



# Guidelines on Project Application and Management

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Lancang-Mekong Cooperation Special Fund

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## *Introduction*

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### Brief Introduction of the LMCSF

The Lancang-Mekong Cooperation Special Fund (hereinafter referred to as “LMCSF”), as one of the important outcomes of the First LMC Leaders' Meeting, was officially launched in September of 2016. The total amount of the fund is 300 million USD.

The LMCSF is committed to supporting small and medium-sized projects which are initiated under the LMC framework and to delivering tangible benefits for the people of the six member countries, namely Cambodia, China, Lao PDR, Myanmar, Thailand and Viet Nam.

The LMCSF project application and management procedure comprises 6 stages:

- 1. Notification of Project Application.** The Ministry of Foreign Affairs (hereinafter referred to as the “MFA”) of China draws up key supporting directions and sends the notifications to the Foreign Ministries of the five Mekong countries via Chinese embassies in corresponding countries.
- 2. Project Application.** Project applicants develop proposals according to the notification. The Foreign Ministries of Mekong Countries collect proposals and send the selected ones to Chinese embassies in the corresponding countries.
- 3. Project Appraisal and Approval.** All projects are appraised by Chinese embassies in Mekong countries, MFA and Ministry of Finance of China, according to

the key documents and future directions of the LMC. Qualified projects will be approved.

4. **Agreement Signing and Fund Disbursement.** Once the projects are approved, Chinese embassies in Mekong countries will sign cooperation agreements with governments of corresponding countries. Project funding will be disbursed into appointed accounts in a few days after the agreement signing.

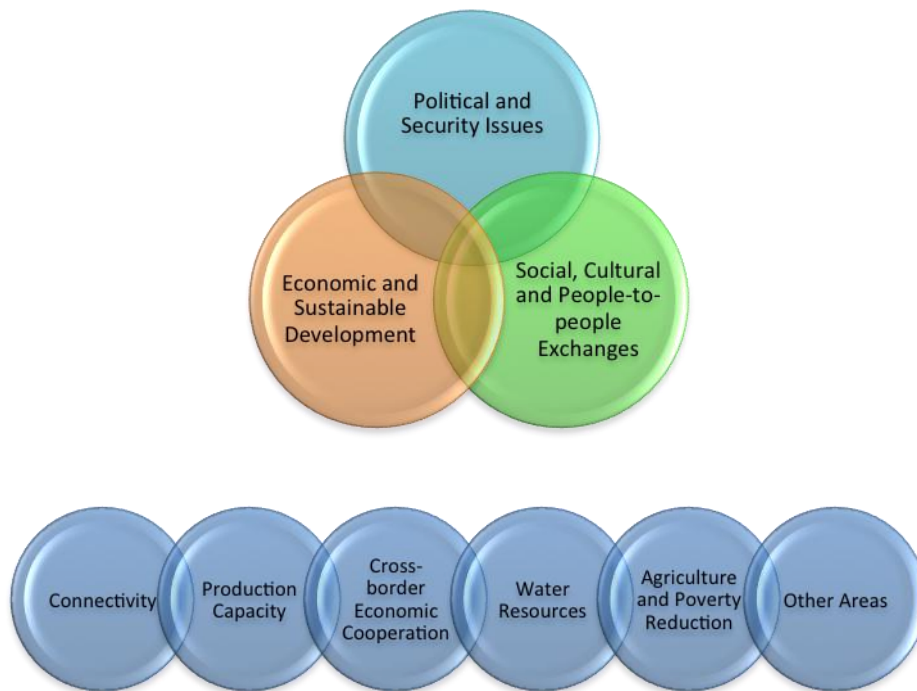
5. **Project Implementation and Monitoring.** Implementing agencies (IA) implement the projects according to the proposed plan and report the progress to their governments. The Chinese side, together with corresponding Mekong countries, may organize project inspection during the implementation.

6. **Project Completion and Reporting.** A completion report of each project is required to be submitted to the Chinese embassy through the Foreign Ministry of corresponding country within 2 months after the completion day. Foreign Ministries of Mekong countries are responsible for sending the annual reports on the projects implementation including the financial report to the Chinese embassies in corresponding countries.

## Key Documents

- **Sanya Declaration of the First LMC Leaders' Meeting-** It marked the official launch of the LMC, affirmed the shared vision of the six member countries, assured the government-guided, multiple-participation, and project-oriented model of LMC.
- **Phnom Penh Declaration of the Second LMC Leaders' Meeting-** It charted the future course of the LMC, tasked the LMC countries to further strengthen the cooperation in the five priority areas, explore new cooperation areas, and optimize the cooperation model, so as to jointly build the Lancang-Mekong Economic Development Belt.
- **Five-Year Plan of Action on Lancang-Mekong Cooperation (2018-2022)-** Issued at the second LMC leaders' meeting, it identified the three cooperation pillars

and five key priority areas in detail, as well as the main cooperation directions of LMC from 2018 to 2022.



“3+5+X Cooperation Framework”

- **Joint Press Communiques of LMC Foreign Ministers' Meetings-** LMC Foreign Ministers' meeting is held yearly, during which foreign ministers of the 6 countries exchange views on implementing the outcomes of LMC Leaders' Meetings, and chart the future development of the LMC.

### *Notification of Project Application*

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**The notification of project application indicates the funding priorities of the year and other important requirements.**

The MFA of China makes annual plan of the LMCSF including the schedule and funding directions according to the outcomes of LMC Leaders' Meeting and Foreign Ministers' Meeting. The notification will be delivered to the Foreign Ministries of Mekong countries via Chinese embassies.

LMCSF adopts the method of centralized application. Applicants are required to submit proposals during a certain period of time within a year.



### *Project Application*

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A project proposal includes project description and project budget (see Annex 1) with the elements listed in the attached standard template. It should be developed by the project applicant, and submitted by the proponent.

- **Proponent- The ministry or ministerial authority** that endorses and submits the project proposals. It is responsible for collecting and reviewing the project proposals from the applicants, and then submit selected projects to the Foreign Ministry.
- **Project Applicant-** The legal agency that designs the project and develops project proposal. It can either be the proponent or the implementing agency.
- **Implementing Agency (IA)-** The legal agency that implements the project. An IA may be the project applicant of a project or the agency appointed by the applicant to implement the project.

## *Project Appraisal and Approval*

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The project appraisal and approval includes 5 steps.

1. The Proponents review all the project proposals, endorse and submit the selected ones to the Foreign Ministry.
2. The Foreign Ministries of Mekong countries collect and review the project proposals submitted by the proponents, make lists of candidate projects and forward all the documents needed to the Chinese embassies in corresponding countries.
3. The Chinese embassies in Mekong countries review the candidate projects and forward qualified ones to the MFA of China.
4. The MFA of China appraises the project and forward the list of supported projects to the Ministry of Finance of China.
5. The Ministry of Finance of China confirms the final list of the supported projects and provides matching funds.

### **Key points in project appraisal:**

1. Projects under the 3+5+X Cooperation Framework will be given priority.
2. The project applicants should use standard templates, and complete each part clearly.
3. All the costs are required to be outlined reasonably under the relevant subheadings in the budget part of the template.

## *Agreement Signing and Fund Disbursement*

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### **Agreement Signing**

The approved project list will be delivered to the Foreign Ministries of Mekong countries via the corresponding Chinese embassies.

Chinese embassies will sign the cooperation agreements with Foreign Ministries of Mekong countries. The agreements specify items such as the contents and purposes of the projects, responsibilities of both sides, budget and payment method, etc.

## Fund Disbursement

Once the agreement is signed, Chinese embassies in Mekong countries will disburse funding to the accounts designated by the Foreign Ministries of Mekong countries. The Foreign Ministry of Mekong countries should confirm the receipt of the payment through diplomatic notes or other written forms within 10 working days.



### Fund Disbursement

## *Project Implementation and Monitoring*

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### Project Implementation

The Implementation Agency (IA)' s responsibilities include:

- Implementing the projects in accordance with the approved project proposals and the LMCSF guidelines.
- Modifications, if there's any, should be endorsed by the proponents and approved by the Chinese embassies in corresponding countries, including budgets, project objectives, etc.
- Preparing progress and completion reports.

### Progress Report



A progress report for each ongoing project is required to be submitted to the Chinese embassy in corresponding country before the LMC Foreign Ministers' Meeting each year. The report should include the progress of the project implementation, problems or challenges during the implementation, and necessary changes or adjustments in the future work plan, etc. (see Annex 2)

## Project Inspection

MFA of China, Chinese embassies in Mekong countries and governments of Mekong countries (Foreign Ministries and proponents) may carry out joint inspections of the projects on an ad hoc basis.

### *Project Completion and Reporting*

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Once a project is completed, the acceptance and performance evaluation procedure is started. MFA of China, Chinese embassies and proponents of corresponding countries are responsible for acceptance check and evaluation.

A completion report should be submitted to the Chinese embassy in corresponding country within 2 months after the project's completion. IA is responsible for preparing and submitting the project completion report, which shall include all the information listed in the attached template (see Annex 3).

Site inspection, which is carried out randomly, is also an important way of acceptance check.