

Closing an International Technical Assistance project in Ukraine: procedure and requirements

Introduction

1. Grounds for closing an ITA project

2. Main stages of closing an ITA project

2.1. Evaluation of project implementation

2.2. Preparation of the final report

2.3. Transfer of assets and property

2.4. Settling financial liabilities

2.5. Deregistration with state authorities

3. Peculiarities of closing an ITA project with the State Tax Service

4. Employee dismissal

B

International technical assistance (ITA) plays an important role in the development of various sectors of the economy and public life in Ukraine. However, upon completion of an ITA project, there is a need to officially close it in accordance with national legislation and donor requirements.

1. Grounds for closing an ITA project

An international technical assistance project is closed in the cases described below.

Completion of the implementation period as per the project/grant agreement

www.DLF.ua

Most ITA projects are implemented on the basis of grant agreements that have a set implementation period. At the end of the specified period, the project is officially completed, regardless of whether all the objectives have been achieved.

Completion of all planned activities and achievement of goals

If all project activities have been successfully completed and the goals have been achieved, the project can be closed as planned. This is confirmed by the final report, which contains an assessment of the implementation of the planned activities and their impact.

Exhaustion of funding under the project

The project can be completed due to the depletion of all funds provided. If the project budget is fully spent in accordance with the approved expenditure plan and no further funding is expected, the project is officially terminated.

Early termination of the project at the initiative of the donor/development partner or recipient

In some cases, a project may be terminated early. Reasons may include a change in the priorities of the donor or international organization, lack of need for further project implementation, non-compliance with the terms of the agreement by the recipient or other partners, occurrence of force majeure circumstances that make it impossible to continue the project.

Lack of further support or co-financing

If the project requires further funding or additional resources, but such resources are not available, the project may be officially terminated.

2. Main stages of closing an ITA project

2.1. Evaluation of project implementation

Before the official closure, the project performance is evaluated through:

- comparing the actual results achieved against the planned ones;
- analysing the efficiency of the use of financial and material resources;
- determining the sustainability of the results and the possibility of their further use.

2.2. Preparation of the final report

www.DLF.ua

The final report contains:

- a technical report on the implementation of the international technical assistance project;
- a financial report on the use of funds received during the implementation of the ITA project;
- evaluation of the ITA project effectiveness.

Related article: Staff reductions in international technical assistance projects in Ukraine

Clear structuring of data, detailed analysis of costs and results achieved help to ensure the process transparency, increase donor confidence and facilitate successful project closure.

2.3. Transfer of assets and property

If property has been acquired under the project, it must be transferred in accordance with the ITA financing agreement. This can be done via:

- transferring equipment to government agencies or institutions;
- execution of transfer and acceptance certificates;
- liquidation of assets, if necessary.

2.4. Settling financial obligations

Before the final closing of an ITA project, it is necessary to:

- fulfil all obligations to contractors and partners;
- close special bank accounts;
- conduct an audit (if required by the terms of financing of the given ITA project).

2.5. Deregistration with state authorities

The deregistration procedure includes:

- notifying the Secretariat of the Cabinet of Ministers of Ukraine on the project completion;
- submission of the necessary documents to the State Tax Service for the taxpayer's deregistration.

3. Peculiarities of closing an ITA project with the State Tax Service

Closing an international technical assistance project requires compliance with all necessary administrative and financial procedures, including fulfilment of tax obligations and deregistration of the project implementer with the State Tax Service (STS).

Before starting the procedure of deregistration with the STS, an ITA implementer needs to make sure that all tax obligations are fulfilled, close special bank accounts opened to finance the project and prepare reports on the use of funds.

To officially terminate the tax registration of a project implementer, it is necessary to submit an application for deregistration to the State Tax Service. The STS may initiate an audit, including:

- an analysis of tax compliance during the project implementation;
- verification of consistency of project income and expenses;
- control over the timely submission of tax reports.

If tax incentives were used during the implementation of the ITA project, deregistration may require additional documents, including:

- confirmation of the use of benefits in accordance with customs or tax legislation;
- an audit report (if required by the financing agreement).

The duration of such an audit shall not exceed 15 business days.

Based on the results of the audit, the tax authority draws up an act. If there is a debt, a notification-decision on the existence of a tax liability is drawn up. The amount of the accrued tax liability must be paid within 10 calendar days from the date of receipt of the decision. A tax decision-notice may be appealed to a higher tax authority.

In the absence of arrears to the budget in payments, the tax authority issues a certificate of absence of tax arrears and deregistration of the taxpayer, which is an official confirmation of the closure of tax liabilities under the ITA project.

4. Employee dismissal in case of closure of an international technical assistance project

The closure of an international technical assistance project is often accompanied by the need to dismiss employees involved in its implementation. This process must comply with Ukrainian labour law to prevent possible legal risks and to ensure that employees' rights are

www.DLF.ua

observed.

Employees may be dismissed due to project closure on various grounds, such as:

- expiration of the employment agreement;
- staff redundancy;
- an agreement between the parties;
- the employee's request.

To properly execute the dismissal, it is necessary to:

- issue a dismissal order stating the dismissal grounds;
- make appropriate entries in the employees' employment records;
- make a settlement with employees.

In summary, the closure of an international technical assistance project in Ukraine is a multi-stage process that includes final evaluation, reporting, transfer of assets, fulfilment of financial obligations, and official deregistration. Meeting all the requirements ensures transparency and compliance of the project with international standards.