entity’s head or by a person empowered by the entity’s head. All pages of the Report and its annexes must be numbered. Documents substantiating costs must be numbered in the sequence in which they are appended to the project implementation Report.

If you delay submission of the Report, you must provide a written explanation of the delay and present the respective justifying documents. The decision regarding acceptance/rejection of the
delayed Report, recognition of costs as eligible and compensation for costs shall be approved by the Development Cooperation and Humanitarian Aid Commission of the Ministry.

If the Agreement is concluded for the implementation of a project that lasts for more than one year, then the implementer shall present to the project administrator an interim report at the end of the current calendar year by the deadline set in the Agreement. The interim report must describe the activities of the current calendar year and include the costs incurred and paid in the course of the current year.

**Tips/recommendations:**

- When preparing the project implementation Report, get advice from the project administrator’s employee responsible for the supervision of the project in advance;
- Provide comprehensive and detailed answers to all the questions of the Report, describe the implemented activities, the achieved results, the implemented publicity measures, etc.;
- In the Report, provide a description of all the respective cases of amendment of the provisions of the Agreement and/or minor changes to the action plan and specify the reasons for the amendments/changes;
- Make sure that you have completed all the parts of the Report and appended all the mandatory and other annexes;
- We recommend accompanying the Report with feedback from beneficiaries (project partner(s)’ and participants’ evaluations of the project activities, benefits, need for continuation, etc.).

**Main mistakes:**

- The Report is signed by a person other that the entity head or a person authorised by the entity head;
- The Report is prepared inappropriately and disregarding the set requirements; answers to questions are not provided;
- Failure to provide annexes to the respective part of the Report, which substantiate the implemented activities;
- Failure to provide a financial report together with the Report;
- Failure to provide information about the results of implementation of activities;
- Failure to provide information about the financial aspects of implementation of the project.

**IMPORTANT DOCUMENTS**

- Project implementation Agreement and its annexes, additional agreement and its annexes (if any);
- Law on Development Cooperation and Humanitarian Aid of the Republic of Lithuania;
- Description of the Procedure of Implementation of the Development Cooperation and Democracy Promotion Programme approved by Order No. V-62 “Regarding approval of the Description of the Procedure of Implementation of the Development Cooperation and Democracy Promotion Programme” of 17 April 2014 of the Minister of Foreign Affairs of the Republic of Lithuania;
- Recommended forms required for implementing development cooperation activities;
- Law on Accounting of the Republic of Lithuania;
- Resolution No. 526 “Regarding payment of daily subsistence allowances and other business trips expenses” of 29 April 2004 of the Government of the Republic of Lithuania (in Lithuanian);
- Development Cooperation Guidelines for Communication (in Lithuanian).